



ERG Power Generation

Directors' Report

31 December 2024

INSPIRING CHANGE TO POWER THE FUTURE



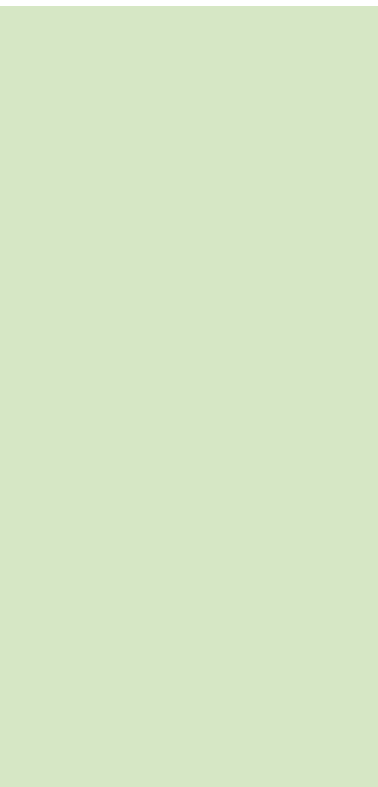


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Directors' Report



BASIS FOR PREPARATION

Disclosure pursuant to Articles 70 and 71 of the Issuers' Regulation

The Parent has selected the option, introduced by CONSOB with its resolution no. 18079 of 20 January 2012, of waiving the obligation to make available to the public an information document upon carrying out significant transactions, i.e. mergers, demergers, capital increases by contributions in kind, acquisitions and sales.

Operating segments

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

Alternative Performance Indicators (APIs) and adjusted results

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

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

IFRS 16

Starting from 2024, the Group, in line with industry practice, also includes the effects of IFRS 16 on its adjusted operating results. The comparative data were restated in line with the new approach. Net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned financial liabilities.

Risks and uncertainties in relation to the business outlook

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



THE ERG GROUP

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman:	Vittorio Garrone
Chief executive officer:	Renato Sturani
Directors:	Italo Giorgio Alfieri Giorgio Coraggioso Michele Pedemonte Andrea Navarra

BOARD OF STATUTORY AUDITORS¹

Chairman:	Fabrizio Cavalli
Standing auditors:	Luisella Bergero Vincenzo Campo Antico

INDEPENDENT AUDITORS

KPMG S.p.A.²

¹ Appointed by the ERG Power Generation S.p.A. Shareholders' Meeting of 22 April 2024 for the period 2024 – 2026..

² Appointed by the ERG Power Generation S.p.A. Shareholders' Meeting of 22 April 2024 for the period 2024 – 2026..

BUSINESS DESCRIPTION

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

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

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

Starting from 2021, the Group embarked on an important Asset Rotation³ process aimed at completing its transformation towards a pure "Wind&Solar" business model, which materialised at the end of 2023 with the divestment of the thermoelectric business, pursuing the strategic objective of the 2022-2026 Business Plan to focus on the core business of electricity generation entirely from renewable sources. As a result of the completion of these important transactions, the Group, whose industrial strategy integrates the ESG (Environmental, Social and Governance) plan, in line with the United Nations Sustainable Development Goals (SDGs), has become a 100% Renewable operator, a key player in the decarbonisation process underway globally, as well as in the realisation of a fair and inclusive energy transition. Management of the industrial and commercial processes of the ERG Group is entrusted to the subsidiary ERG Power Generation S.p.A., which carries out:

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

The ERG Group, with generation facilities of 3,845-MW installed renewable capacity (3,184 MW wind, 661 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

ITALY

In Italy, ERG has a total installed capacity of 1,644 MW in the sector of electricity generation from wind and solar sources. Specifically, ERG is the leading operator in the wind power sector in Italy with 1,468 MW of installed capacity, and a leading operator in solar power generation with 175 MW of installed capacity.

ABROAD

Outside Italy, ERG has a total installed capacity of 2,202 MW.

In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,491 MW operational), particularly in France (587 MW), Germany (327 MW), the UK (249 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW). ERG operates in France and Spain in the generation of electricity from solar sources with 393 MW of installed capacity, of which 128 MW in France and 266 MW in Spain.

In addition, since April 2024 the Group has been present in the United States with 317 MW of installed capacity, of which 224 MW in wind power and 92 MW in photovoltaic power.

ERG ENTERS THE US RENEWABLE ENERGY MARKET

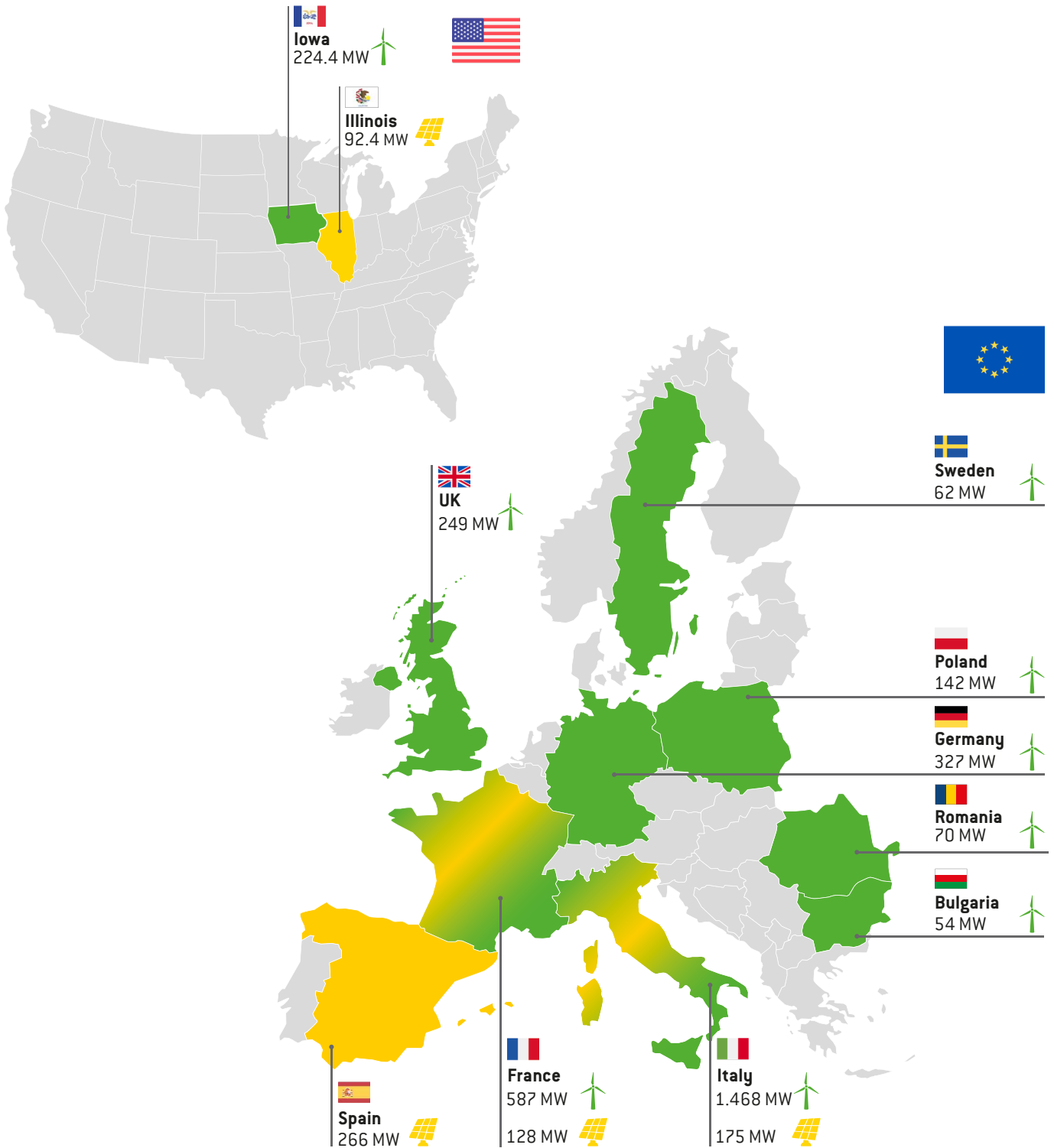
On 24 April 2024, the Group completed the closing of a major agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent US clean energy developer, to create a strategic partnership with the mission of managing a portfolio of wind and solar power plants already in operation and potentially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

This transaction represents the Group's first step into the overseas market and involved the creation of a holding company under US law into which a wind farm and a solar plant, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh have been conferred, as well as a cooperation agreement relating to approximately 1 GW of new onshore solar and wind projects under development in the United States.

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



GEOGRAPHICAL SEGMENTS AT 31 DECEMBER 2024



ORGANISATIONAL MODEL

The Group's organisational structure features a strong focus on process logic and the implementation of strategic business leverages, and provides for the definition of two macro-roles:

- ERG S.p.A. – which provides strategic guidance – is directly responsible for business development and ensures the management of all business support processes (“Corporate processes”), also through personnel from other Group companies. The company is organised in the following areas:
 - Corporate Strategy and Mergers & Acquisitions
 - Business Development, Engineering & Construction
 - Administration, Finance, Control & Procurement
 - Human Capital & ICT
 - Regulatory & Public Affairs
 - Corporate & Legal Affairs
 - ESG, IR & Communication

- ERG Power Generation S.p.A. – which ensures the management of the engineering and construction activities and the industrial and commercial processes of the Group, also through personnel belonging to other subsidiaries, organised as part of the “Generation & Market” department in:
 - Wind & Solar generation units, which in turn are organised on a geographical basis;
 - an Energy Management & Sales structure, as a single entry point to organised markets and the main clients/counterparties;
 - a centre of expertise that ensures the efficiency of the operating model and the related global standardisation of processes;
 - a structure dedicated to managing health, safety, quality and environmental protection topics for the entire Group;
 - an area dedicated to the development and digitalisation of business systems.

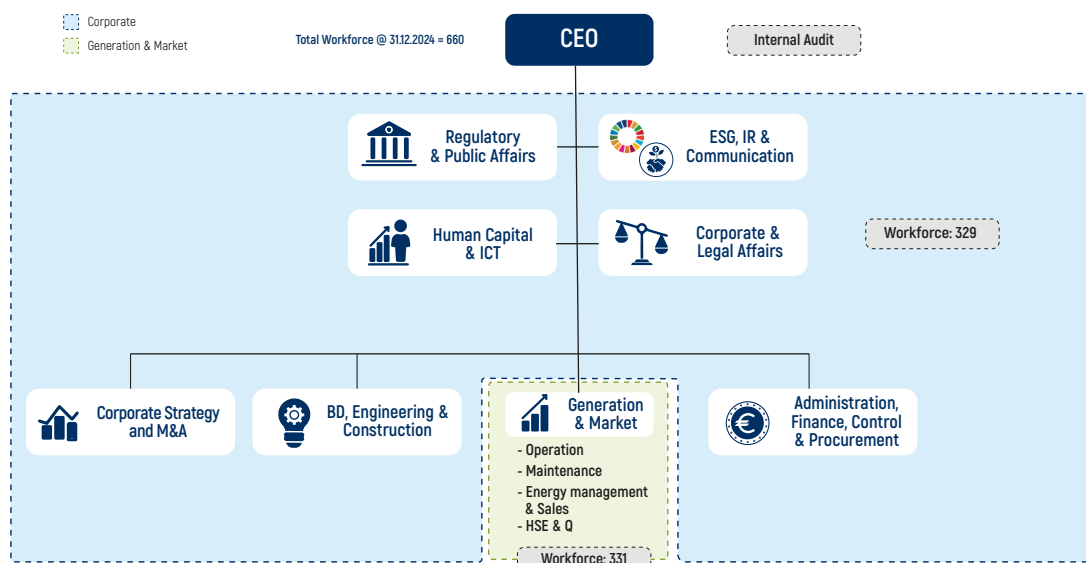
Throughout 2024, the Group continued to evolve its operating model in order to develop more flexible investment strategies and capitalise on the best market opportunities. Accordingly, the organisational changes include (i) the establishment of a new Corporate Strategy and M&A area that aims to create value in Europe and the United States through M&A initiatives, Joint Ventures, commercial partnerships, co-development agreements and innovative projects, and (ii) the establishment of a single Business Development, Engineering & Construction area in order to enhance the skills present in the Group and make the end-to-end organic development process more effective. Additionally, to better address the challenges of the current context, the operating model of the Generation & Market area has also evolved. This evolution focuses on enhancing plant performance, advancing commercial offerings, and leveraging digitalisation as a crucial tool for increasing efficiency, innovation and competitiveness.

Finally, as a confirmation of the interest in Battery Energy Storage Systems (BESS) and with the aim of continuing the development and enhancement of this technology, the BESS Development Programme was established with the objectives of:

- identifying, designing, authorising and analysing the business cases of storage facilities in the various countries where ERG operates, in line with the objectives of the Business Plan;
- analysing and evaluating any additional opportunities identified and proposed by the Corporate Strategy and Mergers & Acquisitions Organisational Unit.

The implementation of this programme requires a highly cross-functional approach, with the ability to integrate and enhance contributions and knowledge from various business areas. This need has been met through the establishment of a dedicated Working Group.

A NEW ORGANIZATION TO SPEED UP DECISION MAKING PROCESS



STRATEGY

2024 was a challenging year in many respects, both politically and socially, as well as from a climate perspective. It witnessed an unprecedented rise in global temperatures, accompanied in particular by a decline in wind activity, especially in the fourth quarter in certain European regions, and extreme weather events such as wildfires, exceptionally intense rainfall and flooding. In this context, the development of renewable energy remains essential not only to counter the effects of climate change but also to enhance energy independence and the competitiveness of our economies. Global electricity demand could increase significantly, provided that electrification policies are implemented decisively, alongside the development of artificial intelligence systems, which are already rapidly gaining traction in both Europe and the USA. However, these prospects are now intertwined with a decarbonisation process that is progressing slowly, within an increasingly challenging, risky and unpredictable environment. Anti-renewable policies, geopolitical tensions and financial market instability are just some of the current challenges to be addressed.

In this scenario, ERG, with its pure renewable wind & solar model – achieved through a unique business transformation process – renewed its commitment to the development of renewables and decarbonised storage technologies on 12 March 2025, leveraging its vision and solid experience in this market. A strategic “Value over volume” approach based on selective and flexible growth capable of seizing the most valuable business opportunities.

VALUE OVER VOLUME APPROACH REINFORCED

ERG'S NEW OBJECTIVES FOR 2026

	Selective growth	4.2 GW installed Capacity in 2026 (vs 4.5GW); focus on repowering & organic
	Investments/ EBITDA	CAPEX: €1.0bn 2024-2026 (-20% vs prev. €1.2bn); EBITDA >€600mn @2026
	Route to market	Confirmed target 85%-90% regulated on total EBITDA through CFD & PPA
	Balance Sheet / Value creation	Commitment to IG rating: DCM as best option for sizable/competitive funding Value over Volume approach confirmed (IRR targeted 200bps+ over WACC)
	Geographical diversification	Geographic focus on tier-1 countries : grow and consolidate Assessing asset rotation nei paesi Tier-2
	Storage, hybridization & digitalisation	Storage as a new stream of development Hybridization as an opportunistic technology to mainly protect our assets Digitalization to optimize the performance of assets
	ESG	A strategic priority : consolidating ERG's tier-1 positioning
	Enhanced Shareholder Remuneration	2025: €1.15ps , of which 1 to be paid as dividend and 0.15 through SBB (already done) 2026+: floor at €1ps as dividend and flexibility to enhance it through buyback

UPDATED STRATEGY AND OBJECTIVES FOR THE 2025-2026 PERIOD

In this particularly challenging context, ERG reaffirms its commitment to the development of the renewable energy sector, prioritising in the short term its growth through projects currently under construction and seeking to capitalise on opportunities arising from the development of its 5GW pipeline of organic projects. Repowering remains central to the Group's business strategy, positioning it as a leader in this type of intervention, thanks to a solid and visible project pipeline.

Investments initially planned at EUR 1.2 billion for the 2024-2026 period are now expected to amount to EUR 1 billion, while we reaffirm our target of achieving EBITDA above EUR 600 million in 2026. We anticipate installing 4.2 GW by 2026 (compared to the 4.5 GW projected last year). Growth will be focused on the geographies where we are already present, with asset rotation serving as a potential lever to maximise the value of our investments. Our technological diversification strategy continues, with an increased focus on battery storage (BESS) projects and hybridisation of wind and solar plants. This approach aims to enhance asset portfolio flexibility by integrating solar and wind power generation with systems capable of balancing production and improving efficiency. The digitalisation of our wind and solar assets will further optimise performance.

As far as Route-to-Market is concerned, the Group intends to leverage its consolidated experience in energy management to optimise its market access strategy. We reaffirm our commitment to achieving the target of 85%-90% of quasi-regulated EBITDA through long-term support mechanisms, particularly government CFDs and PPAs with leading corporate counterparties across the various geographies in which we operate. These long-term contractual arrangements remain fundamental tools for addressing ongoing market volatility.

ERG maintains a solid financial structure, capable of supporting both growth and shareholder remuneration in a sustainable manner.

CHANGE IN BUSINESS SCOPE DURING THE YEAR

▪ **Wind/Solar – France: Falcon**

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

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

▪ **Wind/Solar – USA**

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

This transaction represents the Group's first step into the overseas market and involved the creation of a holding company under US law into which a wind farm and a solar plant, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh have been conferred, as well as a cooperation agreement relating to approximately 1 GW of new onshore solar and wind projects under development in the United States. The holding company is 75% owned by ERG and 25% by Apex, which continues with the operational management of the assets. The portfolio consists of a 224.4-MW onshore wind farm located in Iowa that entered into operation in the first half of 2023, with an estimated annual output of over 800 GWh, and a 92.4-MW photovoltaic system located in Illinois that entered into operation in the second half of 2022, with an estimated annual output of over 150 GWh, equal to a total of 387 kt of CO₂ avoided. Both plants are part of the Midcontinent Independent System Operator (MISO), the largest US electricity market in terms of geographical area and second largest in terms of installed capacity. The two plants benefit from Tax Equity agreements with financial counterparties and were debt-free at closing, except for those related to the structure deriving from the Tax Equity Partnership agreements. Revenue is secured by long-term sales contracts (PPAs) signed with leading corporate counterparties. The consideration for the acquisition of the majority stake of 75% was equal to USD 270 million. This Annual Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio as of 1 April 2024.

During the year, the following came into operation:

- the Roccapalumba wind farm, in the province of Palermo, with a total capacity of 47 MW, which was developed and constructed in-house. The farm's output is enhanced through the Power Purchase Agreement (PPA) signed with Google;
- the photovoltaic park in France with a total capacity of 28.8 MW, acquired as part of the recent Falcon acquisition;
- the Mineo-Militello-Vizzini wind farm in Sicily with a total capacity of 101 MW (+51 MW incremental), the third and largest Repowering project in the Group's plant portfolio;
- the Salemi-Castelvetrano wind farm, located in the province of Trapani, the Group's fourth repowering project in Italy. The wind farm has a total installed capacity of 75.6 MW (+50 MW incremental).

It should also be noted that on 20 December 2024 ERG, through its subsidiary ERG UK Holding Ltd, signed a Share Purchase Agreement (SPA) with BayWa r.e. AG, for the acquisition of 100% of the shares of BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland. The wind farm, which entered into operation in the fourth quarter of 2024, consists of nine Nordex N133 turbines, each with a capacity of 4.8 MW and benefits from a 15-year Contract for Difference (CfD) awarded in the AR4 auction, in line with the Group's revenue securitisation strategy. The annual production is estimated at approximately 120 GWh, equivalent to 46 kt of CO₂ emissions avoided each year, equal to the energy needs of over 28,000 households. The enterprise value of the transaction amounts to GBP 60 million and the closing of the transaction was completed in January 2025. Therefore, this Annual Report does not yet reflect the impacts of the company's consolidation.

SIGNIFICANT EVENTS DURING THE YEAR

Date	Geographical segment	Sector	Significant event
17 January 2024	Italy	Corporate	ERG is confirmed among the Corporate Knights "Global 100". ERG ranked first among Italian companies, 28th in the 2024 ranking, a significant improvement compared to the 54th position in 2023.
24 January 2024	Italy	Corporate	TIM and ERG: kick-off for the "Missione Ambiente – Generazioni a scuola di Sostenibilità" (Mission Environment – Generations at Sustainability School) project, aimed at promoting the spread of a sustainability culture. The project involved ten Italian cities and included in-depth courses on sustainability, environmental protection and ecological transition for secondary schools.
29 January 2024	France	Wind Solar	Completion of the acquisition of a 73.2-MW wind and solar portfolio in France. The acquisition portfolio consists of two photovoltaic systems in operation (20.4 MW), one in an advanced state of construction (28.8 MW) and a wind farm in the commissioning phase (24 MW).
1 February 2024	Italy	Wind	ERG and Google sign a 20-year agreement for the supply of 2 TWh of renewable energy. The pay-as-produced agreement provides for the supply of renewable energy and guarantees of origin produced by the Roccapalumba wind farm, in the province of Palermo.
6 February 2024	Italy	Corporate	ERG is confirmed as being on the Carbon Disclosure Project's "A list" for the second year.
19 February 2024	Italy	Corporate	Conclusion of the share buy-back programme, launched in the fourth quarter of 2023.
23 February 2024	Italy	Wind	ERG continues to grow in Italy with the completion of the construction and start-up of the greenfield plant at Roccapalumba in Sicily (47 MW).
29 February 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. approved the Policy for Gender Equality, strengthening its commitment to Diversity & Inclusion.
1 March 2024	Italy	Solar	"Social Purpose for Solar Revamping", the project conceived by ERG to guarantee a second life to photovoltaic panels resulting from the revamping activities of its solar systems, was presented today at Key Energy 2024.
13 March 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. has approved the Draft Financial Statements for 2023, the Report on Corporate Governance and ownership, and the consolidated non-financial statement.
9 April 2024	Italy	Corporate	Fitch Ratings agency ("Fitch") confirmed for ERG S.p.A. a Long Term Issuer Default Rating (IDR) of BBB- with stable outlook and a senior unsecured rating of BBB-. (see also Press Release of 7 June 2024).
23 April 2024	Italy	Corporate	The Ordinary Shareholders' Meeting of ERG S.p.A. has approved the Separate Financial Statements at 31 December 2023, resolved the payment of EUR 1 per share, appointed the new Board of Directors, confirmed Edoardo Garrone as the Chairman and approved the long-term incentive plan (2024-2026 LTI System).
24 April 2024	Italy	Wind	ERG has finalised the third Repowering project with the start-up of the 101-MW wind farm at Mineo-Militello-Vizzini in Sicily.
24 April 2024	United States	Wind Solar	ERG officially enters the US renewables market thanks to the launch of a strategic partnership with APEX Clean Energy (see press release above of 21 December 2023).



15 May 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. approved the Business Plan and the 2024-2026 ESG Plan.
26 June 2024	Italy	Corporate	ERG placed its fourth Green Bond for EUR 500 million, with a 6-year fixed-rate maturity. The issue is in the form of a Green Bond and the proceeds will be earmarked for wind, solar and storage projects located in Europe, the United Kingdom and the United States of America.
10 July 2024	Italy	Corporate	MSCI Inc., one of the world's leading ESG Rating Agencies, has confirmed its "AAA" rating for ERG and its positioning in the "Leader" category. ERG was ranked among the top 14 Utilities internationally among the 137 companies in the sector analysed by MSCI for ESG performance, and among over 2,800 companies globally.
24 July 2024	France	Wind	ERG completed the construction and started the energisation of the Saint-Maurice-La Clouere wind farm, for a total capacity of 9 MW.
1 August 2024	Italy	Corporate	The ERG Group has achieved the UNI/PdR 125:2022 Gender Equality Certification for its operations in Italy, marking a significant milestone in its commitment to fostering an inclusive culture that ensures equal opportunities for everyone, regardless of gender.
20 August 2024	France	Wind	ERG has completed the construction and started the energisation of the Bourgogne I (Moulins du Bois) greenfield wind farm in the Bourgogne-Franche-Comté region, with an installed capacity of 32.4 MW.
18 September 2024	Italy	Corporate	Fourth 'Social Purpose for Solar Revamping' project launched at Dynamo Camp in Limestre, Pistoia: ERG programme gives second life to solar panels from plant upgrades.
10 October 2024	Italy	Corporate	GRESB, the international rating agency that evaluates companies' ESG performance globally, awarded ERG an overall score of 98/100, ranking it second in Europe in the 'Onshore Wind Power Generation' sector.
28 October 2024	Italy	Corporate	With reference to the news that has appeared in the press in recent days, the ERG Group has clarified that, following a report received in 2023 outlining potentially significant events for the company, it conducted and completed an investigation in the following months in accordance with its Whistleblowing Guidelines, which were approved by the Board of Directors and aligned with market best practices. In carrying out this activity, the company believes it has acted in full compliance with the law and its corporate policies and remains at the complete disposal of the investigating authorities.
2 December 2024	Italy	Wind	ERG has completed the construction and initiated the energisation of the Salemi-Castelvetrano wind farm, located in the province of Trapani, the Group's fourth repowering project in Italy. The park now consists of 18 Vestas turbines, each with a capacity of 4.2 MW (compared to the previous 30 turbines of 850 kW, totalling 25.5 MW), resulting in a total installed capacity of 75.6 MW.
16 December 2024	Italy	Corporate	The European Investment Bank (EIB) financed the ERG group with EUR 243 million to promote the development of renewable energy in Italy, France and Germany. With the exit from the thermoelectric sector in 2023, 100% of the Group's generation is now based on renewable sources.
20 December 2024	Italy	Corporate	ERG and Duferco Energia have signed a 5-year Pay As Produced Power Purchase Agreement (PPA) for the supply of approximately 100 GWh/year of green energy produced by the Rotello wind plant in Molise, with an installed capacity of 42 MW.
20 December 2024	UK & Nordics	Wind	ERG, through its subsidiary ERG UK Holding Ltd, has signed a Share Purchase Agreement (SPA) with BayWa r.e. AG, a leading renewable energy operator, for the acquisition of 100% of BayWa r.e.'s shares. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in Scotland. The enterprise value of the transaction amounts to GBP 60 million and the closing of the transaction was completed in January 2025.



OTHER INFORMATION

It should be noted that a criminal investigation is underway at the Milan Court Prosecutor's Office concerning the activities carried out by an investigative company (Equalize S.r.l.), which ERG S.p.A. engaged as part of a defensive investigation following a report received under its Whistleblowing Guidelines regarding potentially serious events detrimental to the company.

Based on the information available, this investigation would also involve some employees of ERG S.p.A., however, without any involvement of the Company itself, which remains, to date, uninvolved in any allegations.

As already stated in the Press Release of 28 October 2024, ERG S.p.A. believes that it has acted in full compliance with the law and its corporate policies in carrying out the aforementioned defensive investigation.

Finally, for the sake of completeness, it should be noted that the National Commission for Companies and the Stock Exchange (CONSOB) sent some information requests in November 2024 regarding the aforementioned investigation. The Company promptly and duly responded, and CONSOB has not taken any further action to date.



HIGHLIGHTS

(EUR million)	Reported Year ⁽¹⁾		Adjusted Year ⁽²⁾	
	2024	2023	2024	2023
MAIN INCOME STATEMENT FIGURES				
Revenue	737	741	737	741
Gross operating profit (loss)	554	547	555	548
Operating profit (loss)	282	328	297	332
Profit (loss) attributable to the owners of the parent ⁽³⁾	226	205	211	252
MAIN FINANCIAL FIGURES				
Net invested capital	4,306	3,803		
Equity	4,106	3,850		
Net financial indebtedness (before IFRS 16) ⁽⁴⁾	(28)	(217)		
Net financial indebtedness (after IFRS 16) ⁽⁵⁾	200	(47)		
Ebitda Margin % ⁽⁵⁾	75%	74%	75%	74%
OPERATING DATA				
Total installed capacity at the end of the year	MW	3,845	3,266	
New installed capacity for the year	MW	579		
	<i>of which Wind Italy</i>	<i>MW</i>	148	
	<i>of which Wind Abroad</i>	<i>MW</i>	290	
	<i>of which Solar Abroad</i>	<i>MW</i>	142	
Total electricity output	GWh	6,959	6,139	
Production linked to the new capacity for the year		1,357		
	<i>of which Wind Italy</i>	<i>GWh</i>	280	
	<i>of which Wind Abroad</i>	<i>GWh</i>	652	
	<i>of which Solar Abroad</i>	<i>GWh</i>	425	
Gross operating profit (loss)				
	<i>Wind Italy</i>		250	220
	<i>Solar Italy</i>		90	79
	<i>Wind Abroad</i>		192	230
	<i>Solar Abroad</i>		24	26
Net unit revenue ⁽⁶⁾	EUR/MWh	102	117	
Capital expenditure ⁽⁷⁾	EUR million	551	484	
Employees at the end of the year ⁽⁸⁾	Units	434	413	

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

(2) Starting from 2024, the adjusted operating results include the accounting impacts of IFRS 16. The comparative results for 2023 were therefore restated in line with the new approach defined by the Group. Adjusted economic indicators do not include special items and related applicable taxes.

(3) It should be noted that the reported net result of the Group for the comparative period includes the contribution of the thermoelectric business, sold on 17 October 2023. The Group's adjusted net result reflects the net result of its continuing operations and, therefore, does not include the contribution of the thermoelectric business.

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

(5) Financial leverage before IFRS 16 is calculated by comparing the net financial indebtedness before IFRS 16 with the net invested capital, not including Right of Use assets amounting to EUR 219 million.

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

(7) In property, plant and equipment and intangible assets. The 2024 figure includes investments related to Merger & Acquisition transactions in the United States amounting to EUR 235 million and in France amounting to EUR 84 million, while the 2023 figure included investments related to Merger & Acquisition transactions in Spain for EUR 184 million.

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

COMMENTS ON THE YEAR'S PERFORMANCE

In 2024, **adjusted revenue** amounted to EUR 737 million, a slight decrease compared to 2023 (EUR 741 million). The lower wind conditions recorded during the period, which were significantly below historical averages, were largely offset by the contribution from the new capacity brought into operation (579 MW).

The weaker market conditions observed in the first part of the year had only a partial impact on the results, as the Group follows a hedging policy that includes sales through fixed tariffs, Power Purchase Agreements (PPAs) with predetermined price conditions, and financial contracts.

Production amounted to 7.0 TWh, an increase of 0.8 TWh compared to 2023, thanks to 1.4 TWh from the contribution of new assets brought into operation, partially offset by the lower wind conditions recorded on the assets in operation (-0.5 TWh, -9% on a like-for-like basis).

Adjusted gross operating profit (loss), net of special items, amounted to EUR 555 million, up slightly compared with the EUR 548 million recorded in 2023.

ITALY

- **Wind (EUR +30 million):** gross operating profit (loss) amounted to EUR 250 million, up from EUR 220 million in 2023, driven by higher unit revenue from the GRIN incentive (zero in 2023) and the addition of new installed capacity (148 MW), despite the significantly lower wind conditions during the period.

Total production amounted to 2.5 TWh compared to 2.5 TWh in the same period of 2023, due to significantly lower wind conditions (-0.3 TWh, -13% on a like-for-like basis), partially offset by the contribution from newly commissioned assets (+0.3 TWh).

- **Solar (EUR +10 million):** gross operating profit (loss) amounted to EUR 90 million, up from EUR 79 million in 2023, driven by sales prices that benefited from forward sales made in line with the Group's policies. This was partially offset by lower production due to plant shutdowns for revamping activities.

Production amounted to 241 GWh in 2024 compared to 256 GWh in 2023.

ABROAD

- **Wind (EUR -38 million):** gross operating profit (loss) of EUR 192 million, a decrease compared to EUR 230 million in 2023, primarily due to significantly lower wind conditions during the period and reduced prices achieved, particularly in France and Germany, partially offset by the new installed capacity (290 MW).

Total production amounted to 3.5 GWh compared to 3.0 GWh in the same period of 2023, due to lower wind conditions (-0.2 TWh, -6% on a like-for-like basis), more than offset by the contribution from newly commissioned assets (+0.7 GWh).

- **Solar (EUR -2 million):** gross operating profit (loss) of EUR 24 million, a decrease compared to EUR 26 million in 2023, primarily due to lower electricity prices in Spain, partially offset by the scope impact resulting from acquisitions (142 MW). Production was 0.7 TWh in 2024, up from 0.3 TWh in 2023, largely due to the contribution from new assets coming online (0.4 TWh), despite a -3% decrease on a like-for-like basis.

Overall, the contribution from the new installed capacity (around EUR +75 million) is largely offset by the lower volumes recorded, mainly in the fourth quarter.

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

Adjusted operating profit (loss) amounted to EUR 297 million (EUR 332 million in 2023). Depreciation and amortisation amounted to EUR 258 million, up from 2023 (EUR 217 million) and reflecting the full contribution of new assets acquired during the period (EUR 26 million) and developed internally (EUR 14 million).

The **Adjusted profit attributable to the owners of the parent** was EUR 211 million, down from 2023 (EUR 252 million⁴), and reflects, in addition to the previously discussed operating results, higher financial expenses (EUR +9 million) mainly due to the accounting impact of the Tax Equity Partnership in the US portfolio and lower taxes amounting to EUR 3 million.

The **Reported profit attributable to the owners of the parent** totalled EUR 226 million, including the positive net tax impacts of special items, up from EUR 205 million in 2023⁵.

In 2024, **capital expenditure** totalled EUR 551 million (EUR 484 million in 2023) and related to **capital expenditure in property, plant and equipment and intangible assets** for the acquisition of a portfolio of wind and solar farms in the United States (317 MW)⁶, and in France (73

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

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

6 The acquisition was finalised in April 2024.



MW), the repowering of Italian wind farms with approximately 177 MW of new installed capacity commissioned during 2024, the construction of greenfield farms in Italy (47 MW), France (59 MW), of which 41 MW were commissioned in 2024, and the UK (47 MW), the repowering of a wind farm in Germany (6 MW), and the launch of activities for the first storage project (13 MW).

The **net financial indebtedness before IFRS 16** totalled **EUR -28 million**, a significant increase (EUR +189 million) compared to 31 December 2023 (EUR -217 million).

The change mainly reflects the effects of capital expenditure and acquisitions carried out during the year (EUR 551 million) and the distribution of dividends to shareholders (EUR 66 million), tax payments (EUR 39 million), partially offset by the positive operating cash flow for the period (EUR 489 million ⁷).

Net financial indebtedness after IFRS 16 includes the liabilities (pursuant to IFRS 16) relating to the discounting of future lease payments equal to EUR 228 million at 31 December 2024 (EUR 170 million at 31 December 2023). The increase in the period is attributable to the scope effect due to the acquisitions of wind farms and photovoltaic systems in the United States and in France and the new wind farms developed internally.

⁷ It includes the adjusted gross operating profit (loss) and the change in working capital.



REFERENCE MARKET

PRICE SCENARIO

	Year	
	2024	2023
Base load price scenario (EUR/MWh)		
Italy		
Single National Price ⁽¹⁾	109	127
Feed-In Premium (FIP) (former Green Certificates) – Italy	42	0
TTF	35	41
CO ₂	65	83
Abroad		
France	58	97
Germany	78	95
Poland	107	144
<i>of which Electricity</i>	96	112
<i>of which Certificates of Origin</i>	11	32
Bulgaria	103	104
Romania	133	133
<i>of which Electricity</i>	104	104
<i>of which Green Certificate</i>	29	29
Northern Ireland	109	122
Great Britain	85	108
Spain	63	87
Sweden SE4	50	65
MISO-MidAm*	22	n.a
MISO-Illinois*	28	n.a

(1) Single National Price

REGULATORY FRAMEWORK – INCENTIVES AND TARIFFS

INCENTIVES AND TARIFFS ITALY

Wind

- Plants that entered into operation before 2013: feed-in premium (FIP) equal to $(180 \text{ EUR/MWh} - P-1) \times 0.78$ where P-1 is the average annual value of the sale price of the electricity of the previous year. Duration of the incentive: 15 years
- Plants that entered into operation from 2013: FIP against a reference rate awarded through participation in Dutch auctions. With the Italian Ministerial Decree of 4 July 2019, wind power and photovoltaic power compete for the same quota both for the registries and for the auction procedures and the FIP is a "two-way CfD". Duration of the incentive: 20 years. As of September 2023, the reference tariff values for auction procedures are subject to updating on the basis of the national consumer price index for the entire community (NIC), to take into account the cumulative average inflation from August 2019 until the month preceding the date of the auction, in application of Italian Decree Law no. 57/2023.
- Plants subject to complete reconstruction (Repowering) can participate in auctions, competing directly with the new plants (starting from the sixth auction even if they have not endorsed the so-called "Spalma-incentivi") albeit with the application of a 5% deduction on the awarded tariff. In addition, a gradient coefficient D of 0.9 is applied to the incentive component (understood as the differential between the awarded tariff and the hourly zonal price).

Solar

- Incentives for photovoltaic systems are paid through a FIP tariff on the energy fed into the grid for a duration of 20 years.
- The feed-in tariff was introduced in Italy with the Interministerial Decrees of 28 July 2005 and of 6 February 2006 (1st Feed-in Premium) which provided for a financing system for electric power generation operating expenses.
- New measures were introduced with the Italian Ministerial Decree of 19 February 2007 (2nd Feed-in Premium) such as the application of the incentive tariff on all energy produced by the plant and differentiation of tariffs also based on the type of architectural integration and the size of the plant.
- In 2010, the 3rd Feed-in Premium came into effect with the Italian Ministerial Decree of 6 August 2010, applicable to plants in operation from 1 January 2011 to 31 May 2011, which introduced specific tariffs for integrated photovoltaic systems with innovative characteristics. Italian Law no. 129/2010 (so-called "salva Alcoa" law) then confirmed the 2010 tariffs of the 2nd Feed-in Premium for all plants able to certify the conclusion of works by 31 December 2010 and become operational by 30 June 2011.
- The Italian Ministerial Decree of 5 May 2011 (4th Feed-in Premium) defined the incentive mechanism relating to plants coming into operation after 31 May 2011 and introduced an annual cumulative cost limit for incentives, set at EUR 6 billion.
- The Italian Ministerial Decree of 5 July 2012 (5th Feed-in Premium) partly confirmed the provisions of Italian Ministerial Decree of 5 May 2011 and fixed the cumulative cost of incentives at EUR 6.7 billion. The incentive provisions of the Feed-in Premium were no longer applied after 6 July 2013 when the ceiling of EUR 6.7 billion was reached.
- The Italian Ministerial Decree of 17 October 2014 (so-called "Spalmaincentivi" decree) made it mandatory for producers to choose, by November 2014, a method for remodulating the incentive:
 - extension of the incentive period by a further 4 years with simultaneous reduction of the unit incentive by a value of between 17% and 25%, depending on the residual life of the right to incentives;
 - an initial period of incentive reduction followed by a subsequent period of increase thereof for an equivalent amount;
 - flat reduction applied for the remaining incentive period, variable between 6% and 8% depending on the size of the plant.
- The Italian Ministerial Decree of 4 July 2019 allows photovoltaic systems to access the incentives, for 20 years, through auctions and registries together with the wind power quota provided that:
 - they are authorised;
 - they use new components;
 - they comply with the prohibition on installing ground-mounted modules in an agricultural area; this prohibition does not apply to agrivoltaic plants which, in compliance with the provisions of Article 65, paragraph 1-quater, of Italian Decree Law no. 1 of 24 January 2012, use innovative supplementary solutions that do not compromise the continuity of agricultural cultivation and pastoral activities. Access to incentives for agrivoltaic plants is also subject, in compliance with the provisions of Article 65, paragraph 1-quinquies, of Italian Decree Law no. 1 of 24 January 2012, to the simultaneous implementation of monitoring systems that make it possible to verify the impact on crops, water savings and agricultural productivity.

INCENTIVES AND TARIFFS ABROAD

Germany Wind

- Plants that entered into operation by July 2014: Feed-In Tariff (FIT) and, on an optional basis, FIP plus a management premium (EEG 2012).
- Plants that entered into operation from August 2014 to December 2016: FIP (EEG 2014).
- Plants authorised by the end of 2016 and in operation by 2018: a transition period is provided for, in which it is possible to continue to benefit from the tariffs set out in the EEG 2014 of declining value in relation to the actual new power installed during the year.
- Plants that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021 and EEG 2023). The duration of the incentive is approximately 20 years. The value of the incentive is determined on the basis of a 1-way Contract for Difference (CfD) and the tariff awarded in the auction is adjusted according to the so-called "Referenzertrag" formula.

Germany Solar

- Systems that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021, EEG 2023). Ground-mounted photovoltaic systems up to a capacity of 20 MW can access the auctions. This limit (already waived by the transitional provision for the 2023 financial year only up to 100 MW) was definitively amended up to 50 MW with SolarPackage 1 (published in the Federal Law Gazette of 15 May 2024) but is currently awaiting validation by the Commission European.
- The value of the incentive is determined on the basis of a one-way Contract for Difference (CfD) for around 20 years.

France Wind

- Plants that stipulated the application to purchase electricity generation by December 2015: a Feed-In Tariff (FIT) for 15 years, defined based on the year the application to purchase electricity generation was made and updated annually according to a formula tied to the index of hourly labour cost and to the index of the generation prices of industrial products. After 10 years of operation, it will be reduced for the subsequent 5 years of the incentive based on the wind farm's actual load factor if the annual number of hours of operation exceed 2,400.
- Plants that stipulated the application to purchase electricity generation in 2016: feed-in premium (FIP). The FIP is divided into several components: the incentive component (complément de rémunération), calculated as the difference between the current FIT and the average monthly price of energy weighted on the national wind power profile, plus a management premium to cover the costs for managing the sale of energy.
- New plants that do not fall into the above categories: recognition of incentives occurs through auction procedures (for the awarding of incentives with a duration of 20 years partially adjusted to inflation indices on an annual basis) or direct access in the case of plants with a capacity of less than 18 MW and wind turbines with a unit capacity of no more than 3 MW and meeting specific criteria.

France Solar

- A FIT system introduced in 2000 and from 2011 auctions for photovoltaic systems with a capacity of between 250 kW and 17 MW.
- From 2018, auctions for photovoltaic systems with a capacity exceeding 500 kW for the assignment of a two-way CfD with 20-year term, partially adjusted for inflation indices on an annual basis.

Bulgaria Wind

- A feed-in tariff (FIT) in brackets based on hours of operation, which is constant in nominal terms. The duration of the incentive varies based on the date of entry into operation, and can be equal to 12 years or 15 years. From 1 January 2019, for existing plants with capacity of over 4 MW, the incentive scheme moved from a FIT structure to a FIP structure. The incentive is calculated as the difference between the value of the FIT, as previously recognised, and a Reference Price calculated on the estimate of the future price of electricity adjusted on the wind profile. From 1 October 2019, existing plants with capacity between 1 MW and 4 MW also moved to the FIP.

Poland Wind

- Plants in operation by July 2016: Certificates of Origin (CO). The Substitution Fee (the penalty applied in the event of non-compliance with the CO purchase obligation) is calculated on the basis of the weighted annual average of the prices of the CO recorded the previous year, plus 25%.
- From 2018 onwards, a multi-technology Dutch auction system was reintroduced, i.e. wind – photovoltaic. The quotas and the starting auction prices are defined by the Government. The incentive, which has a 15-year duration, is calculated as the difference between the awarded price, inflated on a yearly basis, and the average daily price of electricity (two-way CfD).

**Romania
Wind**

- Green Certificates with a duration of 15 years with delayed assignment with respect to the underlying electricity output. Specifically:
 - a) recovery period of the Green Certificates (GCs) held from 1 July 2013 to 31 March 2017 (it takes place at constant instalments through the years 2018-2025);
 - b) the period of validity of the GCs, which is planned until 31 March 2032 (only GCs issued before 31 March 2017 maintain the validity of 12 months).
- The cap and the floor between which the price of the GCs may fluctuate were set respectively at 35 EUR/MWh and 29.4 EUR/MWh.
- From 2018 onwards, the mandatory quota for the electricity consumers shall be determined according to a pre-set fixed volume of GCs on the market and a maximum average expense on the end consumer.

**Spain
Solar**

- Regimen Especifico, where the main element of revenue supplementation is the "Retribución a la Inversión" (Return on Investment), expressed in EUR/MW, calculated on an annual basis and paid for the entire duration of the incentive period of 30 years, based on the plant's capacity. An additional element of revenue supplementation is also envisaged, expressed in EUR/MWh, if necessary, to cover operating costs, the "Retribucion a la Operacion" (Return on Operation).
- From 2016: the introduction of the auction mechanism for the recognition of "Retribución a la Inversión" (Return on Investment), calculated on an annual basis and paid for the entire duration of the incentive period of 25 years, based on the plant's capacity and the winning bid. Discount offered on the standard value of the initial investment (EUR/MW), which represents the main remuneration parameter for calculation of the Return on Investment.
- From 2020, abandonment of the previous incentive system, based on a Return Asset Base system, in favour of the adoption of a system based on remuneration of the electricity produced. The incentive is calculated as the difference between the awarded price and the average daily price of electricity (two-way CfD). The remuneration period is not fixed but lasts for a period no less than 12 years and up to the attainment of the maximum volume of energy subject to incentives.

**United States
Wind Solar**

- To promote the spread of renewable energy, a mechanism of Renewable Energy Certificates (RECs) is in place in the US. These can be issued to electricity producers for every megawatt-hour of electricity generated by RES and supplied to the grid. RECs are tradeable environmental securities, and can be sold either together with the electricity produced by the generator (bundled) or separately from the electricity (unbundled).
- Many States in the US have set renewable energy portfolio standards (RPS – Requirement Portfolio Standard) that electricity service providers are required to guarantee. To demonstrate compliance with the standards, electrical service providers use RECs, thereby generating demand for certificates. Within the MISO, RPSs are only applied in four States (Illinois, Minnesota, Indiana and Michigan), but RECs issued in Illinois can also be traded in the adjacent PJM electricity market, where States have set more demanding RPSs.
- Tax Equity Partnership (TEP): these agreements, typical of the US Renewable Energy market, are a form of project incentive that uses a combination of cash flows generated by the Project and tax benefits. The structures of Tax Equity agreements can vary, but generally, in return for an investment made by the so-called Tax Equity Partner (Partner) upon the completion of plant construction, the investment return primarily comes through the allocation of tax credits (Investment Tax Credit, ITC, or Production Tax Credit, PTC). The Mulligan Solar, LLC solar project benefited from an ITC, already finalised by its nature before closing, while the Great Pathfinder Wind, LLC wind project benefits from PTC incentives, extended over time.

RELEVANT LEGISLATIVE AND INSTITUTIONAL UPDATES DURING THE YEAR

EUROPEAN UNION

European Parliament elections

On 18 July 2024, Ursula Von der Leyen was re-elected as head of the European Commission, thanks to the support of EPP, S&D, Renew and Verdi. In his keynote speech, he confirmed the climate targets for 2050 and the Green Deal, while also opening up to e-fuels.

Key initiatives expected to be presented in the early months of the legislative term include the launch of a Competitiveness Fund, the promotion of electricity demand through an Electrification Plan, and an industrial decarbonisation plan (Clean Industrial Deal).

National Energy and Climate Plans (NECP)

National Energy and Climate Plans were introduced by the Governance Regulation of the Energy Union and Climate Action (EU) no. 2018/1999. EU Member States were required to submit the final updated versions of their NECPs to the European Commission by 30 June 2024.

At 15 January 2025, 21 of the 27 Member States had submitted their updated plans. The NECPs have varying levels of transparency and data quality, and the European Commission has provided formal feedback on the documents submitted.

Electricity Market Reform

At the end of June 2024, the "reform" of the electricity market design proposed by the Commission in March 2023 was published. This reform aimed at ensuring affordable and competitive electricity prices for all consumers.

The agreement essentially includes the following modifications: two-way Contracts for Difference (CfD), or equivalent schemes with the same effects, will become the standard model for support measures for low-carbon energy. The use of long-term zero-emission power contracts (PPAs) is being reinforced, while capacity remuneration mechanisms will become a fundamental component of electricity market design. Member States must set an indicative national target for flexible electricity generation from non-fossil sources. In addition, any declaration of a crisis in electricity prices will have to be agreed by the Council on a proposal from the Commission.

Infringement procedures on renewable permitting

The European Commission has launched infringement procedures against several Member States (except Denmark) for failing to transpose the regulatory simplifications and permitting accelerations required by RED III. After examining the responses received, Brussels decided to **proceed with the second phase of the infringement procedure**, sending several countries a **reasoned opinion for failing to notify transposition measures**. According to the Commission, **Italy, Bulgaria, Spain, France and Sweden** are among the **eight Member States** that have not yet transposed the new provisions.

European Council – Extension of subsidised permitting for repowering

On 10 January, Regulation (EU) no. 2024/223 was published in the Official Journal of the European Union, extending until the end of June 2025 the period of application of the authorisation procedures for the deployment of renewable energy established by Regulation (EU) no. 2022/2577.

Among the most significant provisions, it is worth noting the maximum six-month deadline for authorisation procedures for

repowering renewable plants including environmental impact assessment (where required) and grid connection applied to projects located in a "renewable/suitable" area".

TSO disconnection from the TERRE project

The TSO members of the TERRE project have decided to suspend the operation of the European platform for the exchange of balancing energy from replacement reserves by the end of 2025. This change could affect the formation of imbalance prices from 2025.

The Electricity Market Design Reform (EMDR), adopted on 21 May 2024, mandates the closure of the cross-border intraday market 30 minutes before real-time, making the Replacement Reserves (RR) process incompatible due to long activation times and reduced market liquidity.

As a result, the TSO members of TERRE have decided not to implement the 96 planned clearing sessions, avoiding significant investments for a limited operational period, and to disconnect from the Platform by 2025. Terna disconnected starting from 1 January 2025, while Red Electrica, REN, RTE and Swissgrid will complete the disconnection by the end of 2025.

New REMIT regulation

Following the approval by the Council of the European Union, on 7 May a new regulation amending the regulation on wholesale energy market integrity and transparency (Regulation (EU) no. 1227/2011, REMIT) and the regulation establishing the EU Agency for the Cooperation of Energy Regulators (ACER), (Regulation (EU) no. 2019/942) came into force in Italy and the other EU countries. The new regulation, to which ERG is subject as a market operator in the EU countries where it operates, imposes stricter requirements on EU market operators residing in a third country, requiring them to designate a representative in a Member State where they are active in the wholesale energy market. It grants ACER the authority to investigate cases with a cross-border dimension involving at least two Member States. Additionally, ACER will have new tools for conducting investigations, such as the ability to perform on-site inspections, request information, and take statements. The power to impose financial penalties for violations of prohibitions or substantive obligations under the Regulation remains with the Member States.

European Commission – Net Zero Industry Act (NZIA)

This is an initiative deriving from the Green Deal Business Plan, aimed at enhancing the European manufacturing capacity in technologies that support the clean or near-zero emission energy transition by attracting investments.

In public contracts and energy auctions, EU countries have the right to reward project proponents on the basis of "non-economic" criteria, such as sustainability or resilience of the production chain.

ITALY

Publication of the "transitional" RES-X Ministerial Decree

In February 2025, the Ministry of Environment and Energy Security published the Ministerial Decree outlining the Italian support scheme for renewable energy to support electricity production from renewable sources, following the approval of the European Commission at the end of 2024.

This scheme, applicable only for 2025, is part of the broader five-

year mechanism for supporting renewable energy through CfDs awarded via auctions, as outlined in Italian Legislative Decree no. 199/2021. The multi-year programme includes auction quotas totalling 16.5 GW for onshore wind and 40 GW for utility-scale solar photovoltaics.

The objective of the Italian transitional FERX Ministerial Decree is to support the installation of up to 17.65 GW of new renewable capacity by 2025, with 3 GW reserved for small-scale plants (up to 1 MW) and the remaining capacity allocated to larger plants (10 GW solar and 4 GW wind). The support mechanism involves competitive bidding procedures to ensure transparency and non-discrimination. The plants must be operational within 51 months (with the last 15 months involving a progressive tariff reduction) from the publication of the award ranking. Contracts for Difference (CfD) with incentive tariffs valid for 20 years will be used.

In case of curtailment orders or zero or negative market prices, the incentive tariff will be calculated based on potential production.

Only 95% of production will be covered by the CfD, leaving 5% exposed to market risk. Penalties are envisaged for early exit from the CfD, up to 20% of the standard investment cost.

A single auction per technology will be held, so that the incentive can be assigned by the end of 2025..

▪ **Reform of the Integrated Text on Electricity Dispatching (TIDE)**

Starting from 1 January 2025, the new TIDE came into effect, alongside other significant measures, including the phase-out of the PUN and the transition to a 15-minute Imbalancing Settlement Period (ISP).

The reform includes a transitional phase until 1 February 2026, followed by a consolidation phase and then a full implementation phase no earlier than 2027. During the transitional phase, the main changes include (i) the shift to a 15-minute ISP, (ii) the restructuring of energy markets and the revision of the nomination platform, introducing a separation between schedules and commercial positions for individual units, and (iii) the maintenance of all PUs (Production Units) authorised under Resolution no. 111/06 and the UPR project (Unità di Produzione Rilevanti – Significant Production Units) as UASs (Unità Abilitate Singole – Single Authorised Units), with alignment between Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs). The Balancing and Redispatching Market (MBR) is formally introduced, effectively a renaming of the existing markets. The MBR and the reconciliation with the balancing platforms will be managed according to the current rules and methods.

▪ **Conversion Law of the “Sicurezza Energetica” Decree Law**

In early 2024, Italian Law no. 11/2024 converting, with amendments, Italian Decree Law no. 181/2023, known as the “Sicurezza Energetica” (Energy Security) Decree, was published. The main changes introduced include authorisation for photovoltaic systems also in agricultural areas that are not designated as “suitable”, an increase in the threshold for the simplified procedure for PV projects in suitable areas, and a clarification of the mandatory but non-binding nature of the opinion of the Italian Ministry of Culture in the EIA procedure for projects in suitable areas.

In the energy market sector, the single national price (PUN) is expected to be phased out in favour of zonal prices for end customers, starting on 1 January 2025. During this transition, an index entirely equivalent to the PUN will be adopted.

The subsequent Italian Ministerial Decree, approved by ARERA through a special opinion, specified the conditions to be met for this phasing out.

An “energy release” mechanism will be introduced in favour of energy-intensive companies, which will be able to purchase electricity at a fixed price from the GSE for a period of three years. This mechanism, defined further by Italian Ministerial Decree no. 268/2024 of the Ministry of Environment and Energy Security (MASE), aims to incentivise the installation of renewable energy generation plants by energy-intensive end customers within a

period of 40 months. It provides for a 36-month advance period during which the GSE supplies energy to energy-intensive companies, which commit to developing renewable energy plants that will return the advanced energy over the following twenty years. The generation capacity can come from new photovoltaic, wind or hydroelectric plants with a minimum power of 200 kW or from upgrades to existing plants that increase power by at least 200 kW. The total generation capacity, which can also be developed through third parties, must be at least twice the capacity required to return the energy advanced by the GSE over the 36-month period.

▪ **Agriculture Decree Law and conversion into law**

Italian Legislative Decree no. 63 of 15 May 2024 (so-called “Agriculture Decree Law”), on the other hand, introduced a ban on the installation of new photovoltaic systems with ground-mounted modules and the expansion of existing systems in areas classified as agricultural by urban planning regulations. In the final version converted into law, the ban does not apply to projects involving modifications, refurbishment, upgrading or complete reconstruction of existing plants, provided that they do not result in an increase in the area occupied. Quarry and mining sites, areas under concession to Ferrovie dello Stato and airport concessionaires, highway buffer zones, areas within industrial plants, as well as projects for Renewable Energy Communities and so-called “advanced” agrivoltaic systems, also remain exempt. Excluded from the prohibition are also projects whose authorisation process has already been started, at least for one of the administrative procedures, including environmental assessment procedures.

▪ **Suitable Areas Decree**

In July 2024, the Decree was published, implementing Article 20, paragraphs 1 and 2, of Italian Legislative Decree no. 199 of 2021, which regulates suitable areas for the installation of renewable energy plants. Pursuant to Article 20, paragraph 4 of Italian Legislative Decree no. 199/2021, and the principles and criteria established by this decree, the Regions are required, **within one hundred and eighty days** from the date of its entry into force, to identify by **regional law** the areas specified in Article 1, paragraph 2 of the decree: a) suitable areas, b) unsuitable areas, c) ordinary areas, and d) areas where the installation of ground-mounted photovoltaic systems is prohibited. The Sardinia region has enacted a particularly restrictive regional law (Italian Law no. 20 of 05/12/2024), preceded by a moratorium pending its approval. At the end of January 2025, the Council of Ministers challenged Regional Law no. 20 before the Constitutional Court, contesting its legitimacy on several grounds.

▪ **Consolidated RES Law (Italian Legislative Decree of 25 November 2024)**

This measure aims to simplify and harmonise the procedures for the construction, operation and modification of renewable energy plants, storage systems and related works. The administrative regimes have been streamlined to three: Free Activity, Simplified Authorisation Procedure and Single Authorisation, with the environmental impact assessment only being required for the latter. Additionally, stricter deadlines have been introduced for the duration of the authorisation processes to reduce delays and waiting times. Finally, by May 2025, the GSE is expected to publish a national map of available areas for renewable energy plants and their potential, which will serve as the basis for identifying acceleration zones for renewables and storage.

▪ **Environment Decree (Italian Decree Law no. 153/2024) and conversion law**

The Environment Decree, issued in October 2024 and converted into law in December, aims to introduce environmental protection measures, streamline authorisation procedures, and promote the circular economy. The revisions introduced aim to simplify and expedite authorisation procedures by providing a clearer definition

of responsibilities, procedural steps and deadlines, including a reduction in the total time required to complete the process.

More specifically:

- i) the priority of dealing with repowering projects in the environmental impact assessment procedures by the NRRP-PNIEC Commission is recognised;
- ii) the possibility of expropriating land for wind installations and related works is preserved, while for other energy sources, this option is limited to areas affected by related works.

▪ FER 2 Decree published

In August 2024, the decree supporting innovative renewable energy sources (known as FER 2) was published. It aims to incentivise innovative plants based on biogas, biomass, solar thermodynamics, zero-emission geothermal, offshore wind, floating photovoltaic and marine energy sources.

The GSE has also published the Operational Rules, which set out the procedures for participating in the competitive processes established by the Decree and, for eligible plants, the methods for accessing incentives. The first auction procedure opened on 16 December and ended on 14 February.

▪ Electricity Storage Capacity Procurement Mechanism (MACSE)

Italian Legislative Decree no. 210/21 introduced a new Electricity Storage Capacity Procurement Mechanism (MACSE), designed to support the systematic development of storage capacity within the system, in anticipation of increased renewable energy production and planned grid developments. This mechanism will enable the system to acquire new storage capacity through long-term procurement contracts, awarded via competitive auctions organised by Terna. Operators with new storage facilities will be able to participate in these auctions, with the first editions scheduled for the second half of 2025 and targeted at electrochemical storage systems.

▪ Extra-profit (surplus profits) – Question of constitutionality by the Regional Administrative Court

On 16 January, the Regional Administrative Court (TAR) of Lazio raised several questions of constitutional legitimacy concerning Italian Law no. 197 of 2022, which provided for the payment in 2023 of the “temporary solidarity contribution” on the “surplus profits” of sector operators. The order points out the possible violation of European Regulation no. 1854/2022, as the law extended the payment of the contribution also to renewable energy operators, not included in the regulation. Following the January hearing, the Constitutional Court issued Order no. 21/2025 in February, referring a preliminary question to the Court of Justice of the European Union on the compatibility of the contribution applied to energy sector operators in 2022 with EU law. Pending the response from the Court of Justice, the ongoing proceedings remain suspended.

▪ Extraordinary contribution Art. 37 Italian Decree Law no. 21/2022 – Ruling no. 111/2024 Constitutional Court

With **Ruling no. 111/2024**, the Constitutional Court ruled on the issue of the constitutionality of the extraordinary contribution against the high cost of utility bills, as set forth in Article 37 of Italian Decree Law no. 21 of 21 March 2022, declaring it **partially unlawful**, only in the part in which it includes excise duties in the taxable base of the contribution. It should be recalled that the aforementioned judgment of legitimacy – instituted at the instigation of the Tax Courts of First Instance of Milan and Rome – identified multiple reprehensible aspects of Article 37, in respect of which ERG had also lodged an appeal.

In view of the many censures raised, the Constitutional Court, as mentioned above, declared the **constitutional illegitimacy** of Article 37 only in relation to the **part in which it includes in the taxable base** of the Extraordinary Contribution also **the excise duties** paid to the State and indicated in the invoices issued. On the other hand, the Court decided **not to uphold the other numerous censures**

(Articles 3, 23, 42, 53 and 117 of the Constitution) raised by the referring orders, thus **confirming the legitimacy of the levy**.

FRANCE

▪ Surplus profits. Ruling of the Council of State on the legitimacy of the CRIM

In May, the highest administrative court decided not to pass on the issue of constitutionality concerning the contribution on infra-marginal income (CRIM). However, the 2025 finance law does not contain an extension of this measure.

▪ Development of agrivoltaics and conditions for the installation of photovoltaic systems on agricultural, natural or forest land.

The French government published Decree no. 2024-318 concerning the development of agrivoltaics and the conditions for installing photovoltaic systems on agricultural, natural or forest land. The decree defines agrivoltaics and puts farming at the centre, as it must ensure that agricultural production achieves at least 90% yield per hectare in relation to a designated control area. Furthermore, photovoltaic installations cannot cover more than 40% of the area of an agricultural plot.

The new provisions exclude the development of agrivoltaic systems in certain protected areas according to the country's rural and maritime code.

GERMANY

▪ Electricity grid development plan

The Federal Network Agency confirmed the Electricity Grid Development Plan 2023-2037/2045, which envisages a significant increase in electricity transmission capacities. The plan includes approximately 4,800 kilometres of new lines and 2,500 kilometres of reinforcements to existing connections compared to the current federal demand plan. In addition, five new HVDC connections with a capacity of 2 GW each and measures to integrate offshore power generation into the onshore grid are planned. The Agency believes that other 35 projects in the North Sea and the Baltic Sea are needed by 2045 to connect up to 70 GW of offshore wind capacity. The plan highlights the urgent need to expand the electricity transmission grid to ensure safe and reliable service. Every two years, the transmission system operators identify the measures needed to optimise, strengthen and expand the high-voltage grid. The Federal Network Agency is examining and confirming these proposals, and is preparing an environmental report on the Federal Needs Plan to assess the environmental impact of the planned measures.

▪ Solar Package 1

The German Bundestag and Bundesrat approved Solar Package 1 in April 2024, aimed at supporting the photovoltaic industry. The new legislation provides for greater incentives for companies installing photovoltaic systems on roofs, with regulatory simplifications for agricultural solar systems. Citizens will now be able to install small solar systems on their balconies without bureaucratic complications, while homeowners will be able to generate their own electricity. The package also includes provisions to accelerate the expansion of wind energy, biomass and to improve grid connections, as well as some changes to the EEG23 auction.

▪ National elections

On 23 February 2025, Germany held early elections, called by Chancellor Olaf Scholz (SPD) following the crisis that led to the breakup of the previous governing coalition. The election results favoured CDU/CSU, which secured 28.6% of the votes, while the far-right AfD surged to 20.8%, reflecting growing discontent with migration and economic policies. At the same time, SPD and the

Greens saw a significant decline in support. The new composition of the Bundestag allows for the formation of a coalition between CDU/CSU and SPD, with the leader of the former being designated as the chancellor-in-waiting. He has announced his intention to form the government by April.

UK

- **Abolition of the de facto ban on onshore wind in England**
Starting in 2015, the Conservative Party introduced two amendments to the National Policy Planning Framework, which effectively allowed a small local opposition to block the installation of onshore wind farms. The new government, as of 8 July, has removed these restrictions, reopening the market after nearly 10 years of stagnation.
- **Unification of the grid operator**
The UK government acquired the grid operator from National Grid and, starting from 1 October 2024, began operating the National Energy System Operator (NESO). NESO aims to adopt an integrated approach to planning the UK's energy system, considering electricity, gas, hydrogen, renewables, storage, and emerging technologies such as carbon capture and utilisation. NESO has developed several decarbonisation scenarios and published the "Beyond 2030" report, in which it recommends various network upgrades to support the government and Ofgem in infrastructure decisions, aiming to accelerate grid connections (undergoing reform) and promote the UK's climate neutrality goals.
- **Electricity Generator Levy 2024**
The 2024 Budget Law contains the update of the price cap to be applied for the calculation of the measure of partial return of revenue from the "Electricity Generator Levy". The new "reference amount" applies from 1 April 2024 until 31 March 2025 and is set at 77.94 GBP/MWh. The measure also contains an exemption from the EGL for new projects for which the final investment decision was made on or after 22 November 2023.
- **Ofgem approves the temporary suspension of new connection requests**
Starting from 29 January 2025, NESO and the Transmission Owners (TOs) of the United Kingdom will implement a transitional change to the transmission grid connection process, which provides for a suspension of new connection applications, with some exceptions. Only requests for changes already in progress will remain open, according to an exception process. The decision follows the connection reform plan presented by NESO in December 2024, aimed at introducing "readiness" and "strategic alignment" criteria for access to the reformed connection queue. NESO justified the suspension by stating the inability to manage the current process alongside the ongoing reforms, given that over 1,700 requests were received in 2023/24.

SPAIN

- **Update of the transmission grid development plan**
The Council of Ministers, at the request of the Ministry for Ecological Transition and Demographic Challenge (MITECO), has approved an amendment to the Electricity Transmission Grid Development Plan to be implemented by 2026. This amendment comprises 73 actions, with an investment of EUR 489 million, aimed at facilitating the development of strategic projects including the integration of storage systems and generation from renewable sources.
At the same time, work began in December 2023 on a new Plan with a 2030 horizon, bringing forward the usual planning cycle by six years, in order to respond more promptly to the energy

transition process, which will include further grid development actions.

ROMANIA

- **Emergency Procedure 32/2024 on "Surplus Profits"**
The Minister of Energy approved a new limit on electricity prices for producers, reduced to 400 Lei/MWh (approximately 80 EUR/MWh) from the previous 450 Lei/MWh, a decrease of approximately 10 EUR/MWh. In addition, the contribution to the Energy Transition Fund was introduced as a recovery mechanism, calculated on the difference between the monthly sales price and a reference price, to be paid until 31 March 2025. Electricity generators and aggregators trading electricity and/or natural gas on the wholesale market through hedging contracts will be required to pay this contribution to the Fund.
- **Ratification of extension of measures on "surplus profits"**
Budget Law 2024 ratified the extension of the application of the revenue capping mechanism. According to Article 3, effective from 1 January 2024, electricity producers will have to continue to declare and pay the contribution also for the period from 1 January 2024 to 31 December 2024.
For producers with "premium compensation contracts" in force as of 8 October 2022, such as all ERG SPVs, the price cap remains set equal to the value of the respective FIP (with a contribution to be calculated on 90% of the surplus). For the other contract types (market plants) the price cap value from July 2023 is equal to 300 BGN/MWh (approx. 150 EUR/MWh), reduced compared to the price cap of 350 BGN/MWh (approx. 180 EUR/MWh) at the beginning of the measure.
This measure was recently extended to the whole of 2025.

SWEDEN

- **Flow based market coupling**
The Market Coupling project for the electricity markets of the Nordic countries based on the flow based methodology was launched with effect from 30 October 2024. The aim of the new calculation method is to enhance socio-economic benefits by increasing the utilisation of high-voltage interconnections and maximising the injection of renewable energy sources (RES).

US

- **Trump elected US president**
Immediately after taking office, the new president, Donald Trump, issued a series of orders in favour of fossil fuels, leading to the risk of scaling back support mechanisms for the development of additional renewable energy sources. Additionally, trade policies between the United States and the European Union may shift, with the introduction of new tariffs and a possible devaluation of the dollar, potentially undermining Europe's competitiveness. In particular, restrictions could be imposed on permits for renewable energy projects on federal lands, such as in the case of offshore wind energy. Lastly, changes to the Inflation Reduction Act (IRA) may affect tax credits for green hydrogen and imported electric vehicles. At present, the projects already awarded the Inflation Reduction Act tax credits are not subject to this risk.



PERFORMANCE BY COUNTRY

(EUR million)	Year		
	2024	2023 ⁽¹⁾	Δ
Adjusted revenue			
Italy	418	374	44
Abroad	319	367	(48)
France	100	124	(23)
Germany	55	89	(34)
UK & Nordics	54	54	(1)
Spain	24	27	(2)
East Europe	68	73	(5)
United States	18	-	18
Total adjusted revenue	737	741	(4)
Adjusted gross operating profit (loss)			
Italy	339	299	40
Abroad	216	256	(40)
France	51	81	(30)
Germany	34	68	(34)
UK & Nordics	30	38	(8)
Spain	15	20	(6)
East Europe	54	49	5
United States	32	-	32
Corporate ERG Power Generation	(1)	(6)	6
Adjusted gross operating profit (loss)	555	548	6
Adjusted amortisation, depreciation and impairment losses			
Italy	(124)	(119)	(5)
Abroad	(133)	(97)	(36)
France	(46)	(40)	(6)
Germany	(21)	(20)	(1)
UK & Nordics	(17)	(13)	(4)
Spain	(12)	(6)	(6)
East Europe	(19)	(18)	(1)
United States	(18)	-	(18)
Corporate ERG Power Generation	(1)	-	(1)
Adjusted amortisation, depreciation and impairment losses	(258)	(216)	(42)
Adjusted operating profit (loss)			
Italy	215	179	36
Abroad	83	159	(76)
France	6	41	(36)
Germany	12	48	(35)
UK & Nordics	13	25	(12)
Spain	3	15	(12)
East Europe	35	31	5
United States	14	-	14
Corporate ERG Power Generation	(2)	(6)	(5)
Adjusted operating profit (loss)	297	332	(35)
Capital expenditure⁽²⁾			
Italy	135	219	(84)
Abroad	413	265	148
France	142	25	117
Germany	9	3	7
UK & Nordics	26	45	(19)
Spain	0	190	(190)
East Europe	0	2	(2)
United States	236	-	236
Corporate ERG Power Generation	5	-	2
Total capital expenditure	551	484	66

(1) Starting from 2024, the adjusted operating results include the accounting impacts of IFRS 16. Therefore, the comparative results of 2023 have been restated in line with the new approach defined by the Group.

(2) They include capital expenditure in property, plant and equipment and intangible assets and M&A investments (EUR 319 million in 2024). It should be noted that the figures do not include the increase in Right of Use assets.

ITALY

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

ERG is active in the generation of electricity in Italy, with an installed capacity of 1,468 MW in wind and 175 MW in solar.

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) ⁽¹⁾	1,643	1,496	148
Wind	1,468	1,321	148
Solar	175	175	0
Output (GWh)	2,720	2,784	(64)
Wind	2,479	2,528	(49)
Solar	241	256	(15)
Load Factor % ⁽²⁾			
Wind	20%	24%	-4%
Solar	16%	17%	-1%
Net unit revenue (EUR/MWh)	149	131	19
Wind	125	109	16
Solar	399	342	57

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

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

In 2024, **electricity generation** in Italy totalled 2,720 GWh, including 2,479 GWh from wind power and 241 GWh from photovoltaic plants. This marks a decline compared to 2023 (2,784 GWh, with 2,528 GWh from wind and 256 GWh from solar), mainly due to lower wind conditions. However, this decrease was only partially offset by the full contribution of repowered and greenfield plants that came into operation between the second half of 2023 and throughout 2024 (+280 GWh).

(EUR million)	Year		
	2024	2023	Δ
Economic results			
Adjusted revenue	418	374	44
Wind	320	285	34
Solar	98	89	9
Adjusted EBITDA	339	299	40
Wind	250	220	30
Solar	90	79	10
Amortisation, depreciation and impairment losses	(126)	(121)	(5)
Wind	(81)	(75)	(6)
Solar	(45)	(47)	2
Adjusted EBIT	213	177	36
Wind	168	145	24
Solar	45	33	12
Capital expenditure in property, plant and equipment and intangible assets	135	219	(84)
Wind	116	201	(85)
Solar	11	18	(7)
Storage	8	-	8
Ebitda Margin % ⁽¹⁾	81%	80%	1%
Wind	78%	77%	1%
Solar	92%	89%	2%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue in 2024 increased primarily due to the value of the GRIN incentive (42 EUR/MWh), compared to 2023 when the GRIN was zero. This growth was also supported by the full contribution of repowered and greenfield plants that came into operation. However, the increase was partially offset by the significantly lower wind conditions during the period.

In light of the above, for ERG the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 125 EUR/MWh (109 EUR/MWh in 2023).

Net unit revenue from photovoltaic systems amounted to 399 EUR/MWh (342 EUR/MWh in 2023), up due to hedging set at higher prices than 2023 and higher feed-in tariff revenue due to "incentive allocation".

Adjusted gross operating profit (loss) in Italy in **2024** amounted to EUR 339 million, up compared to 2023 (EUR 299 million). Depreciation and amortisation for the year (EUR 126 million) was up compared to 2023 (EUR 121 million) due to the full contribution of the repowered and greenfield plants that came into operation.

Capital expenditure

Capital expenditure in Italy for **2024 (EUR 135 million)** mainly relates to the completion of construction activities for the Roccapalumba greenfield plant (47 MW), repowering activities (177 MW) at the Mineo-Militello-Vizzini and Salemi-Castelvetrano plants, which became operational in 2024, as well as routine maintenance aimed at further increasing plant efficiency. In Solar, the Revamping of the plants has begun, aimed at ensuring greater efficiency of the same. In addition, activities relating to the Storage Project (13 MW) were launched.

Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

▪ **ARERA – Reference price for calculating incentives (formerly GCs) for 2024**

At the end of January, ARERA published Resolution no. 14/2024/R/efr of 30 January 2024 to determine the average value of the electricity sale price in 2023 (PEE), for the purpose of quantifying the value of incentives replacing green certificates for the year 2024. At the end of January 2025, ARERA published Resolution no. 9/2025/R/EFr of 21 January 2025 "Determination of the average value of the electricity sale price in the year 2024, for the purpose of quantifying, for the year 2025, the value of the incentives replacing green certificates". In 2024, the PEE was set at 109.05 EUR/MWh.

Consequently, the value of the incentives (replacing the former Green Certificates) in 2025, calculated using the formula = 0.78 * (180 - PEE), amounts to 55.34 EUR/MWh.

▪ **ARERA – IMBALANCE PRICES FOLLOWING CONNECTION TO "PICASSO"**

On 1 March, ARERA published the results of its investigation into the formation of highly negative imbalance prices following Terna's operational launch on the European "PICASSO" platform.

The analysis led ARERA to request that Terna suspend its operational participation in the PICASSO platform as soon as technically possible and, in any case, by 15 March 2024, pending the approval and implementation of mitigation measures proposed by TSOs at the European level and a report from Terna on the topic, including proposals for potential mitigations and alternative models for participation in the platform.

Terna subsequently complied with ARERA's provisions by suspending its operational participation in the platform from the "flow day" of 15 March 2024, while remaining part of the European PICASSO implementation project.

▪ **Participation of Terna in the European MARI platform**

ARERA approved Resolution no. 174/2024/R/eel, establishing the work plan for the launch of Terna's participation in the European MARI platform for the exchange of mFRR balancing energy. The planned start date for Italy was 24 July 2024. However, considering the problems encountered with the PICASSO platform, which led to the suspension of Italy's operational participation in March 2024, ARERA approved a new work plan. This plan includes finalising the proposed amendments to the Grid Code for coordination between MSD and MARI, conducting a public consultation on the proposals, and submitting the final proposal to ARERA by October 2024.

▪ **CAPACITY MARKET 2025+ -ARERA RESOLUTION NO. 199/2024**

On 23 May, ARERA approved Resolution no. 199/2024/R/eel, "Economic parameters for the competitive procedures of the capacity market for the delivery years 2025, 2026, 2027, and 2028." The maximum defined premium is outlined below:

Delivery period	2025	2026	2027	2028
Max premium				
New production	85,000 €/MW	86,000 €/MW	86,000 €/MW	86,000 €/MW
Mid point curve	71,000 €/MW	72,000 €/MW	72,000 €/MW	73,000 €/MW
Existing production	45,000 €/MW	46,000 €/MW	47,000 €/MW	48,000 €/MW

For newly constructed plants, it is required that construction work begins after the auction execution date. The start of work is defined as the date when construction activities affecting the production unit begin or, if earlier, the date of the first binding commitment to order the necessary equipment or any other commitment that makes the investment irreversible.

▪ Update on the entry into force of TIDE

Since the implementation of TIDE by Terna and GSE has progressed more slowly than expected, ARERA has defined a transitional phase from 1 January 2025 to 1 February 2026, during which TIDE will be applied in a reduced version.

Wind

▪ Exceeding the PUN

Starting from 1 January 2025, the National Single Price (PUN) of the wholesale electricity market will be replaced, and the so-called "zonal prices" will be applied. However, a balancing component will be added to these prices to effectively bring them back to the value of the PUN, which will, however, be replaced by the GME PUN Index.

The GME PUN Index is essentially calculated in continuity with the PUN, meaning it is the weighted average of electricity prices across different zones in Italy, taking into account the quantities of energy sold and the time-of-use periods.

▪ End-of-life management of photovoltaic modules – WEEE quotas

Owners of photovoltaic plants incentivised under the various "Conto Energia" schemes, which operated between 2006 and 2012 and are already subject to the guarantee withholding, will have the corresponding quotas for the management and disposal of panels deducted from their March and April 2024 payments.

Under the new provision introduced by Italian Law no. 11 of 2 February 2024, which converts the so-called "Energy Security Decree", the share to be withheld by GSE has been doubled to EUR 20 per module, effective from September 2024.

ABROAD

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

ERG is among the top ten wind power operators in Europe, with a significant and growing presence (1,491 MW in operation), particularly in France (587 MW, increased in 2024 with the acquisition of a 24 MW wind farm and the commissioning of two greenfield farms totalling 41 MW), Germany (327 MW), Poland (142 MW), the UK & Nordics (311 MW), Romania (70 MW) and Bulgaria (54 MW).

Additionally, ERG operates in the solar power sector in France and Spain, with a total installed capacity of 393 MW. This includes 128 MW in France, an increase compared to the same period in 2023 due to the acquisition of 49 MW, and 266 MW in Spain.

In April 2024, the Group entered the renewable energy market in the United States through a strategic partnership with Apex Clean Energy, acquiring a wind and solar portfolio (317 MW).

FRANCE

	Year		
	2024	2023	Δ
Operating results			
Installed capacity(MW) ⁽¹⁾	715	600	114
Wind	587	522	65
Solar	128	79	49
Output (GWh)	1,210	1,315	(104)
Wind	1,084	1,219	(135)
Solar	126	96	30
Load Factor % ⁽²⁾			
Wind	21%	27%	-6%
Solar	12%	14%	-2%
Net unit revenue (EUR/MWh)	82	93	(12)
Wind	82	93	(11)
Solar	81	96	(15)

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

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

In 2024, electricity production in France amounted to 1,210 GWh, of which 1,084 GWh came from wind power and 126 GWh from solar plants. This represents a decrease compared to 2023 (1,315 GWh, with 1,219 GWh from wind power and 96 GWh from solar plants), due to lower wind conditions during the period compared to the exceptionally high production in 2023, partially offset by scope expansion (+125 GWh).

(EUR million)	Year		
	2024	2023	Δ
Economic results			
Adjusted revenue	100	124	(23)
<i>Wind</i>	90	115	(24)
<i>Solar</i>	10	9	1
Adjusted EBITDA	51	81	(30)
<i>Wind</i>	47	75	(28)
<i>Solar</i>	4	6	(2)
Amortisation, depreciation and impairment losses	(46)	(40)	(6)
<i>Wind</i>	(40)	(35)	(5)
<i>Solar</i>	(6)	(4)	(2)
Adjusted EBIT	6	41	(36)
<i>Wind</i>	7	40	(33)
<i>Solar</i>	(2)	2	(3)
Capital expenditure in property, plant and equipment and intangible assets	142	25	117
<i>Wind</i>	113	25	87
<i>Solar</i>	29	0	29
Ebitda Margin % ⁽¹⁾	51%	65%	-14%
<i>Wind</i>	52%	66%	-13%
<i>Solar</i>	42%	64%	-22%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue recorded in **2024** amounted to EUR 100 million, down from EUR 124 million in 2023 due to lower captured prices and reduced volumes. This decline was partially offset by the scope expansion resulting from the acquisition completed at the beginning of 2024 and the greenfield parks that became operational in the third quarter of 2024.

Net unit revenue from wind power in France, equal to 82 EUR/MWh, was down compared to 2023 (93 EUR/MWh) due to the contraction in market prices, which had only a limited impact as most of the wind farms still benefit from the two-way incentive mechanism.

Net unit revenue from photovoltaic plants amounted to 81 EUR/MWh, down from 96 EUR/MWh in the previous year. This decrease is mainly due to the newly acquired parks selling primarily on the market while awaiting entry into the incentive tariff scheme.

The **adjusted gross operating profit (loss)** in France in **2024** amounted to EUR 51 million, down compared to 2023 (EUR 81 million), for the same reasons linked to revenue.

Depreciation and amortisation for the year (EUR 46 million) was up compared to 2023 (EUR 40 million) due to the contribution of the wind farms acquired in 2024 (24 MW) and those developed internally (41 MW).

Capital expenditure

Capital expenditure in France for **2024 (EUR 142 million)** mainly relates to the acquisition of wind and solar plants totalling 73 MW in January 2024 (EUR 84 million), as well as the development and construction of new wind farms (59 MW), of which 41 MW became operational in the third quarter of 2024, with the remaining capacity expected to come online in early 2025.

Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

▪ Connection to the European PICASSO platform

The connection of RTE to the PICASSO platform for aFRR regulation was initially scheduled for July 2024. However, due to the problems encountered and the necessary reforms, it has been postponed to the fourth quarter of 2024 "at the earliest" – but as yet this has not happened. This delay is due to the extreme prices regularly observed (up to +/- 15,000 EUR/MWh) and the suspension of TERNA's participation from 15 March 2024. CRE has conditioned RTE's connection to PICASSO on the implementation of European price mitigation measures by ACER (resolution of 29 February 2024).

GERMANY – WIND

	Year		Δ
	2024	2023	
Operating results			
Installed capacity (MW) ⁽¹⁾	327	327	-
Output (GWh)	568	629	(62)
Load Factor % ⁽²⁾	20%	22%	-2%
Net unit revenue (EUR/MWh)	92	140	(48)

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

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

In **2024**, **electricity production** in Germany amounted to 568 GWh, down from 629 GWh in 2023 due to lower wind conditions recorded in the fourth quarter.

(EUR million)	Year		Δ
	2024	2023	
Economic results			
Adjusted revenue	55	89	(34)
Adjusted EBITDA	34	68	(34)
Amortisation, depreciation and impairment losses	(21)	(20)	(1)
Adjusted EBIT	12	48	(35)
Capital expenditure in property, plant and equipment and intangible assets	9	3	7
Ebitda Margin % ⁽¹⁾	61%	89%	-27%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue recorded in **2024** amounted to EUR 55 million, a significant decrease compared to 2023 (EUR 89 million), mainly due to lower wind conditions during the period and the lower prices achieved, as the 2023 production reflected very high hedge prices.

Net unit revenue from wind power Germany, equal to 92 EUR/MWh, was therefore down compared to 2023 (140 EUR/MWh).

Adjusted gross operating profit (loss) in Germany in **2024** amounted to EUR 34 million, down compared to 2023 (EUR 68 million).

Capital expenditure

Capital expenditure in Germany for **2024 amounted to EUR 9 million**, mainly related to the repowering activities of a wind farm (6 MW), which is expected to be commissioned in the early months of 2025.

Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

▪ Project for the Fair Distribution of Network Costs in the Transition to Renewable Energy

The new framework introduces mechanisms to rebalance the costs of the electricity grid, currently unevenly distributed due to the expansion of renewables. The objective is to ensure a fair distribution of these charges among all electricity consumers.

The Federal Network Agency has adopted a gradual approach. In a first phase, it is determined whether a network operator is disproportionately affected by the costs deriving from the integration of renewables, by comparing the installed capacity with the consumption load in the network area. Subsequently, operators that incur high costs will receive financial support to offset these costs, favouring regions with a strong renewable infrastructure, such as those with high wind production in the north or large photovoltaic plants in rural areas.

The compensation funding will be carried out through a national surcharge applied to all consumers. Currently, areas with high renewable energy production face higher grid costs, which is a factor that represents an obstacle to public acceptance of the energy transition.

UK & NORDICS – WIND

	Year		Δ
	2024	2023	
Operating results			
Installed capacity (MW) ⁽¹⁾	311	311	-
Output (GWh)	588	455	133
Load Factor % ⁽²⁾	22%	18%	4%
Net unit revenue (EUR/MWh)	60	77	(17)

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

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

In 2024, electricity output in the UK and Sweden amounted to 588 GWh, up from 2023 (455 GWh), mainly due to the contribution of assets that were in the commissioning or ramp-up phase of generation during 2023 and the increased wind speeds during the period.

(EUR million)	Year		Δ
	2024	2023	
Economic results			
Adjusted revenue	54	54	(1)
Adjusted EBITDA	30	38	(8)
Amortisation, depreciation and impairment losses	(17)	(13)	(4)
Adjusted EBIT	13	25	(12)
Capital expenditure in property, plant and equipment and intangible assets	26	45	(19)
Ebitda Margin % ⁽¹⁾	56%	68%	-11%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue recorded in 2024 amounted to EUR 54 million, in line with 2023 (EUR 54 million), mainly due to higher production levels offset by lower captured prices.

Net unit revenue amounted to 60 EUR/MWh, down compared to 2023 (77 EUR/MWh) due to lower sale prices.

Adjusted gross operating profit (loss) in the UK & Nordics area for 2024 amounted to EUR 30 million, a decrease compared to 2023 (EUR 38 million), due to lower revenue from participation in the balancing market and reduced costs related to property tax following the removal of the "exemption" on UK wind farms.

Depreciation and amortisation for the year (EUR 17 million) increased compared to 2023 (EUR 13 million) due to the full contribution of the wind farms in the UK & Nordics that became operational during 2023.

Capital expenditure

Capital expenditure in the UK & Nordics area for 2024 (EUR 26 million) relate to the construction of a new 47 MW wind farm in Northern Ireland, expected to be operational by the end of 2025.

Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

▪ Ancillary services market

On 8 February, the British regulatory authority Ofgem approved the final project for the Balancing Reserve service presented by the National Grid Electricity Systems Operator (ESO) in December 2023.

Renewable energies, such as onshore wind, can participate in the service by providing positive or negative balancing reserves, with a predictable preference for wind farms in the "downward" service. The approved project makes the Balancing Reserve more accessible to battery storage assets and flexible distributed energy resources.

The service went live on 12 March 2024.

In March, ESO outlined a new design starting in 2024/25 for some of the grid frequency regulation services. These include the Positive and Negative Quick Reserve, for which ESO announced the go-live in June. The first daily auction is expected by November 2024 and will be accessible to renewable energy plants already participating in the balancing market (Balancing Mechanism Units).

▪ TNUoS update

The UK energy regulator, Ofgem, has published updates on reforms to the Transmission Network Use of System (TNUoS) charges. The TNUoS charges are designed to recover the costs of installation and maintenance of the transmission system in England, Wales, Scotland and offshore. These charges apply to generators and suppliers connected to the transmission network for the use of transmission networks.

According to Ofgem, feedback from stakeholders has confirmed the need for reform of transmission charges.

▪ Beyond 2030 Plan and Future System Operator

The National Grid Electricity Systems Operator (ESO) has published a report, "Beyond 2030", which recommends an additional investment of GBP 58 billion in the UK's electricity grid to meet the growing demand for decarbonised electricity. In the report, ESO states that the plan will facilitate the connection of an additional 21 GW of offshore wind in development off the coast of Scotland, increasing the UK's offshore wind potential to 86 GW by 2035.

The plan includes a “high-capacity electricity backbone” running from north-east Scotland to North-East England, with the aim of alleviating congestion at the Scotland-England border. The UK energy regulator, Ofgem, has given provisional approval for the necessary expenditures for the HVDC submarine highway, Eastern Green Link 2 (EGL2), which is expected to be operational by 2029. This is a transitional plan ahead of the development of the Centralised Strategic Network Plan, which will be published in 2026 by the new organisation, the National Energy System Operator (NESO), which will replace ESO from summer 2024 in its role as Independent System Operator and Planner (ISOP). NESO will be an independent public company that will assume the responsibilities assigned by the Energy Act 2023 to a Future System Operator (FSO), including the role of ISOP not only for electricity but also for gas.

▪ Dispatch Down Draft Action Plan - Northern Ireland

The plan outlines a series of recommendations and actions aimed at reducing the high level of renewable generation curtailment currently affecting Northern Ireland. SONI will model the proposed

measures in early 2025 to assess their impact on reducing existing constraints.

In the short term (6-12 months), the operational plan includes immediate actions to promote greater integration of renewables and achieve quick benefits. Key actions include implementing a temporary solution for downward regulation, with an initial evaluation expected by the second quarter of 2025, and reviewing operational safety standards, with a final proposal due in February and implementation starting in the spring. Also planned are the reduction of the number of production units required to remain operational, with an operational trial in the summer of 2025 and regulatory updates by year-end, as well as an independent review of minimum generation levels, with a fleet analysis by AFRY in the first quarter of 2025 and the implementation of technical solutions by the summer of 2026.

SONI has also identified higher-impact measures that require the involvement of other parties, including network reinforcement, updates to procurement mechanisms, and the adoption of advanced flexibility services.

SPAIN – SOLAR

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) ⁽¹⁾	266	266	0
Output (GWh)	479	213	266
Load Factor % ⁽²⁾	21%	22%	-1%
Net unit revenue (EUR/MWh)	47	123	(75)

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

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

In 2024, electricity production in Spain amounted to 479 GWh, up compared to 2023 (213 GWh) mainly due to the scope effect deriving from the wind farms acquired and entered into operation in the second half of 2023 (+266 GWh).

(EUR million)	Year		
	2024	2023	Δ
Economic results			
Adjusted revenue	24	27	(2)
Adjusted EBITDA	15	20	(6)
Amortisation, depreciation and impairment losses	(12)	(6)	(6)
Adjusted EBIT	3	15	(12)
Capital expenditure in property, plant and equipment and intangible assets	0	190	(190)
Ebitda Margin % ⁽¹⁾	60%	76%	-16%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue recorded in 2024 amounted to EUR 24 million, down from the previous year (EUR 27 million) due to lower market prices, which were particularly penalised during daylight hours compared to 2023, which had benefited from high hedging prices. As a result, net unit revenue amounted to 47 EUR/MWh, down compared to the previous year (123 EUR/MWh).

This effect was only partially offset by the full contribution of the photovoltaic farms acquired in 2023.

Adjusted gross operating profit (loss) in Spain in 2024 amounted to EUR 15 million, down compared to 2023 (EUR 20 million).

Depreciation and amortisation for the year (EUR 12 million) increased compared to 2023 (EUR 6 million) due to the full contribution of the photovoltaic systems acquired during 2023 (174 MW) and entered into operation during the second half of 2023.

EAST EUROPE (POLAND, ROMANIA AND BULGARIA) – WIND

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) ⁽¹⁾	266	266	-
Output (GWh)	710	742	(32)
Load Factor % ⁽²⁾	30%	32%	-1%
Net unit revenue (EUR/MWh)	87	91	(4)

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

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

In 2024, electricity production in East Europe amounted to 710 GWh, down from 742 GWh in 2023 due to lower wind conditions recorded.

(EUR million)	Year		
	2024	2023	Δ
Economic results			
Adjusted revenue	68	73	(5)
Adjusted EBITDA	54	49	5
Amortisation, depreciation and impairment losses	(19)	(18)	(1)
Adjusted EBIT	35	31	5
Capital expenditure in property, plant and equipment and intangible assets	0	2	(2)
Ebitda Margin % ⁽¹⁾	80%	67%	13%

(1) ratio of adjusted gross operating profit (loss) to revenue from sales and services.

Revenue recorded in 2024 amounted to EUR 68 million, showing a decrease compared to 2023 (EUR 73 million), mainly due to lower production levels and a reduction in electricity sale prices.

Average net unit revenue in East Europe amounted to 87 EUR/MWh, down from 2023 (91 EUR/MWh).

It should be noted that from April 2024, the measures introduced by the Romanian government to combat high energy prices (windfall tax) require the Group's plants to sell through PPAs at 400 Lei/MWh, which is approximately 80 EUR/MWh (450 lei/MWh in 2023 and until 31 March 2024, equivalent to approximately 90 EUR/MWh).

Adjusted gross operating profit (loss) in East Europe for 2024 is EUR 54 million, an increase compared to 2023 (EUR 49 million). The result also reflects the partial release of provisions (for approximately EUR 9 million, of which EUR 6 million in Romania related to Green Certificates and EUR 3 million in Poland related to clawback measures) due to the reduction of the risks that originally led to their allocation.

Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

Poland

Modification of the total electricity quota derived from certificates of origin

The new regulation, effective from 31 August 2024, and applicable for 2025, establishes the quotas for renewable electricity recognised through certificates of origin. The Ministry of Climate has decided to define the level only for 2025, instead of the originally proposed three-year period. The quota set by Article 59 of the Renewable Energy Sources Act of 20 February 2015, is set at 8.5% for point 1 and 0.5% for point 2.

Romania

Mandatory quotas and value of Green Certificates 2024

At the end of 2023, the ANRE Ordinance no. 107/2023 was published in the Official Gazette, which establishes, among other things, the estimated mandatory quota for the purchase of green certificates for the year 2024.

- 0.4944765 green certificates/MWh, according to the table.

Indicators	U.M.	Value
Estimated average impact of green certificates in 2024	EUR/MWh	14.5
Average rate of the National Bank of Romania - 11 months 2023	Lei/EUR	4,9443
Estimated final electricity consumption for the year 2024	MWh	45,715,703.641

OPCOM later published the new price limits for the trading of green certificates:

– Minimum price: 145.4271 Lei/GC (29.4 EUR/GC), previously 144.9861 Lei/GC

– Maximum price: 173.1275 Lei/GC (35 EUR/GC).

Bulgaria

Definition of the value of incentives for the regulatory period 1 July 2024 – 30 June 2025

The incentive component is calculated as the difference between the reference tariff for the individual plant and the estimate of the adjusted baseload market price (Forecasted Market Price for Wind Producers – FMP) on the national wind profile. For the regulatory period from 1 July 2024 to 30 June 2025, the Bulgarian national authority has estimated a market price value (FMP) for wind energy of 166.71 BGN/MWh.

The Authority reserves the right to review the FMP every six months in the event of a significant change in market prices.

UNITED STATES – WIND AND SOLAR

As mentioned in the introduction, this Financial Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio acquired in the United States (totalling 317 MW) as of 1 April 2024.

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) ⁽¹⁾	317	-	317
<i>Wind</i>	224	-	224
<i>Solar</i>	92	-	92
Output (GWh)	684	-	684
<i>Wind</i>	563	-	563
<i>Solar</i>	121	-	121
Load Factor % ⁽²⁾			
<i>Wind</i>	29%	-	29%
<i>Solar</i>	15%	-	15%
Net unit revenue (EUR/MWh)	26	-	26
<i>Wind</i>	22	-	22
<i>Solar</i>	47	-	47
Net unit revenue including (EUR/MWh)	51	-	51
<i>Wind</i>	52	-	52
<i>Solar</i>	47	-	47

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

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

As of 1 April 2024, **energy output** in the US is 684 GWh (of which 563 GWh from wind and 121 GWh from solar).

Net unit revenue from wind power amounted to 22 EUR/MWh (40 EUR/MWh including PTCs), and those from solar power to 47 EUR/MWh, and reflected the prices of PPAs contracted with leading corporate counterparties.

(EUR million)	Year		
	2024	2023	Δ
Economic results			
Adjusted revenue	18	-	18
<i>Wind</i>	12	-	12
<i>Solar</i>	6	-	6
Adjusted EBITDA	32	-	32
<i>Wind</i>	27	-	27
<i>Solar</i>	5	-	5
Amortisation, depreciation and impairment losses	(18)	-	(18)
<i>Wind</i>	(16)	-	(16)
<i>Solar</i>	(3)	-	(3)
Adjusted EBIT	14	-	14
<i>Wind</i>	12	-	12
<i>Solar</i>	2	-	2
Capital expenditure in property, plant and equipment and intangible assets	236	-	236
<i>Wind</i>	182	-	182
<i>Solar</i>	54	-	54
Adjusted revenue and Other income (PTCs)	36	-	36
<i>Wind</i>	31	-	31
<i>Solar</i>	6	-	6

Energy sales **revenue** recorded from the date of consolidation amounted to EUR 18 million.

Revenue and other income (PTCs) totalled EUR 38 million and includes, in addition to the aforementioned revenue, approximately EUR 19 million relating to the non-monetary income of the Production Tax Credit recognised under "Other income" and calculated on the basis of energy production recorded in the period from the wind farm.

Adjusted gross operating profit (loss) in the United States for **2024** totalled EUR 32 million and was influenced by the price of PPAs and the aforementioned income.



Relevant legislative and regulatory updates during the year

See also the "Relevant regulatory and institutional updates" chapter.

USA

▪ ORDER NO. 1920 ON TRANSMISSION PLANNING

The Federal Energy Regulatory Commission (FERC) has introduced a new standard to ensure that the transmission grid can meet the growing demand for electricity. Order no. 1920 is the first time in over a decade that the FERC has addressed regional transmission policy and the first time the Commission has explicitly focused on the need for long-term transmission planning.

The new standard adopts specific requirements for transmission providers to conduct long-term planning for regional transmission infrastructure and determine how to finance them.

▪ New method of accreditation for capacity

The FERC (Federal Energy Regulatory Commission) has authorised MISO to adopt a new capacity accreditation method starting in 2028, based on a DLOL (Direct Loss of Load) approach. This method combines the probabilistic availability of resources with their historical performance during periods of higher risk to the system. The goal is to implement a uniform and non-discriminatory approach for all technologies, incentivising resources to improve their performance during peak demand times. This methodology will reduce the derating factor especially for photovoltaic technology.

RISKS AND UNCERTAINTIES

The main Risk Assessment and Management activities carried out as part of Enterprise Risk Management include: (i) the identification and assessment of the main risks associated with the Business Plan, as well as the definition of the respective Risk Policies; (ii) continuous verification of the functioning and effectiveness of the risk management process; (iii) sharing of the results of the half-yearly Risk Assessments with all of Group management. The ERM model is subject to periodic updates in line with the evolution of the Group and the context in which it operates and applies to all ERG Group companies.

Enterprise Risk Management is aimed at contributing in a proactive and integrated manner to safeguarding the share capital of the ERG Group and to managing the business efficiently and effectively in line with the strategies defined by the Board of Directors, giving adequate consideration to current and prospective risks, including medium and long term risks, with an organic and comprehensive vision.

It should be pointed out that, at the date of preparation of this Report, no particular risks and uncertainties are envisioned, in addition to those mentioned in the document, which may determine significant consequences on the operating results, financial position and cash flows of the ERG Group.

In view of the war that broke in Ukraine at the end of February 2022, management is monitoring any critical issues and impacts that the conflict could have on the ERG Group, in particular with reference to credit risk and plant security.

As regards **credit risk**, there are no positions opened directly with Russian and Ukrainian counterparties.

In relation to **plant safety**, note the position of some of the Group's wind farms in Eastern Europe (Poland and Romania) close to the Ukrainian border: since these are countries that are part of NATO, there are currently no risks directly linked to the conflict.

Continuing geopolitical tensions are still holding back global production and trade. High energy costs, the war in Ukraine and the ongoing automotive crisis are particularly hurting industrial activity in Europe, with Germany being hit the hardest. Geopolitical risk remains high, especially due to ongoing logistical challenges in international transport, largely caused by the continued tensions in the Red Sea.

In December 2024, the ECB decided on its fourth interest rate cut, following the previous reductions in June, September and October, thanks to the recent decline in inflation across the Eurozone. This was supported by the recent stability of inflation expectations in the Eurozone, thanks to the return of energy prices from the peaks of 2022 and the sluggish dynamics of the European economy. This stability, which the ECB has always considered crucial, still seems fragile, given the recent rise in gas prices in Europe, as well as the fallout from a potential "tariff/duty war", which could impact inflation expectations among markets, households and businesses in the coming months. This presents the risk of a halt or delay in further interest rate cuts.

In view of its operations, ERG classifies the risks to which it is exposed into four categories: Strategic, Financial, Operational and Compliance.

	Strategic	<ul style="list-style-type: none"> ▪ Availability of renewable resources ▪ Evolution of the regulatory framework ▪ Climate Change ▪ New capital expenditure ▪ Risks related to Parent Company Rating and Reputation
	Financial	<ul style="list-style-type: none"> ▪ Commodity price risk ▪ Liquidity ▪ Credit and Counterparties ▪ Exchange Rate and Interest Rates ▪ Disputes
	Operational	<ul style="list-style-type: none"> ▪ Health, Safety and Environment (HSE) ▪ ICT and Cyber Security ▪ Continuity of service ▪ Human Capital ▪ Procurement and Supply Chain
	Compliance	<ul style="list-style-type: none"> ▪ Anti-corruption legislation ▪ Country

STRATEGIC RISKS

Availability of renewable resources

This risk refers to the possibility that the Group may incur economic damages deriving from the volatility of electricity generation volumes, with particular reference to renewable production and to the availability of natural resources (such as Wind and Sun).

The risk is mitigated through:

- Technological diversification of renewable energy plants (e.g. Wind and Solar) and the geographic diversification of the generating farms, which reduce both the impact and likelihood of occurrence of the risk;
- Scheduling the outages of renewable facilities in relation to the periods of low contribution of renewable sources, thereby reducing their impact;
- The use of more accurate meteorological forecasting tools to define generation plans that allow for improvement in Volume Risk management strategies over the short term.

The use of statistical risk analysis models is also envisaged, as they enable quantification of the economic impacts over the term of the plan.

Evolution of the regulatory framework

This refers to the risk associated with the evolution of the national, international and EU regulatory and legislative environment, which, given the high degree of regulation in the business sector in which the Group operates, may lead to negative economic impacts on the current or potential business.

This category includes, for example, the possibility that measures (market change and/or windfall taxes) may be adopted in the countries where ERG operates in order to reduce the price perceived by renewable energy sources and consequently lower the supply costs for the system (interventions involving refunds of the price perceived by certain categories of renewable plants and taxation of the so-called surplus profits of energy operators). The Group continuously monitors the development of the regulatory framework in the countries where it is present, in order to prevent and/or mitigate the effects on the different business areas, through safeguards spanning multiple levels, which entail, at the local, national, and European level, collaborative dialogue with institutions and with the bodies governing and regulating the sector through active participation in business associations and in working groups established in the same agencies, as well as the examination of the regulatory developments and of the instructions of the sector Authority and the preparation of specific position papers to communicate its position in this regard.

To this end, the ERG Group has established specific Organisational Units dedicated to continuous monitoring of developments in key national and international regulations, that monitor the evolution of the regulatory framework in the countries in which the Group operates.

Among the main matters subject to regulatory developments, the following are highlighted in particular:

- the reform of the Electricity Market both at European level and in the various countries in which the Group operates;
- the reform of the incentive systems for Renewable Energy Sources in the countries in which the Group operates (e.g. transition from FIT to FIP; changes in the auction systems; European Directives; Guidelines on State aid for the environment and energy);
- energy savings certification within the White Certificates mechanism by Gestore dei Servizi Energetici (GSE);
- the implementation of the European Green Deal and the other packages adopted at EU level for the decarbonisation and security of energy supply, as well as the related national implementation plans;
- the rules for obtaining and maintaining the authorisations and permissions for the construction and operation of Renewable energy plants, as well as the incentives associated with them.

Climate Change

Climate change risk is the possibility that climate changes in the short, medium and long term may have impacts on ERG's business with economic/financial consequences in terms of (some examples): decreased availability of renewable resources (wind and sun); limitations or impediments to operations; increased O&M costs; increased insurance costs; higher compliance expenses; etc. To combat the climate change already underway, the Intergovernmental Panel on Climate Change (IPCC) has highlighted in its publications the effects that global warming may have and in part is already having on the planet (among others – intensification of heat waves and of extreme weather events, rising sea levels, thinning Arctic sea ice and continental glaciers) and the importance of keeping the rise of average temperatures under 2°C. The path to reach this goal requires timely interventions in all sectors of the economy and industry on a global scale and the Energy sector is one of the key factors to assure the planet's sustainability.

In June 2017, the Task Force on Climate-related Financial Disclosures (TCFD) published a series of recommendations on the reporting on risks and the related opportunities, also issued by the European Commission in the publication of June 2019. The TCFD guidelines require providing disclosure with respect to four broad topic areas: Governance; Strategy; Risk Management; Metrics & Targets.

In consideration of the above, the Group expressed observations regarding the main risks associated with climate change as well as the related possible impacts on the various corporate business areas. In the two-year period 2023/2024, the Group also conducted an internal study to quantitatively assess how climate change could impact the annual production of wind and solar assets. In particular, for wind assets, the analysis indicates that, in general, the risks of a decrease in average wind speed, particularly in the medium-term horizon (10-15 years), are relatively limited. Based on historical/statistical analyses of the percentage change in wind speed, low fluctuations in energy production can be expected, which can have both a positive (increasing output) and negative (reducing output) impact. However, fluctuations of this magnitude in the wind resource are already factored into the time series underlying the output estimates reflected in the Business Plan. With regard to solar assets, the analysis indicates that anthropogenic global warming is altering atmospheric circulation on a regional scale, impacting solar resources in various countries.

The uncertainties stem from both the models and future policies and their implementation. In general, in the short term, the average increase in solar radiation could be significant, and therefore, a very noticeable impact on solar energy production could be expected.

According to the Group's approach, the risks generated by Climate Change can mainly be attributed to the following:

- Change in the contributions from renewable sources (wind and sun) which may have impacts on ERG's business with consequences from an economic-financial point of view in the medium/long term deriving from possible lower output. In light of the uncertainties regarding the potential effects of a worsening of weather conditions in the areas in which ERG is present and the potential compensatory effects deriving from the Group's increasing geographical complementarity, it was not considered appropriate to reflect any negative effects in the medium-term (Market Plan) and long-term (impairment test) Business Plans.
- Catastrophic events referring in particular to "acute" and "chronic" physical phenomena linked to extreme natural events that could cause damage to generation plants, impacting Business Continuity. The "acute" phenomena category includes risks characterised by a remote probability of occurrence but a potentially catastrophic impact, including: fires; earthquakes, volcanic phenomena, hurricanes, tsunamis/floods; while the increase in average temperature, rise in sea level, reduction in rainfall fall into the category of "chronic" events.

- Regulatory and market changes referring in particular to any changes in subsidies and incentives, change in the regulatory framework, uncertainty in the demand for electricity, increased competitive pressure..

The management strategy for these risks adopted by the Group provides for:

- the reduction of the impacts related to catastrophic events through Business Continuity Management processes (for the physical protection of assets) and Disaster Recovery Plans, in particular in the ICT field;
- technological diversification of renewable energy plants (e.g. Wind and Solar) and the geographical diversification of generation facilities, which reduce both the impact and the probability of the risk occurring;
- the planning of renewable plant shutdowns on the basis of periods of low utilisation of renewable sources, thus reducing their impact;
- the use of more accurate weather forecasting tools (Wind and Sun) to define generation plans and further improve Volume Risk Management strategies in the short term;
- the use of statistical risk analysis models, which make it possible to quantify the economic impacts over the life of the Plan;
- the transfer of risks to the insurance market. In particular, all extreme meteorological phenomena are covered (fires; earthquakes; volcanic phenomena; hurricanes; tsunamis/floods);
- the reduction of the impacts linked to the change in contributions from renewable sources, and regulatory and market changes mainly through geographical diversification which allows the Group to make the most of synergies in the areas in which its assets are located, and consequently to mitigate the impacts of the aforementioned risks.

It should also be noted that the Group uses management, prevention and protection strategies to reduce the possible impacts on the areas surrounding its assets. Furthermore, the assets most exposed to extreme weather events or natural disasters are regularly checked and maintained in order to ensure that they are in the best possible condition to cope with extreme weather events.

All of the Group's production sites located in Italy are also subject to ISO environmental certifications and potential sources of risk are monitored so that any critical issues can be detected promptly. In addition, over the years the Group has demonstrated its ability to anticipate radical changes in the context in which it operates, promptly modifying its growth strategy. Over the years, ERG has transformed from an operator in the refinement and distribution of fuels to a primary operator in Italy and Europe in the generation of electricity from renewable sources. ERG is committed, through its own targets of investment in "zero emission" green technologies and in particular in wind and in solar power, to providing its own contribution to the fight against climate change in line with the objectives of COP21 and the recent COP27.

New Capital Expenditure

This risk refers to uncertain events originating from various factors, for example, scenario-related (micro/macro-economic, political, regulatory, business), technical, operational, financial or organisational, which may impact the success and profitability of a new investment initiative.

Risks are mainly attributable to the impossibility of developing certain economic and financial forecasts over the period of the Plan or the life of a Project (in the event of a specific initiative), with resulting income statement or financial position losses, or worsening of the Group's image.

Some examples of risks that can be included in this type are: (i) the possibility that the envisaged Capex targets will not be achieved in the time and/or cost defined in the strategic plan due to changing market conditions with possible delivery delays due to difficulties procuring from strategic suppliers/sub-suppliers and requests for price adjustments on existing agreements; (ii) the possibility that the plan Opex will also undergo an increase; (iii) as a consequence

of inflationary pressures and/or tensions on the financial and commodities markets, impairment issues, and more generally impairment of assets, linked in addition to the potential negative effects in terms of EBITDA, to the increase in returns requested by investors.

To minimise risk, in accordance with company policies, the ERG Group has defined specific structured processes for the selection of investments, providing for a series of subsequent levels of review and approval carried out on the basis, inter alia, of internal and external support studies, benchmark analyses, legal-regulatory analysis and financial assessment/planning models. For all relevant projects, the main risks are associated with:

- Potential impacts and strategy/measures to contain/eliminate risk;
 - Items follow-up to monitor the mitigation processes.
- Furthermore, the Group updates periodically the WACC/HR, including through benchmarks, to ensure an adequate return with respect to the expected risk profile.

Risks related to the Rating of the Parent Company ERG S.p.A.

Any downgrades by rating agencies could limit the possibility of accessing capital markets and raise the cost of funding with consequent negative effects on the Group's financial position, results of operations and cash flows.

ERG implements a risk mitigation strategy, which runs at different levels and involves pursuing: (i) a balanced financial structure in terms of duration and composition, (ii) continuous monitoring of actual and expected results and financial balances, (iii) the systematic generation of cash by its business activities including through the long-term securing of sales revenue and (iv) geographical and technological diversification of its plants.

In 2024, ERG's risk profile, as assessed by the Fitch rating agency, remains Investment Grade "BBB-" with stable outlook. In addition to strictly endogenous and market variables, ERG's rating is also linked to Italy's sovereign rating.

Reputational Risk

This risk relates to the potential effects deriving from a negative perception of the ERG Group's reputation, understood as expectations, perceptions and opinions developed over time by all stakeholders (customers, suppliers, investors, media, etc.). Among the various factors that negatively affect reputation, some examples are: inconsistency between what has been achieved and the communicated targets and/or a misalignment between the performance and stakeholders' expectations; the dissemination of negative news, factual or otherwise, which may compromise trust, reliability and/or credibility.

The Group mitigates the risk of deterioration of its reputation among stakeholders, through:

- a structured ESG process that envisages a strategic ESG plan with measurable objectives and KPIs, social responsibility initiatives and the disclosure of the "Non-Financial Statement";
- continuous monitoring of stakeholders' perception of the ERG brand;
- Specific active communication and information relations with the main stakeholders;
- Constant monitoring of all communication channels;
- A Crisis Management process that, through a structured approach, makes it possible to promptly manage and contain the effects of crises to safeguard ERG's reputation.

FINANCIAL RISKS

Rischio Prezzo (Commodity)

This risk is identified as the possibility that fluctuations in the purchase and sale price of Commodities will cause variations in the operating results such to compromise achievement of the objectives defined in the strategic plan.

In exercising its activities, the ERG Group is mainly exposed to

fluctuations in Electricity prices for all generation plants for which the sale of electricity on the market is envisaged.

The ERG Group minimises the impact of the fluctuations in commodities prices through:

- An aggregate view by portfolio, which permits the allocation of risks where they can be more effectively managed, benefiting from the offsetting of positions with opposite signs;
- The definition of risk exposure limits and of an associated escalation process if the limits are exceeded, identifying the persons responsible for defining/authorising actions to return below the limits;
- The definition of processes and responsibilities for monitoring the exposure level using appropriate indicators (e.g., P@R, V@R, Stop Loss, Profit Taking, Open positions);
- The definition of minimum and maximum hedging quantities (Hedging Ratios) on electricity sales over the life of the plan;
- The use of derivative instruments to stabilise cash flows generated, contributing to guaranteeing the Group's economic and financial balance. The use of derivative instruments is authorised only if there is an underlying asset to pursue the reduction of the economic impacts tied to price volatility on the financial market and it is constantly monitored;
- The use of Power Purchase Agreements (PPAs) or multi-year contracts through which the supply of electricity between two parties is regulated: the seller, represented by the owner of plants for the production of energy from renewable sources, and the buyer, generally an energy wholesaler or production company; these contracts can be virtual contracts (VPPAs), i.e. financial contracts through which payment is exchanged on the delivery dates on the basis of the price defined in the contract for a variable price, without the physical transfer of the underlying electricity.
- Where possible, balancing of the purchase formulas (for example, for natural gas) with chargeback to end customers and/or transfer into sales agreements of the higher costs arising from fluctuations in prices, including specific clauses reducing emerging costs (e.g., linked to the profile).

Liquidity

This is the risk resulting from the lack of financial resources to meet both short-term and medium/long-term commercial and financial commitments. This risk considers the possibility that the company may not be able to meet its commitments (funding liquidity risk) or that it may only be able to do so at unfavourable economic conditions due to situations of tension or to the changed market perception of riskiness of the Group (or of one of its companies).

ERG mitigates the risk through the pursuit of a balanced financial structure in terms of duration and composition, constant monitoring of the financial balance and systematic generation of cash by its business activities. The Group's objective is to maintain the subject risk profile at extremely low levels through implementation of a financial planning process having the following objectives:

- Enabling the Group to be solvent both under normal conditions of conducting business and under crisis conditions, optimising the related opportunity cost;
- Ensuring an adequate level of operational elasticity, optimising the cost of funding in relation to the current and future market conditions; the Group uses a prudent approach in estimating the projected cash inflows and outflows, taking into account the impact assessments of various scenarios, including stress-based ones, which identify the risk factors that could alter the cash flows envisaged in the Financial Plan (e.g. changes in scenarios, postponements of disposals) and define and implement the relative mitigation measures;
- Maintaining a balance in terms of duration and composition of debt, also thanks to an operating structure based on assigned limits that undergo periodic revision and approval, and a second-level control structure, autonomous from the first, which verifies its functioning;

- Guaranteeing an adequate distribution of credit lines, cash deposits and the relative financial assets among the major Italian and international banks.

In order to ensure the efficient management of liquidity, treasury activities are centralised within the Parent Company, which meets the liquidity requirements of the Group primarily with cash flows generated by ordinary operations and with credit lines, where necessary, ensuring an appropriate management of liquidity. To pursue its risk mitigation objectives, the ERG Group's stock of financial assets is used in short-term financial instruments that are highly liquid, preferring a very limited risk profile. Short selling is not permitted under any circumstances.

Commercial Credit Risk

This is the risk of unexpected changes in the creditworthiness of a counterparty with respect to which there is an exposure that could have negative consequences in terms of income and capital. The objective of the Group is to maintain the risk profile at extremely low levels, through the preliminary evaluation of creditworthiness of the counterparties and the adoption, where deemed necessary, of risk mitigation tools, such as the acquisition of guarantees.

In particular, in pursuing its commercial and business objectives, ERG minimises the credit risk profile, through:

- The definition of risk exposure limits at Group level and of any risk mitigation tools (e.g. Bank Guarantees/Sureties/Letters of Patronage) to ensure that the risk profile is aligned with the Group's requirements;
- A structured, active management process for credit, in which specific Organisational Units and a Credit Committee:
 - Assess the creditworthiness of each individual commercial counterparty in terms of Rating, Credit Limit and Probability of Default and assign to them specific levels of reliability in terms of maximum exposure (so-called credit limit);
 - Analyse the risk profile of the portfolio and the levels of exposure to counterparties in terms of credit limit granted and sales;
 - Conduct ageing analyses and constant monitoring of the overall exposure and of the exposure by counterparty, evaluating the definition and implementation of specific corrective measures.

Moreover, the Group has defined the types of guarantees that may be accepted in the case of credit to counterparties with an unsatisfactory economic/financial assessment and the financial institutes (banks and insurance companies) qualified to issue such guarantees.

Credit Risk towards Financial Counterparties

This is the risk that unexpected changes in the creditworthiness of a financial counterparty to which an exposure exists (e.g., cash deposits) could cause consequent negative economic/equity impacts and damage to the company's image. The Group's objective is to find the right balance between the return on financial investments and minimise the relative counterparty risk, through:

- Dealing with counterparties with Investment Grade Public Rating or, in the absence thereof, a specific authorisation by the CEO with the input of the Risk Committee;
- Risk diversification strategies (e.g., by depositing liquidity in various banks and/or using investment funds) as per the guidelines of the Risk Committee;
- Verification that each financial counterparty is not on any national and/or international Black List;
- Constant monitoring of the standing of counterparties and an escalation process in case of negative events and/or worsening of the risk profile.

At Group level, a structured process is in force, entailing:

- The autonomy of Finance in depositing cash up to 12 months at banks with an Investment Grade Rating (at least one Investment Grade Rating by S&P, Moody's and Fitch);
- An authorisation process (involving the Risk Committee)

for uses of cash over 12 months or at banks with a rating below Investment Grade.

Interest Rate Risk

This is the risk that an unexpected change in interest rates may entail a change in the value of financial positions and of the related level of expenses. In this sense, changes in market rates can have negative impacts on the level of financial expense, such as to compromise the financial stability of the Group and its capital adequacy. The ERG Group mitigates this risk by:

- Seeking and finding financial resources at the best conditions offered by the market, in compliance with the restrictions set by the Risk Committee, including through the use of the bond market which makes it possible to contain the risk through the issue of fixed-rate bonds with medium/long-term maturities;
- Regularly monitoring the level of exposure to risk and compliance with the restrictions set by the Risk Committee;
- Using derivative instruments (e.g. IRS, Interest Rate Swaps), authorised exclusively in view of the existence of an underlying asset;

Pursuing the following objectives:

- Identifying the optimum combination of fixed and floating rates;
- Optimising the Group's cost of debt within the risk limits assigned by the Chief Executive Officer, whose decision is supported by the input of the Risk Committee, and made in line with the business nature;
- Reducing the possible economic impacts tied to rate volatility on the financial market.

Currency Risk

Changes in the exchange rates of the foreign currencies with which the Group operates may impact:

- Profits, as a result of (i) the different percentage of costs and revenue expressed in a foreign currency with respect to when the price conditions were defined (economic risk); (ii) the translation of trade receivables or payables or financial assets or liabilities denominated in a foreign currency (transaction risk);
- On the consolidated financial statements (profit and equity) by effect of the conversion of assets and liabilities of companies that prepare their financial statements in another currency (translation risk).

The ERG Group adopts a currency risk management strategy based on:

- The acceptance of currency risk, without prejudice to the possible mitigation actions referred to in the following points, in consideration of the reduced exposure that the ERG Group has at the date of approval of this policy. For the purposes of this policy, a level of exposure understood as EBITDA@Risk, calculated at the 95th percentile, higher than 5% of the Group's EBITDA, is considered a warning signal to be submitted to the Risk Committee.
- The review or confirmation at least once a year of the adequacy of the aforementioned currency risk acceptance strategy in light of developments in Wind/Solar technology and/or changes in the macroeconomic scenario.
- The definition of processes and responsibilities for the regular monitoring of the EBITDA@Risk of Foreign Operations in currencies other than the functional currency for the ERG Group, taken individually and in aggregate.
- Where possible, the pursuit of a balance between assets and liabilities expressed in foreign currencies, thereby minimising net exposure, and financing capital expenditures at M/L term in the local currency, the profitability and cash flows of which are mainly expressed in said currency.
- The definition of processes and responsibilities for the approval of any measures to mitigate the level of risk if the periodic monitoring, the annual risk budget or the approval of a strategic investment suggest their implementation. As for monitoring, any mitigation actions must be assessed on the basis of their impact in a consolidated view of the Group and not of the individual subsidiary, subject to exceptions related to specific situations (e.g. financial covenants to be met, loans in foreign currency during the construction phase, commitments under loan

agreements) and approved by the Chief Executive Officer;

- The use of financial instruments for risk hedging, authorised by the Chief Executive Officer after consulting the Risk Committee, exclusively in the event of the existence of an underlying asset and if they come under the following:
 - Spot transactions;
 - Currency swaps;
 - Outright forwards;
 - NDF (non-deliverable forwards);
 - Currency futures;
 - Currency options.
- The repatriation, as soon as possible, of the net cash generated in foreign currency by Foreign Operations, within the limits of the liquidity necessary to support their operations, in compliance with the contractual restrictions of project financing and consistently with the expiration dates of any hedging derivatives that may have been approved.

Disputes

This risk refers to the possibility that one of the companies of the ERG Group (or its employees) may be involved in civil and/or administrative and/or tax proceedings and/or in legal actions deriving from potential violations of laws or regulations, from contractual or extra-contractual liability or from other controversies (e.g., labour disputes), which could result in damages or sanctions, or damage the Group's reputation. The risk refers also to the possibility that a Group company may impugn an act or a measure harming its own interests, promulgated by institutions or administrative bodies or by independent authorities.

The ERG Group implements a risk mitigation strategy which involves:

- The oversight, delegated to specific corporate departments, of the reference legislation (legal, tax, etc.);
- Management of the pre-litigation phase with the support of specialists in the legal and tax areas;
- Management of litigation by outside law firms of high standing, experienced in the specific matters;
- Constantly monitoring the evolution of ongoing litigation and assessing the probability of loss; for risks for which loss is deemed likely, an estimate of the economic impact is made, which takes into consideration all possible consequences and a provision is allocated in the financial statements;
- Preparation and submission of periodic reports providing updates on the disputes, also through 231 flows to the Supervisory Bodies.

In the event of extraordinary transactions (e.g. acquisition of companies, establishment of JVs), specific Due Diligences (e.g., legal, tax) are conducted in order to mitigate the risk of disputes and, if considered appropriate, the counterparty is asked to provide the specific guarantees outlined in the contractual agreements governing the transaction.

With regard to the issuance of acts or measures that are harmful to its interests, risk is mitigated through:

- Regular and correct management, coordinated at Group level, of direct relations, or through trade associations, with Institutional Stakeholders at the local, national and international level;
- Participation in preparation of the acts or measures (including consultation procedures);
- Any appeal before the competent authorities against the acts or measures considered to be detrimental.

The strategies for managing this risk are implemented in accordance with corporate policies.

OPERATIONAL RISKS

Health, Safety and Environment (HSE) Risk

The Risk is mainly linked to the operation of industrial assets that have an impact on the health and safety of workers and on environmental topics:

- Health risks are those that can potentially impact and compromise

the natural equilibrium of the personnel tasked with performing operations or work, following the emission of environmental risk factors, of a chemical, physical and biological nature, into the environment. Safety risks relate to the occurrence of accidents or injuries, or of physical harm or impairment (more or less serious) suffered by persons performing the various work activities.

- Environmental risks are connected with the possible occurrence of events that cause an alteration of the physical-chemical parameters characterising the environmental matrices (such as: water, air and soil), with negative consequences on the natural habitat and/or on the persons' health.

The ERG Group, which is strongly committed to mitigating such risks, has adopted specific Health, Safety and Environment guidelines which, in line with reference international best practices, require that all the Group's Companies:

- adopt principles and behaviours defined in specific sustainability guidelines that require all Group companies to comply with all regulations in force;
- adopt guidelines for the assessment of health and safety risks capable of upholding both the principle of prevention and compliance with the legal obligations of the responsible parties, first and foremost the Employers of the ERG group;
- pursue specific performance objectives, ongoing training of personnel and the certification of specific integrated Health & Safety management systems based on international reference standards;
- have a system of sanctions for behaviours that may endanger the safety and health of all personnel, whether internal or external, who carry out their activities within the Group's plants/areas of responsibility;
- stipulate specific insurance policies for the transfer of risks to cover accidents to personnel and/or any civil liability related to accidents.

The ERG Group monitors and manages risk through the following non-exhaustive list of analyses and tools:

- Information, education and training of human resources (employees and non-employee on-site workers) on the environment, health and safety;
- Implementation of health and safety management systems certified according to international standards, for the purpose of preventing the related risks (ISO 45001);
- Assessment of risk factors in terms of health and safety with the issue of specific assessment documents that explain the risk levels, resulting from the analysis carried out and the application of suitable prevention and protection measures;
- Processing of preventive measures and related control systems;
- Control and supervision of Health & Safety topics.

Information & Communication Technology risks

In the ICT field, the main risks concern attacks on systems with data breaches, security breaches, or the interruption of IT services due to hacker attacks or system malfunctions. In other words, anything that compromises the availability, confidentiality or integrity of the data.

Through its ICT systems, ERG adopts a risk-based approach in order to define both preventive and reactive security measures, and specific continuous improvement programmes aimed at increasing corporate resilience with respect to cyber security risk, including:

- - At systems and infrastructures level: (i) Security assessment for the identification of the main criticalities of the SCADA systems and/or infrastructures, with remediation plans (organisational/ technological); (ii) Security programmes to adapt processes, systems and infrastructure to best practices; (iii) Security awareness and training plans for users; (iv) Automatic tools for the prevention, detection and management of incidents and anomalies (e.g., intrusion detection systems);
- - At device level: (i) Formalisation of the procedural corpus to regulate ICT processes; (ii) User "Awareness" programmes; (iii)

Technological solutions capable of detecting cyber-attacks (e.g., advanced antivirus, double e-mail protection system, Intrusion Detection System probe) and Back Up policies for network folders and Top Management PCs; (iv) Contractual clauses and confidentiality agreements signed by suppliers.

To mitigate the potential risks of interruption of business activities on ICT processes regarded as strategic, the Group has a Disaster Recovery system in place which ensures continuity of services and data through an alternate Data Centre, the efficiency of which is subject to regular checks.

In view of the significance of the activities carried out on a daily basis within the electrical market, particular attention is paid to monitoring systems that interface with the market. These systems are subject to specific management and maintenance procedures designed to protect their stability.

There is also an agreement with the CERT (Computer Emergency Response Team), which supports ERG in preventing attacks, and there are insurance policies on Cyber risks.

It is also worth noting that the adoption of remote working has been supported by the investments made by the Group in recent years as part of the ONE ICT plan for the modernisation and digitalisation of processes: innovative mobile solutions, hybrid cloud platforms, high-capacity remote collaboration and videoconferencing systems, modern and mobility-oriented personal technological equipment, with a focus on utmost attention to security. As regards this latter aspect, the Group has had in place for some years now specific solutions, processes and resources for the management of system security and company data, using a risk-based approach and with the aim of guaranteeing business continuity and maximum resilience in the face of both incidents and cyber-attacks. Finally, it should be noted that the certification process according to the ISO 27001 and ISO 27019 standards is underway.

Continuity of service

This risk is connected to the occurrence of natural, accidental or catastrophic events (i.e. earthquakes, floods, fires, etc.), with negative consequences in terms of revenue or of preservation of corporate assets, such as to significantly undermine the Group's operations and balance.

As regards the risks of plant unavailability, the ERG Group mitigates these risks through:

- Plant management policies aimed at pursuing high levels of safety and operating excellence, in line with the best industrial practices;
- The adoption and constant updating, in line with sector best practices, of scheduled maintenance procedures, both ordinary and preventive, to identify and prevent potential critical issues, also based on specific engineering analyses conducted by specialised personnel;
- Periodic revision of the plants and the use of control and remote control instruments in order to monitor technical parameters and promptly detect any potential anomalies as well as, where possible, the use of component redundancy to ensure the continuity of productive processes;
- Ongoing specialised training courses for technical personnel working on the plants.

ICT solutions are also expected to be adopted to identify technical problems, aimed at allowing a predictive approach for planning maintenance operations in order to limit outages for accidental breakdowns.

As regards production processes, particular attention is paid to the prevention and control of the related risks, through the implementation of risk assessments, business impact analyses and a business continuity management activity.

The ERG Group uses the insurance market to cover natural and catastrophic risks and to transfer its own industrial risks, thereby guaranteeing a high level of protection, including with regard to the interruption of activities; the contractual conditions of these insurance policies are revised periodically.

Human Capital

This is defined as the risk that the global rewarding systems present in the Group (formed by fixed and variable components and benefits) may be inconsistent with respect to the persons' motivation or to the market benchmarks, with a resulting economic impact for the Group caused by the loss of key professionals and/or professionals deemed strategic.

The Group mitigates this risk by developing remuneration strategies and policies based on weighting and matching positions, aligned with market benchmarks, in order to ensure the effectiveness of the rewarding components (monetary and otherwise). In particular, the Group uses differentiated retention instruments according to the level of strategic relevance and seniority of its personnel, in line with company policies. From this perspective, the fixed component of remuneration assures retention through continuous market benchmarks, while the variable component assures the alignment between corporate objectives and individual interests by awarding bonuses upon attaining long-term objectives (LTI) and short-term objectives (MBO).

This risk is the possible negative impact deriving from an inappropriate management of individual and collective relations with employees, which generates potential internal and/or external conflicts and compromises the attainment of the business objectives. Relations with employees, deriving from the employment agreement, are assured, both individually and collectively, through compliance with labour laws and regulations and with international standards pertaining to human rights, diversity and equal opportunity and the establishment of a business culture centred on:

- continuous relations with the Workers' Representative Organisations at national and local level;
- employees' participation in business objectives;
- second level negotiation activities.

Procurement and Supply Chain

This risk is identified as the possibility that the Group will incur losses or higher costs, reputation damage or interruption in business continuity, at least in the short term, as a result of the loss of a strategic supplier (e.g. going out of business, bankruptcy). ERG minimises the risk through:

- the development of a supplier selection and qualification process (economic/financial, technical and HSE) according to defined parameters and criteria, through the use of tenders with the identification of a minimum number of suppliers, assuring structured rotation whenever possible;
- the maximisation of the use of economic tenders for the procurement of goods and/or services with the identification of a minimum number of suppliers, guaranteeing, where possible, structured rotation of the suppliers themselves;
- the definition of a cumulative purchase threshold with reference to a single supplier;
- the identification of specific Organisational Units responsible, in particular, for selecting and monitoring the performance of suppliers;
- the development of specific internal contracts with safeguard clauses;
- specific activities for the monitoring and control of the purchasing processes, aimed at ensuring compliance with the quality parameters and concentration of orders as defined in Group procedures.

It should also be noted that in recent months there has been a generalised increase in the price of all the main raw materials (prices more than doubled YoY) as a result, in particular, of the post-COVID-19 reopening of the markets and the conflict in Ukraine and consequent increases in demand and production (e.g. China and the USA). Increases in the following were significant for ERG:

- the price of copper, for which the significant increase in prices seems to be structural, with impacts primarily on cables for BoP and connections;

- the price of steel, the impact of which relates in particular to WTGs and was limited for ERG thanks to the mitigations negotiated as part of the Framework Agreements (FAs) signed. In particular, the Vestas FA provides for a "steel" clause with fixed prices for 15 months from September 2020 and, for all WTG ex-works deliveries from January 2022, indexing to the price of steel limited only to the weight of the tower (excluding nacelles, rotor/hub, drive train, other components).

There is continued pressure also in logistics (very high freight rates and shortage of containers) and the price of products (e.g. turbines, solar panels) is increasing as a result of pressures in the raw materials markets.

COMPLIANCE RISKS

Risk of violation of Anti-Corruption Regulations

This risk pertains to the possibility that an employee and/or a Group Company may be involved in a proceeding for offences committed in violation of current anti-corruption regulations.

ERG condemns all corrupt practices with the utmost rigour and without exception. To prevent corruption offences, the Group has adopted a system of rules and controls defined in relation to the national and international regulatory context in which it operates.

For all Group companies:

- A system of behavioural rules adopted by group companies (Code of Ethics, 231 Model and Anti-corruption Policy) has been defined, which all employees are required to comply with in carrying out their activities and which prohibit any form of corruption, active or passive, involving not only public officials but private parties as well;
- Responsibilities and specific spending powers (authorisation and signature) are defined and assigned in order to limit the possibility that a single person may complete an entire process autonomously;
- Specific employee training programmes are defined and implemented, to enhance their knowledge, on one hand, of the regulatory anti-corruption framework (and the relative sanctions system), and on the other hand the behavioural rules adopted by the Group (e.g. Code of Ethics, 231 Models and Anti-Corruption Policy); these activities also involve the Directors;
- There is an ongoing process, overseen by the Supervisory Bodies under Italian Legislative Decree no. 231/01, for the management of the reports of behaviour contrary to the principles of the Code of Ethics and of the 231 Models; this process, with reference to possible violations of the Anti-corruption Policy, is overseen by "231 Compliance";
- A "Significant Third Party" verification process is defined, through which the corruption risk related to the establishment of a contractual relationship is assessed in concrete terms, identifying, where necessary, the appropriate risk mitigation and management measures;
- Specific third-level controls are carried out by Internal Audit with regard to compliance with the principles set out in the Code of Ethics, the 231 Models and the Anti-corruption Policy.

Country Risk

This is the risk of possible changes in the political, legislative, economic and/or social framework of a country that may have negative impacts on operations, income statement results and/or the financial equilibrium. Some examples are: (i) the lack of a stable legal framework and uncertainties about the protection of the rights of foreign operators in case of contractual breaches by state agencies or other private parties; (ii) the penalising enforcement of laws or unilateral contractual changes entailing the reduction of the assets' values; (iii) increases in taxes; (iv) complex authorisation processes that impact the time-to-market of development projects; (v) delays, revisions or non-compliance with targets for combating climate change with the consequent reduction of investments in renewable energies, including in infrastructure supporting the



development of the renewable generation (e.g., transmission and distribution networks).

In particular, the ERG Group implements a mitigation strategy that provides for::

- Not assuming risk and hence not executing investments in countries with political/social instability that makes them unsuitable to the risk profile the Group intends to assume;
- Mitigating risk in countries where there is considerable interest in making new investments, requiring an adequate return in relation to the expected risk profile. This assessment is carried out by analysing the main indicators of the country in question

(e.g. macroeconomic and financial indicators).

The mitigation of risk also involves the creation, development and maintenance of relations with key institutions and stakeholders, in order to understand the political, institutional and regulatory scenario of the country of interest for the Group and its possible impacts on the business. The assessment of whether or not to invest in a country also takes into account that country's endorsement to international treaties for combating climate change and/or the objectives that country has set itself to combat Climate Change (e.g. renewable energy penetration targets).

FINANCIAL STATEMENTS AND OTHER INFORMATION

INCOME STATEMENT

This section shows the reported operating results and adjusted operating results, shown with the exclusion of special items. It is specified that from 2024, the adjusted financial results include the accounting impacts of IFRS 16; therefore, the comparative results for 2023 are restated in accordance with the new approach defined by the Group.

It should also be noted that:

- the companies acquired in France, owners of wind farms and photovoltaic systems for a total of 73.2 MW, are consolidated on a line-by-line basis starting from 1 January 2024;
- the US companies, owners of wind farms and photovoltaic systems for a total of 317 MW, were consolidated on a line-by-line basis starting from 1 April 2024.

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

(EUR million)	Reported Year			Adjusted Year		
	2024	2023	Δ	2024	2023	Δ
INCOME STATEMENT						
Revenue	737	741	(4)	737	741	(4)
Other income	55	25	31	56	26	30
Total revenue	792	765	27	792	766	26
Purchases and change in inventories	(10)	(14)	4	(10)	(14)	4
Services and other operating costs	(196)	(175)	(21)	(196)	(175)	(21)
Personnel expense	(32)	(29)	(3)	(32)	(29)	(3)
Gross operating profit (loss)	554	547	7	555	548	6
Amortisation, depreciation and impairment losses	(272)	(219)	(53)	(258)	(217)	(41)
Operating profit (loss) (EBIT)	282	328	(46)	297	332	(35)
Net financial income (expense)	(11)	(7)	(4)	(11)	(2)	(9)
Net gains (losses) on equity investments	(1)	2	(4)	(0)	(0)	(0)
Profit (loss) before taxes	269	323	(54)	286	330	(44)
Income taxes	(41)	(80)	39	(73)	(76)	3
Profit (loss) from continuing operations	229	243	(14)	213	254	(41)
Non-controlling interests	(3)	(2)	(1)	(3)	(2)	(1)
Profit (loss) attributable to the owners of the parent	226	241	(15)	211	252	(41)
Net profit (loss) from discontinued operations	0	(36)	36	0	(7)	7
Profit (loss) for the year	229	207	21	213	247	(34)

1 – REVENUE

Revenue from sales consists mainly of:

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

Reported revenue for 2024 amounted to EUR 737 million, a slight decrease compared to 2023 (EUR 741 million), primarily due to significantly lower wind conditions compared to 2023 and lower selling prices, partly offset by the contribution from new capacity in operation. The weaker market scenario only partially affected the results as the Group adopts a hedging policy that provides for sales through fixed tariffs, PPAs under pre-established price conditions and financial agreements.

It should be noted that revenue in 2023 included the effects related to the **regulatory interventions on the containment of energy price increases (clawback measure and windfall tax)**, which had led to refunds in 2023 amounting to EUR 12 million, while there is no significant impact in 2024 (EUR 2 million) in view of the market scenario.

2 – OTHER INCOME

This includes insurance reimbursements, indemnities, expense recoveries and the partial release of risk provisions. From the second quarter of 2024 onwards, the item also includes income from PTC (Production Tax Credits), an incentive instrument typical of the US renewables market, under the Tax Equity Partnership agreements, amounting to EUR 18.5 million for the year.

3 – PURCHASES AND CHANGES IN INVENTORIES

The item includes costs for purchases of raw materials and spare parts net of changes in spare parts inventories.

4 – SERVICES AND OTHER OPERATING COSTS

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

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

5 – AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Adjusted amortisation and depreciation (EUR 258 million) refers to wind and solar plants, showing an increase compared to 2023 (EUR 217 million), reflecting the full contribution of newly acquired assets during the period (EUR 26 million, of which EUR 2 million comes from the application of IFRS 16 on new assets) and internally developed assets (EUR 14 million).

The item includes IFRS 16 amortisation and depreciation of EUR 10 million in 2024 (EUR 7.4 million in 2023).

It should be noted that the adjusted values do not include:

- the impairment related to the Revamping projects of the Italy Solar portfolio amounting to EUR 10 million;
- the impairment of the net residual value of the property, plant and equipment and intangible assets of a wind farm in the France portfolio, following the authorisation of a Repowering project obtained during the year, amounting to approximately EUR 2.5 million;
- the reduction in the value of the non-current asset (EUR 1 million) of the park in Sweden, considering the positive price adjustment defined with the counterparty in September.

6 – NET FINANCIAL INCOME (EXPENSE)

Reported net financial expense for 2024 amounted to EUR 11 million, an increase compared to EUR 7 million in 2023⁸, primarily due to the effect of accounting for the Tax Equity Partnership in the USA portfolio (EUR 8 million), the scope effect arising from the application of IFRS 16 on acquisitions during the period and on new parks developed internally, as well as the progressive normalisation of interest rates compared to levels significantly below the historical average.

Adjusted net financial expense in 2024 amounted to EUR 11 million, up compared to 2023 (EUR 2 million), for the same reasons commented on above.

The item includes financial expense related to the application of IFRS 16 (EUR 10 million in 2024 compared to EUR 7 million in 2023) and the effects of derivative instruments hedging interest rate fluctuation risk.

7 – INCOME TAXES

Reported income taxes amounted to EUR 41 million, down significantly from EUR 80 million in 2023, mainly as a result of the benefit arising from the redemption of goodwill as part of merger transactions⁹ (EUR 28 million), only partially offset as a result of the ACE¹⁰ (Aid for Economic Growth) tax benefit ceasing to apply in Italy from 2024.

Adjusted income taxes totalled EUR 73 million, down compared to EUR 76 million in 2023, mainly due to the operating results commented on. It should be noted that the adjusted values do not include the benefit deriving from the redemption of goodwill as part of merger transactions (EUR 28 million).

The adjusted tax rate, obtained from the ratio between income taxes and pre-tax profit, amounted to 25% (23% in 2023).

8 – PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

Profit (loss) from discontinued operations for 2023 includes the result of ERG Power S.r.l., owner of the CCGT plant, which was sold on 17 October 2023.

⁸ It should be noted that in 2023 the reported net financial expense included the financial expense related to the early closure of two project financings.

⁹ Pursuant to Art. 15 of Italian Decree Law no. 185/2008

¹⁰ Aid to Economic Growth (ACE), repealed by Article 5 of Italian Legislative Decree no. 216 of 30 December 2023.

STATEMENT OF FINANCIAL POSITION

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

Statement of Financial Position

(EUR million)	31/12/2024	31/12/2023
Non-current assets	4,809	3,987
Net operating working capital	45	66
Employee benefits	(2)	(2)
Other assets	406	371
Other liabilities	(952)	(618)
Net invested capital of continuing operations	4,306	3,803
Equity attributable to the owners of the parent	4,030	3,843
Non-controlling interests	76	7
Net financial indebtedness before IFRS 16	(28)	(217)
<i>Lease liabilities</i>	228	170
Net financial indebtedness after IFRS 16	200	(47)
Equity and financial indebtedness	4,306	3,803

1 - Non-current assets

(EUR million)	Intangible assets	Property, plant and equipment	Financial assets	Total
Non-current assets at 31/12/2023	1,379	2,559	49	3,987
Capital expenditure	4	228	0	232
Change in consolidation scope	250	545	0	796
Divestments and other changes	1	46	(1)	46
Amortisation and Depreciation	(77)	(197)	0	(274)
Right of use	0	22	-	22
Non-current assets at 31/12/2024	1,558	3,204	47	4,809

The line **Capital Expenditure** refers to Repowering activities on Italian wind farms for approximately 177 MW of new wind power capacity that became operational during 2024, the construction of Greenfield wind farms in Italy (47 MW), France (59 MW) and the UK (47 MW), and the start of operations of the first Storage project (13 MW).

The line **Changes in consolidation scope** refers to the impact of the acquisitions that took place during the period in France (73.2 MW) and the United States (317 MW).

2 – Net operating working capital

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

3 – Other assets

These mainly comprise deferred tax assets, the positive fair value of electricity hedging derivatives due to commodity price movements, tax assets for tax advances and advance payments made against current provision of services.

4 – Other liabilities

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

The item also includes the liability recognised to the Tax Equity Partner corresponding to its right to receive tax benefits over time in the form, primarily, of Production Tax Credits (PTCs) and tax losses.

5 – Non-controlling interests

Non-controlling interests relate to the non-controlling equity investment (75%) in the US-based entity, into which the wind and solar portfolio

acquired in 2024 was transferred, to the non-controlling equity investment (59%) in two solar companies in France¹¹ and to the non-controlling equity investment (78.5%) in Andromeda PV S.r.l.

6 – Net financial indebtedness

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

Lease liabilities at 31 December 2024 amounted to EUR 228 million (EUR 170 million at 31 December 2023). The increase in the period is primarily due to the change in consolidation scope following the acquisitions completed in the United States and France during the first half of 2024 and the entry into operation of the new wind farms developed internally.

ERG Power Generation Group - Summary of indebtedness

(EUR million)	31/12/2024	31/12/2023
Non-current financial indebtedness	129	92
Current financial indebtedness (and cash and cash equivalents)	(157)	(309)
Net financial indebtedness before IFRS 16	(28)	(217)
Lease liabilities	228	170
Net financial indebtedness after IFRS 16	200	(47)

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

Non-current financial indebtedness

(EUR million)	31/12/2024	31/12/2023
Non-current financial liabilities	4	11
Total	4	11
Non-current Project Financing	144	98
Current portion of Project Financing	(18)	(17)
Non-current Project Financing	125	81
Non-current indebtedness before IFRS 16	129	92
Lease liabilities	222	164
Non-current indebtedness post IFRS 16	351	256

The liabilities for **Project Financing** totalling EUR 144 million¹² at 31 December 2024 relate to:

- EUR 64 million in loans relating to the company Andromeda S.r.l., owner of two photovoltaic systems in Central Italy;
- EUR 17 million in loans issued for the construction of a wind farm in Germany;
- EUR 63 million in loans disbursed for the construction of wind farms and photovoltaic systems in France, as part of the acquisition in January 2024.

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

Current financial indebtedness

(EUR million)	31/12/2024	31/12/2023
Current bank loans and borrowings	0	0
Current portion of loans and borrowings	-	-
Other current financial liabilities	10	21
Current financial liabilities	11	21
Cash and cash equivalents	-	-
Securities and other current loan assets	(101)	(296)
Current financial assets	(101)	(296)
Current Project Financing	18	17
Cash and cash equivalents	(86)	(52)
Project Financing	(67)	(35)

¹¹ companies acquired in January 2024.

¹² These liabilities are recognised net of medium/long-term ancillary charges recognised for accounting purposes using the amortised cost method.



Current indebtedness before IFRS 16	(157)	(309)
Lease liabilities	6	6
Current indebtedness post IFRS 16	(151)	(303)

Securities and other current loan assets include financial receivables from the parent company ERG S.p.A. as part of the treasury relationship.

CASH FLOWS

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

(EUR million)	Year	
	2024	2023
Adjusted IAS EBITDA	555	535
Change in working capital	(66)	(37)
Cash flows from operations	489	498
Capital expenditure in property, plant and equipment and intangible assets	(232)	(301)
Asset acquisitions and business combinations	(319)	(184)
Proceeds from disposed businesses	-	5
Capital expenditure on non-current financial assets	1	6
Divestments and other changes	(10)	1
Cash flows from investments/divestments	(559)	(472)
Adjusted financial income (expense)	(3)	5
Financial expense for closing loans	-	(5)
Collection distribution reserves ERG Power	-	88
Net gains (losses) on equity investments	(0)	(0)
Cash flows from financing activities	(3)	88
Cash flows from tax management	(39)	(26)
Distribution of dividends	(66)	(54)
Capital injection ERG Power Generation	-	30
Other changes in equity	(11)	154
Cash flows from Equity	(76)	130
Change in the consolidation scope	-	74
Cash Flow Thermo	-	24
Opening net financial indebtedness	(217)	100
Net change	189	(317)
Closing net financial indebtedness	(28)	(217)

(1) It is noted that on 17 October 2023, the closing was finalised for the sale of the entire share capital of ERG Power S.r.l.

Cash flows from operations for 2024 were positive at EUR 489 million, down from 2023 (EUR 501 million) mainly due to the changes in working capital.

Cash flows from investments for 2024 refers to the impacts related to the acquisition of a portfolio of wind and solar farms in the United States (317 MW), the acquisition of wind and solar farms in France (73 MW), the repowering of Italian wind farms with approximately 177 MW of new installed capacity commissioned during 2024, the construction of greenfield farms in Italy (47 MW), France (59 MW) and the UK (47 MW), the repowering of a farm in Germany (6 MW), and the launch of activities for the first storage project (13 MW).

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

Cash flows from tax management refer to the payment of direct taxes.

Cash flows from Equity refer to the dividends distributed to shareholders (EUR 66 million) and changes in the hedging reserve tied to derivative financial instruments and to the translation reserve.

ALTERNATIVE PERFORMANCE INDICATORS

DEFINITIONS

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

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group. These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness. Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted profit (loss)".

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

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

Adjusted revenue is revenue, as indicated in the financial statements, with the exclusion of significant special income components of an exceptional nature (special items);

Gross operating profit (loss) is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment losses" to the Operating profit (loss). Gross operating profit (loss) is explicitly indicated as a subtotal in the financial statements;

Adjusted gross operating profit (loss) is the gross operating profit (loss), as defined above, with the exclusion of significant special income components (special items);

Adjusted operating profit (loss) is the net operating profit, explicitly indicated as a subtotal in the financial statements, with the exclusion of significant special income statement components of an exceptional nature (special items);

EBITDA margin is an indicator of the operating performance calculated by comparing the adjusted gross operating profit (loss) to the Revenue from sales and services of each individual business segment;

The **Adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before taxes;

Profit (loss) from continuing operations does not include the result from discontinued operations relating to the thermoelectric business reclassified under the item "Profit (loss) from discontinued operations";

Adjusted Profit (loss) from continuing operations is the profit (loss)

from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items), net of the related tax effects;

Adjusted profit (loss) attributable to owners of the parent is the adjusted profit (loss) from continuing operations with the exclusion of the profit attributable to non-controlling interests;

Capital expenditure is the sum of capital expenditure in property, plant and equipment and intangible assets, with the inclusion of Mergers & Acquisitions and not including Right of Use assets;

Net operating working capital is the sum of Inventories, Trade receivables and Trade payables;

Net invested capital is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;

Net financial indebtedness is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, also including the portion of non-current assets relative to derivative financial instruments.

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

The comparative figures at 30 June 2023 refer to the scope of continuing operations, therefore excluding the indebtedness of the thermoelectric business, sold in October 2023.

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

Special items include significant special income components of an exceptional nature. These include:

- income and expense connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
- income and expense related to events that are not typical of normal business activities, such as restructuring and environmental costs;
- capital gains and losses linked to the disposal of assets;
- significant impairment losses recognised on assets following impairment tests;
- income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

IFRS 16

Starting from 2024, the Group, in line with industry practice, also includes the effects of IFRS 16 on its adjusted operating results. The comparative data were restated in line with the new approach. For greater clarity, the net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", indicating the aforementioned liabilities.

RECONCILIATION WITH ADJUSTED OPERATING RESULTS

GROSS OPERATING PROFIT (LOSS)

(EUR million)	12 months	
	2024	2023
Gross operating profit (loss) from continuing operations	554	547
Special items exclusion		
ITALY		
- Reversal of ancillary charges on non-recurring operations (Special Projects)	0	1
- Reversal for allocation for provision for disposed businesses	1	1
Adjusted gross operating profit (loss)	555	548

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(EUR million)	12 months	
	2024	2023
Amortisation, depreciation and impairment losses	(272)	(219)
Special items exclusion:		
Impairment Repowering Wind Italy	10	2
Impairment Repowering Wind Franc	3	-
Impairment Repowering Wind Germany	1	-
Impairment Wind farm asset Sweden	1	-
Adjusted depreciation and amortisation	(258)	(216)

PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(EUR million)	12 months	
	2024	2023
Profit (loss) attributable to owners of the parent	226	219
Special items exclusion		
Exclusion of ancillary charges on loan prepayments	0	0
Exclusion of ancillary charges on non-recurring operations	2	2
Exclusion of impairment losses recognised on Repowering/Revamping	10	31
Exclusion of expenses related to disposed businesses	1	(0)
Exclusion of Tax Asset UK and substitute tax Wind & Solar Italy	(28)	(1)
Exclusion of the net gain on refinancing (IFRS 9)	0	1
Adjusted profit (loss) attributable to owners of the parent	211	252

1. Impairments related to investments and Revamping and Repowering projects aimed at certain parks in the Solar Italy and Wind France portfolio.
2. Ancillary charges relating to other non-recurring transactions, as well as unsuccessful acquisitions.
3. Reversal of the benefit of the substitute tax deriving from the exemption of the goodwill due to the merger in the Siena and Donatello Business combinations acquired in 2022.
4. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability; this resulted in net financial expense of approximately EUR 1 million being accounted for in the first half of 2023. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted Income Statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

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

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

As a result of the price scenario trend during the reference period, no significant refunds (EUR 2 million) were recorded in the 2024 financial year from the application of these measures. In 2023, this negative impact amounted to EUR 12 million on the gross operating profit (loss) (EUR 9 million on the profit from continuing operations attributable to owners of the parent).

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

ERG POWER GENERATION S.P.A. FINANCIAL STATEMENTS

The separate financial statements of ERG Power Generation S.p.A. for the year ended 31 December 2024 were drafted in accordance with the National Accounting Standards and with prevailing law governing the drafting of financial statements, interpreted and added to the accounting standards issued by the National Board of Chartered Accountants and the Italian Accounting Body, and take account of the revisions and updates of prevailing Italian accounting standards.

INCOME STATEMENT

Income Statement

(EUR thousand)	2024	2023
Revenue from sales and services	640.499	841.856
Increases in non-current assets for internal work	(2.257)	3.945
Other revenue and income	7.480	1.820
TOTAL REVENUE	645.722	847.621
Purchases	(585.695)	(776.592)
Change in inventories	3.629	1.244
Services and other operating costs	(64.052)	(77.123)
Personnel expense	(18.696)	(17.235)
GROSS OPERATING PROFIT (EBITDA)	(19.092)	(22.085)
Economic-technical amortisation, depreciation and impairment	(2.935)	(2.693)
OPERATING PROFIT (EBIT)	(22.027)	(24.778)
Net financial income (expense)	150.853	216.235
Value adjustments to financial assets and liabilities	1.059	(25.029)
NET PROFIT (LOSS) FROM ORDINARY OPERATIONS	129.884	166.429
Income taxes	(20.025)	(12.726)
PROFIT FOR THE YEAR	109.859	153.668

Revenue from sales and services

Revenue from sales and services, equal to EUR 640.5 million, consist mainly of revenue from sales, for EUR 582.1 million (EUR 789.5 million in 2023), and revenue from services, for EUR 58.4 million (EUR 52.4 million in 2023). Revenue from sales mainly include revenue from the sale of electricity and Guarantees of Origin produced by the wind farms and solar plants of its Italian subsidiaries. Revenue from sales includes the positive impact of the hedging transactions carried out during the year. It should be noted that in 2023 revenue from sales also included the sale of natural gas and CO2 quotas to ERG Power S.r.l. (whose investment was sold in October 2023) as well as revenue from gas sales to third parties (relating to gas balancing), therefore the decrease in revenues from sales compared to 2023 is attributable to this phenomenon. Revenue from sales and services include revenue from services rendered to subsidiaries for Operation & Maintenance and BoP, therefore relating to the technical management of wind turbines and substations. The subject item also includes revenue for technical services and central staff services provided to the subsidiaries. This item also includes, to a residual extent, revenue for Energy Management services provided, predominantly to third parties and to Terna.

Increases in assets under construction

This item for 2024 includes the suspension of engineering costs, blade purchases and ancillary charges, including internal personnel costs sustained for the Repowering & Reblading projects, net of chargebacks made to the subsidiaries owning the wind farms (in 2024 for the Reblading of the Panni wind farm).

Other revenue and income

The item "Revenue other than the above", which increased compared to 2023, mainly includes the release of provisions for charges due to the non-existence of the conditions for their recognition relating to a part of the potential risks estimated in previous years and other minor items.

Purchases

Purchase costs mainly include the costs related to the purchase of electricity, mainly from GME and its subsidiaries. Purchases include costs for raw materials acquired from third parties and subsidiaries to conduct maintenance on the wind aerogenerators on behalf of the subsidiaries. In 2024 the item is decreasing because for the first nine months of 2023 the item also included the purchase costs of gas and environmental certificates intended for resale to ERG Power S.r.l.

Services and other operating costs

The costs in 2024 mainly include the costs for staff services rendered by the parent company ERG S.p.A., maintenance costs substantially referring to the fees for assistance, management and maintenance services of the wind farms of its subsidiaries and other minor costs. This item is down compared to the previous year, since in 2023 it included costs for gas transport related to the CCGT.

Personnel expense

Personnel expense increased slightly compared to 2023, in line with the increase in the average annual size of the Company's workforce.

Amortisation, depreciation and impairment losses

Economic-technical amortisation of EUR 2.3 million was allocated during the year for intangible assets and depreciation of EUR 0.6 million for property, plant and equipment.

Net financial income (expense)

This item includes mainly income from equity investments for dividends, distributions of reserves from subsidiaries for approximately EUR 57.2 million, interest income from subsidiaries and parent companies (for EUR 100.8 million) and financial charges (for EUR 8 million) mainly from subsidiaries.

Value adjustments to financial assets

The item includes the fair value of derivative instruments open at 31 December 2024 and the changes in fair value of non-hedging instruments made during 2024. The item is improving in consideration of the fact that in 2023 it included the impairment loss of an equity investment for EUR 27.5 million.

Income taxes

There was a total tax amount of EUR 20 million to pay on the net profit (loss) for the year.

STATEMENT OF FINANCIAL POSITION

Statement of financial position

(EUR thousand)	31/12/2024	31/12/2023
Non-current assets	3.724.111	3.425.354
Net operating working capital	(24.642)	(7.385)
Employee benefits	(1.580)	(1.806)
Other assets	91.020	111.671
Other liabilities	(55.170)	(67.056)
Net invested capital	3.733.738	3.460.778
Equity	3.588.711	3.535.123
Non-current financial indebtedness		
Current financial indebtedness	145.026	(74.345)
Equity and financial indebtedness	3.733.738	3.460.778

The net invested capital amounted to EUR 3,734 million at 31 December 2024.

Non-current assets

Non-current assets primarily comprise financial assets, which include the shareholdings held in fully-owned subsidiaries, and long-term loan assets from Subsidiaries. The item increased compared to 2023 mainly due to the effect of the acquisition of wind farms in the USA finalised in April 2024.

Net operating working capital

Net operating working capital consists mainly of trade receivables and payables from and to group companies and third parties and of spare parts inventories.

Other assets

These consist mainly of tax assets and other amounts due from Group companies.

This item also includes receivables for hedging derivatives on commodities and other assets for third-party counterparties.

Other liabilities

These consist mainly of short-term tax liabilities, amounts due to Group companies, other amounts due to third parties, other provisions for risks and charges and deferred income on Virtual PPAs. This item also includes payables for hedging derivatives on commodities.

Financial indebtedness

(EUR thousand)	31/12/2024	31/12/2023
Financial payables due to Group companies	296.760	235.030
Financial payables due to third parties within 12 months	1.844	1.844
Current financial liabilities	298.604	236.874
Cash and cash equivalents	(12.338)	(4.185)
Financial receivables from Group companies	(98.143)	(291.536)
Other current financial receivables	(43.097)	(15.497)
Current financial assets	(153.578)	(311.219)
Total	145.026	(74.345)

Net financial indebtedness mainly comprises:

- other financial payables due to Group companies (Italian and foreign subsidiaries), up compared to 2023 mainly due to greater liquidity generated by the subsidiaries;
- financial payables due to third parties mainly include the payable arising from the merger of ERG Renew S.p.A. relating to the valuation of a put option on 0.69% of Ansaldo Fuel Cells S.p.A. granted by ERG Renew S.p.A. to Gepafin S.p.A. and maturing on 29 January 2009;
- loan assets from Group companies, mainly from the Parent Company (EUR 95.4 million), down mainly due to the acquisition of wind and solar plants in the United States;
- other short-term loan assets, up compared to last year due to the increase in short-term liquidity investments (time deposits and overnight deposit accounts).

MANAGEMENT NOTES ON THE MAIN NON-CONSOLIDATED SUBSIDIARIES, ASSOCIATES

In addition, it is pointed out that the Group holds equity investments in non-operating subsidiaries, listed below:

- Parc Eolien de Saint-Loup sur Cher SARL
- Parc Eolien du Puits Gergil SARL
- Parc Eolien du Plateau de la Perche SARL
- Parc Eolien des Boules SARL
- Parc Eolien de la Foye Sas
- Ferme Eolienne de la voie Sacree sud SAS
- Parc Eolien Des Grandes Bornes Sas
- Parc Eolien Des Jonquilles Sas
- Parc Eolien De La Plaine De Burel
- Parc Eolien De Saint Priest En Murat
- Parc Eolien Des Vents Communaux
- Parc Photovoltaique de la Vallée Brousse
- Parc Eolien de Six Chemins
- Parc Photovoltaique de la Vallée de la Doulaye
- Solaires ERG 1 S.a.s.
- Fattoria Solare Futurasun S.r.l.
- REN BETA I, S.L.U.
- ERG Germany Verwaltungs GmbH
- ERG Windpark Bischhausen & Co. KG
- ERG Wind Beckedorf GmbH & Co. KGERG

The consolidation scope also includes the following subsidiaries in liquidation:

- ERG Petroleos S.A. in liquidation
- Eolico Troina S.r.l. in liquidation

DISCLOSURE IN ACCORDANCE WITH ARTICLE 2.6.2, PARAGRAPH 7, OF THE REGULATION OF BORSA ITALIANA S.P.A.

Disclosure in accordance with Article 2.6.2, paragraph 7, of the Regulation of Borsa Italiana S.p.A.

In relation to the obligation under Article 2.6.2, paragraph 7, of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A. and taking into account the provisions of Article 15 of the Market Regulations adopted by CONSOB with its resolution no. 16191 of 29 October 2007 as amended, it is certified that (i) ERG S.p.A. acquired from *ERG UK Holding Limited, Creag Riabhach Wind Farm Ltd, Sandy Knowe Wind Farm Limited, Great Pathfinder Wind LLC and Mulligan Solar LLC* (the companies), the articles of association, the composition and the powers of the related corporate bodies; (ii) the companies provide the Group's auditors with the necessary information to carry out the audit of the annual and interim financial reports of ERG S.p.A. and have an administrative and accounting system capable of duly providing to the Management and to the auditors of the Group the income statement, statement of financial position and financial data necessary for the preparation of the consolidated financial statements.

It is hereby certified that ERG S.p.A. has made the financial statements of the companies available to the public at the registered office.

MANAGEMENT AND COORDINATION ACTIVITIES BY ERG S.P.A.

ERG S.p.A. carries out management and coordination activities in respect of Italian and foreign direct and indirect subsidiaries, which benefit from the advantages, the synergies and the economies of scale deriving from their inclusion in the Group; these activities are carried out in compliance with the management and operational autonomy of the aforementioned subsidiaries and involve (i) the definition of business strategies, the corporate governance system and the corporate structures, as well as (ii) the determination of shared general policies pertaining to human resources, information & communication technology, accounting, financial statements, taxation, procurement, finance, investments, risk management, legal and corporate affairs, communication, institutional relations, corporate social responsibility, M&A, business development and engineering & construction.

Taking into account the corporate organisational model adopted by the Group as from 1 January 2017, the directly and indirectly controlled Italian companies with respect to which, in 2024, in accordance with Articles 2497 et seq. of the Italian Civil Code, the management and coordination activities were carried out within the scope outlined above are:

ERG Power Generation S.p.A. and the following Italian companies controlled by it directly or indirectly:

- Brevi Wind S.r.l.
- ERG Eolica Adriatica S.r.l.
- ERG Eolica Campania S.r.l.
- ERG Eolica Faeto S.r.l.
- ERG Eolica Fossa del Lupo S.r.l.
- ERG Eolica Ginestra S.r.l.
- ERG Eolica San Vincenzo S.r.l.
- ERG Eolica Tirreno S.r.l.
- ERG Solar Holding S.r.l.
- ERG Sviluppo Italia S.r.l.
- ERG Wind Bulgaria S.p.A.
- ERG Wind Investments S.r.l.
- Ginestra S.r.l.
- Green Vicari S.r.l.
- ISAB Energy Solare S.r.l.
- Eolico Troina S.r.l. in liquidation
- Andromeda PV S.r.l.
- Calabria Solar S.r.l.
- ERG Solar Piemonte 3 S.r.l.
- Fattoria Solare Futurasun S.r.l.
- ERG Wind Holdings (Italy) S.r.l.
- ERG Wind Sardegna S.r.l.
- ERG Wind Sicilia 6 S.r.l.
- ERG Wind Sicilia 3 S.r.l.
- ERG Wind 6 S.r.l.
- ERG Wind Energy S.r.l.

In 2024, ERG S.p.A. managed its various equity investments, held directly and indirectly, including through service contracts for staff activities, for a total price of EUR 36 million. As the consolidator, ERG S.p.A. also manages the national tax consolidation scheme with the main subsidiaries of the Group. All transactions are related to ordinary operations and they are settled at market conditions.

BRANCHES

ERG S.p.A. has its legal and operational headquarters in Genoa. The parent has no branches.

RELATED PARTY TRANSACTIONS

Information about related party transactions, including transactions with non-consolidated investees, is provided in the Notes to the Consolidated Financial Statements. The Procedure for Related Party transactions, adopted by the Company, is available to the public at www.erg.eu. (This information is provided in the Report on corporate governance and the shareholding structure, an integral part of the consolidated Financial Statements).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
13 January 2025	Italy	Wind	ERG and Engie signed a 5-year Power Purchase Agreement (PPA) for the supply of 44 GWh/year of energy produced by ERG wind farms located in Italy and not subject to tariff incentive schemes.
16 January 2025	UK & Nordics	Wind	ERG, through its subsidiary ERG UK Holding Ltd, has today acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland.
20 January 2025	Italy	Wind	ERG and Plenitude, a subsidiary of ENI, have signed a 5-year "pay as produced" Power Purchase Agreement (PPA) for the supply of approximately 64 GWh/year of energy produced by ERG wind farms in Italy and no longer subject to tariff incentive schemes.
28 January 2025	Italy	Corporate	ERG is once again at the top of the "Global 100 most sustainable corporations in the world" ranking, created by Corporate Knights. ERG is positioned in 18th place overall, with a significant improvement in the ranking compared to 28th in 2024 and is confirmed as first among Italian companies in the "Global 100" ranking.
4 February 2025	UK & Nordics	Wind	ERG and Amazon have signed a long-term Power Purchase Agreement (PPA). The "pay-as-produced" agreement concerns the supply of energy and REGOs (Renewable Energy Guarantees of Origin) produced by the Corlacky wind farm in Northern Ireland, whose construction will be completed by the end of the fourth quarter of 2025, with subsequent commissioning.
12 February 2025	Italy	Corporate	ERG has been listed as a Top Performer in the prestigious S&P Global Sustainability Yearbook 2025, the annual benchmark ranking recognising leading companies in corporate sustainability.

BUSINESS OUTLOOK 2025

The environment in which the Group operates is marked by volatility in both market prices and volumes, with the latter being dependent on the availability of natural resources, wind and sunlight. Commodity and electricity prices have increased in the first months of 2025 compared to those recorded in 2024. In terms of natural resources, the first months of 2025 in Europe have been marked by low wind levels, significantly lower than both the same period in 2024 and the historical averages. Better conditions, both in terms of wind and solar radiation, were instead recorded in our US farms.

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

1. electricity produced by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;
2. electricity produced by PUs that are subject to "Feed in Premium" tariffs, or mechanisms that provide for an incentive that is added to the market price;
3. any residual hedges are finally attributed to the quantities of electricity subject to for-difference incentive mechanisms, such as the former "green certificate" incentive tariffs (GRIN).
4. However, no hedges are envisaged for generation subject to two-way for-difference incentive mechanisms.

The expected outlook for the main operating and performance indicators in 2025 compared to 2024 is as follows.

ITALY

Gross operating profit (loss) for Wind is expected to increase slightly, thanks to the full contribution from the Repowering farms that came into operation in 2024, totalling 101 MW (177 MW gross of the decommissioning of old plants), the higher value of the GRIN incentive, which in 2025 stands at 55 EUR/MWh compared to 42 EUR/MWh in 2024, and the higher volumes expected for the year, despite the low wind levels recorded in the first months of 2025. These results are partly offset by the lower prices achieved from the forward hedges carried out in 2024, in line with the Group's policies.

Gross operating profit (loss) for Solar is expected to see a slight increase compared to 2024, mainly due to higher volumes from the revamping and repowering activities carried out in 2024, partly offset by lower prices captured from forward hedges made during 2024.

Gross operating profit (loss) for Wind & Solar in Italy is expected to increase slightly in 2025 compared to 2024.

ABROAD

Gross operating profit (loss) for Wind is expected to increase significantly compared to 2024, mainly due to the scope effect from the full contribution of the acquisition in the USA (224 MW) and two greenfield farms in France (41 MW) that came online in 2024, along with the acquisition made in January 2025 in the UK (43 MW) and the anticipated commissioning in the first half of a greenfield farm in France (18 MW) and a repowering farm in Germany (6 MW). The estimated wind levels take into account the production recorded in the first months of the year, which was characterised by low wind conditions, while for the remainder of the year, they align with historical/statistical averages. Overall, volumes are estimated to be higher than the data recorded in 2024.

Gross operating profit (loss) for Solar is expected to be largely in line with 2024, mainly due to the full contribution from the US acquisition (92 MW), which is largely offset by lower prices captured in Spain due to the lower prices of forward hedges.

Gross operating profit (loss) for Wind & Solar abroad is expected to see a significant increase compared to 2024.



2025 GUIDANCE

For the year 2025, at Group level, gross operating profit (loss) is estimated in the range between EUR 540 million and EUR 600 million, up from the 2024 result (EUR 535 million).

Capital expenditure is in a range of between EUR 190 and EUR 240 million (EUR 553 million in 2024) and mainly includes the recent acquisition in the UK, the construction of the wind farms expected to be operational between 2025 and 2026.

Adjusted net financial indebtedness at the end of 2025 is expected to be in the range between EUR 1,850 million and EUR 1,950 million (EUR 1,793 million at the end of 2024), including the distribution of the ordinary dividend of EUR 1 per share.

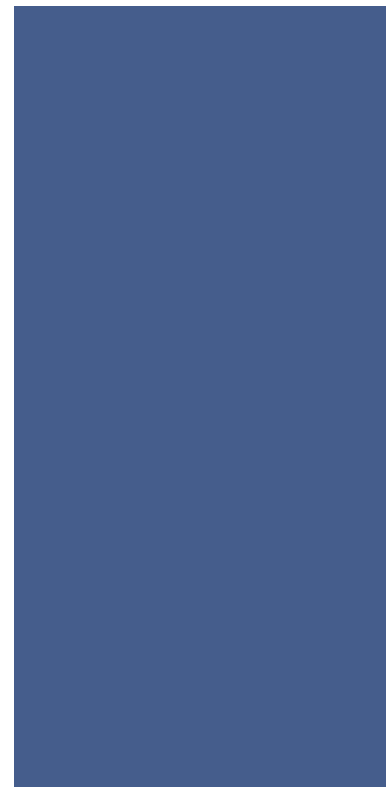
Genoa, 10 March 2025

on behalf of the Board of Directors
The Chief Executive Officer

Renato Sturani



Consolidated Financial Statements



INCOME STATEMENT⁽¹⁾

(EUR thousand)	Notes	2024	2023
Revenue	1	736,743	740,721
Other income	2	55,131	24,572
Purchases	3	(9,714)	(14,126)
Services and other operating costs	4	(196,028)	(174,898)
Personnel expense	5	(31,873)	(29,182)
GROSS OPERATING PROFIT (LOSS)		554,258	547,086
Amortisation of intangible assets	21	(73,659)	(63,878)
Depreciation of property, plant and equipment	21	(188,693)	(155,578)
Reversals of impairment losses (impairment losses)	21	(10,078)	-
OPERATING PROFIT (LOSS)		281,828	327,631
Financial income	36	31,548	167,457
Financial expense	36	(42,464)	(174,317)
Net financial income (expense)		(10,915)	(6,859)
Other net gains (losses) on equity investments	24	(1,412)	2,373
Net gains (losses) on equity investments		(1,412)	2,373
PROFIT (LOSS) BEFORE TAXES		269,500	323,144
Income taxes	40	(40,941)	(80,352)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		228,559	242,792
Profit (loss) from discontinued operations		-	(35,577)
PROFIT (LOSS) FOR THE YEAR		228,559	207,215
Non-controlling interests		(2,629)	(1,829)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		225,930	205,386

(1) The notes commenting on individual items are an integral part of these consolidated financial statements.

(2) The 2023 comparative figures have been presented in accordance with IFRS 5 with reference to the completed sale of the Thermoelectric Business on 17 October 2023. For more details on the transaction, please refer to the 2023 Annual Report.



STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

(EUR thousand)	Notes	2024	2023
Profit (loss) for the year		228,559	207,215
Changes that will not be reclassified to profit or loss			
Actuarial gains (losses)		124	82
Related tax		(30)	(20)
	16	94	62
Changes that will be reclassified to profit or loss			
Changes in the hedging reserve		1,438	152,389
Related tax		(345)	(36,573)
	29	1,093	115,816
Changes in the translation reserve		18,425	25,318
Related tax		(3,497)	(4,805)
	29	14,928	20,512
Other comprehensive income net of the tax effect		16,115	136,390
Comprehensive income for the year		244,674	343,606
Non-controlling interests		2,629	1,829
Comprehensive income attributable to the owners of the parent		242,045	341,776

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION⁽¹⁾

(EUR thousand)	Notes	31/12/2024	31/12/2023
ASSETS			
Authorisations and concessions	15	1,087,846	952,847
Other intangible assets	16	15,850	14,041
Goodwill	17	453,988	412,502
Property, plant and equipment	18	2,987,780	2,394,647
Right-of-use assets	19	216,245	163,906
Equity investments:			
- carried at equity	23	428	1,071
- other equity investments	23	357	1,101
Financial assets measured at fair value	31	23,808	17,066
Other non-current financial assets	25	46,654	46,423
Deferred tax assets	42	120,986	74,595
Other non-current assets	10	49,325	44,844
Current assets		5,003,266	4,123,043
Inventories	7	23,435	20,019
Trade receivables	6	135,630	157,720
Other current assets	9	99,158	115,468
Current tax assets	41	22,101	28,905
Financial assets measured at fair value	31	7,706	16,027
Current financial assets	32	83,882	278,680
Cash and cash equivalents	30	85,714	51,671
Current assets		457,628	668,491
TOTAL ASSETS		5,460,892	4,791,533
EQUITY			
Share capital	28	100,000	100,000
Other reserves	28	2,835,326	2,763,006
Retained earnings	28	868,319	774,927
Profit for the year	28	225,930	205,386
Equity attributable to the owners of the parent		4,029,575	3,843,319
Non-controlling interests	29	76,485	6,668
Equity		4,106,060	3,849,987
LIABILITIES			
Employee benefits	14	1,984	2,333
Deferred tax liabilities	42	277,861	214,031
Provision for dismantling expenses	20	90,630	78,830
Other non-current provisions	26	38,447	43,853
Financial liabilities measured at fair value	35	99,104	5,830
Non-current financial liabilities	33	127,252	92,042
Non-current lease liabilities	34	221,818	164,331
US Tax Partner Liability	12	162,510	-
Other non-current liabilities	13	61,086	44,634
Non-current liabilities		1,080,693	645,883
Other current provisions	26	29,054	36,483
Trade payables	8	114,528	111,942
Financial liabilities measured at fair value	35	9,832	5,908
Current financial liabilities	33	29,406	38,519
Current lease liabilities	34	5,820	5,680
Other current liabilities	11	50,112	56,913
Current tax liabilities	41	35,388	40,216
Current liabilities		274,140	295,662
TOTAL LIABILITIES		1,354,833	941,546
TOTAL EQUITY AND LIABILITIES		5,460,892	4,791,533

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

STATEMENT OF CASH FLOWS ⁽¹⁾

(EUR thousand)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES (A):		
Profit (loss) for the year	228,559	207,215
Amortisation, depreciation and impairment of non-current assets	272,565	219,356
Increase in other provisions	3,953	12,282
Decrease in other provisions	(20,934)	(13,977)
Impairment of current assets	(185)	(8,799)
Net gains (losses) on equity investments	1,412	(2,373)
Changes to post-employment benefits	(348)	(180)
Financial expense	10,915	6,859
Income taxes	40,941	80,352
Other changes in non-monetary items	19,166	(52,419)
	556,045	448,316
Change in other current assets and liabilities:		
Change in inventories	(3,274)	(2,316)
Change in trade receivables	25,719	54,868
Change in trade payables	(6,251)	(17,215)
Net change in other assets/liabilities	(19,057)	47,933
Change in fair value of hedging derivatives on commodities with monetary recognition	(907)	152,916
Tax payment	(34,546)	(28,071)
	(38,316)	208,115
CASH FLOWS FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS (A)	517,728	656,431
<i>CASH FLOWS FROM OPERATING ACTIVITIES OF ASSETS HELD FOR SALE</i>	-	202,534
CASH FLOWS FROM OPERATING ACTIVITIES	517,728	858,964
CASH FLOWS FROM INVESTING ACTIVITIES (B):		
Acquisition of intangible assets and goodwill	(4,008)	(3,397)
Acquisition of property, plant and equipment	(227,591)	(299,765)
Acquisitions of equity investments and other non-current financial assets	(191)	5,208
Net change in other increases/decreases in non-current assets	(30,662)	18,741
Collection from disposal of equity investments for price adjustment clauses	-	2,373
Proceeds from discontinued operations	-	92,857
Disposals of intangible assets and goodwill	-	294
Disposals of property, plant and equipment and related gains/losses	1,950	3,500
Disposals of equity investments and other non-current financial assets	(668)	126
Net change in other current financial assets	194,607	(134,351)
Change in the Consolidation Scope due to business combination	(250,862)	(84,697)
CASH FLOWS FROM INVESTING ACTIVITIES OF CONTINUING OPERATIONS (B)	(317,425)	(399,111)
<i>CASH FLOWS FROM INVESTING ACTIVITIES OF ASSETS HELD FOR SALE</i>	-	(2,749)
CASH FLOWS FROM INVESTING ACTIVITIES	(317,425)	(401,860)
CASH FLOWS FROM FINANCING ACTIVITIES (C)::		
Ordinary repayments of non-current loans	(22,587)	(118,117)
Net change in loans to Group companies not consolidated line by line	(31,739)	(37,820)
Net change in other current financial assets/liabilities	(25,730)	(111,534)
Interest paid	(3,796)	(6,569)
Early closure of loans	-	(4,799)
ERG Power Generation share capital increase	-	30,000
Dividends paid to third parties	(65,598)	(54,496)
Decrease in lease liabilities	(16,811)	(13,028)
CASH FLOWS FROM FINANCING ACTIVITIES OF CONTINUING OPERATIONS (C):	(166,260)	(316,362)
<i>CASH FLOWS FROM FINANCING ACTIVITIES OF ASSETS HELD FOR SALE</i>	-	(199,784)
CASH FLOWS FROM FINANCING ACTIVITIES	(166,260)	(516,146)
NET CASH FLOWS FOR THE YEAR (A+B+C)	34,043	(59,043)
OPENING CASH AND CASH EQUIVALENTS	51,671	110,714
NET CASH FLOWS FOR THE YEAR	34,043	(59,043)
CLOSING CASH AND CASH EQUIVALENTS	85,714	51,671

(1) The 2023 comparative figures are shown net of the cash flows generated by the "Discontinued operations". The cash flows generated by "Discontinued operations" are indicated separately for the cash flows from Operating, Investing and Financing activities, respectively. The flows of "Continuing operations" are obtained by adding together the above items.



STATEMENT OF CHANGES IN EQUITY⁽¹⁾

(EUR thousand)	Share capital	Reserves	Profit (loss) for the year	Equity attributable to the owners of the parent	Non-controlling interests	Equity
Balance at 31/12/2022	100,000	2,998,123	423,675	3,521,800	9,335	3,531,136
Allocation of 2022 profit (loss)	-	423,675	(423,675)	-	0	-
Share-based payments with equity-linked instruments	-	-	-	-	-	-
Transactions with Shareholders:						
Distribution of dividends	-	(50,000)	-	(50,000)	(4,496)	(54,496)
Capital increase	-	30,000	-	30,000	-	30,000
Other changes	-	(255)	-	(255)	-	(255)
2023 profit (loss)	-	-	205,386	205,386	1,829	207,215
Actuarial gains (losses)	-	62	-	62	-	62
Changes in the hedging reserve	-	115,816	-	115,816	-	115,816
Exchange gains (losses)	-	20,512	-	20,512	-	20,512
Comprehensive income	-	136,390	205,386	341,776	1,829	343,606
Balance at 31/12/2023	100,000	3,537,933	205,386	3,843,319	6,668	3,849,987
Allocation of 2023 profit (loss)	-	205,386	(205,386)	-	-	-
Share-based payments with equity-linked instruments	-	409	-	409	-	409
Transactions with Shareholders:						
Distribution of dividends	-	(60,000)	-	(60,000)	(5,598)	(65,598)
Capital increase	-	-	-	-	-	-
Acquisitions of companies from third parties	-	-	-	-	72,841	72,841
Other changes	-	3,801	-	3,801	(56)	3,745
2024 profit (loss)	-	-	225,930	225,930	2,629	228,559
Actuarial gains (losses)	-	94	-	94	-	94
Changes in the hedging reserve	-	1,093	-	1,093	-	1,093
Exchange gains (losses)	-	14,928	-	14,928	-	14,928
Comprehensive income	-	16,115	225,930	242,045	2,629	244,674
Balance at 31/12/2024	100,000	3,703,644	225,930	4,029,575	76,485	4,106,060

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. INTRODUCTION

ERG Power Generation S.p.A. is the entity that prepares the Financial Statements and has its registered office in via De Marini 1, Genoa (WTC Tower), Italy.

The 2024 Consolidated Financial Statements comprise the financial statements of ERG Power Generation S.p.A. and of its subsidiaries (together, "ERG" or "ERG Group").

The ERG Group's core business is the generation of electricity from renewable sources, wind and solar, in Italy, France, Germany, Spain, the United Kingdom, Poland, Romania, Bulgaria, Sweden and the United States of America.

The publication of these Consolidated Financial Statements was authorised by the Board of Directors on 10 March 2025.

Basis of preparation

Unless indicated otherwise, these Consolidated Financial Statements are expressed in thousands of Euro (functional currency of the parent ERG Power Generation S.p.A. and its presentation currency), and were prepared:

- in compliance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 28 February 2005;
- on a going concern basis and therefore assuming that the Group will be able to meet the mandatory repayment conditions of the credit facilities granted by the banks and the bond issues as indicated in **Note 38 – Disclosure on financial risks**.

For clearer disclosure, it was deemed preferable to show all amounts rounded off to the nearest EUR thousand; consequently, in some tables, totals may differ slightly from the sum of the amounts that comprise it.

These Consolidated Financial Statements were audited by the independent auditors KPMG S.p.A. in accordance with the statutory audit engagement for the years from 2018 to 2026, conferred upon it pursuant to Italian Legislative Decree no. 39/2010 by the Shareholders in their meeting of 23 April 2018.

The accounting standards and measurement criteria are presented in each note to which they refer.

Changes in the application of the accounting standards, where relevant, are described in the following paragraphs.

Basis of presentation

These Consolidated Financial Statements consist of:

- the **primary financial statements**, with the following characteristics:
 - the Consolidated **Statement of Financial Position** shows the assets and liabilities according to their maturity, separating current and non-current items. Current assets are those held to be realised, sold or consumed in the normal operating cycle of the Group or in the 12 months after year-end; current liabilities are those expected to be extinguished within the normal operating cycle of the Group or in the 12 months after year-end;
 - the **Income Statement** includes an analysis of the items by nature, which is deemed more representative than presenting them by function. The form chosen is in fact consistent with internal reporting and management procedures;
 - the **Statement of Comprehensive Income** shows mainly the profit or loss items recognised through other comprehensive income;
 - the structure of the **Statement of Cash Flows** is based on the indirect method, with the indication of the cash flows from operating, investing and financing activities;
 - the **Statement of Changes in Equity** is prepared in accordance with the provisions of IAS 1 and shows separately the flows relating to the components of the reserve for other components of comprehensive income.
- the **Notes to the Consolidated Financial Statements**.

Furthermore, as required by CONSOB resolution no. 15519 dated 27 July 2006 in **Note 44 – Non-recurring items**, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented separately in the income statement. Also pursuant to the aforementioned CONSOB resolution, the amounts related to the positions and transactions with related parties, which are not considered significant for these Consolidated Financial Statements, are indicated separately in **Note 45 – Related parties**.

Use of estimates – Risks and uncertainties

Relevant information on the accounting standards adopted and recognition and measurement criteria

Preparation of the financial statements and notes to the financial statements pursuant to IFRS requires ERG to make estimates and assumptions that affect the carrying amounts of the assets, liabilities, costs and revenue recognised in the Consolidated Financial Statements and disclosures relating to contingent assets and liabilities.

Available information and subjective evaluations were used to obtain these estimates. By their very nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that, in subsequent years, the current carrying amounts may differ as a result of the change in the subjective assessments used.

Financial Statement Area	Description of the accounting estimates and assumptions
Impairment testing of goodwill, authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets	The main assumptions for determining the recoverable amounts concern, in particular: <ul style="list-style-type: none"> • the identification of expected energy prices; • the assessment of the availability of renewable resources, changes to the regulatory framework; • the identification of macroeconomic variables such as inflation and discount rates, also linked to the current climate of geopolitical uncertainty; • exchange rates; • the assessment of possible impacts of climate change. For further details, please refer to Note 22 – Impairment testing .
Definition of the useful life of authorisations and concessions, other intangible assets, property, plant and equipment and the related amortisation and depreciation	Authorisations and concessions are amortised on the basis of their residual duration, which can be up to 40 years. Other intangible assets are amortised over a maximum period of 5 years. The useful life of property, plant and equipment is reviewed annually and adjusted where the most recent estimate differs from the previous ones. Any changes in estimates relating to useful life are recognised prospectively. If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components). See section III. Investing Activities for more details.
Recoverability of deferred tax assets	These are recognised on the basis of the Group's future taxable profits as forecast by business plans as well as the expected settlement and renewal of tax consolidation agreements (Note 42 – Deferred taxes).
Measurement of provisions and contingent liabilities related to civil, administrative and tax proceedings	The measurement processes are based on complex elements that by their nature imply reliance on the Directors' judgement, also taking into account the elements acquired by external consultants, and involve both determining the degree of likelihood of the occurrence of conditions that may entail a cash outlay and hence classification among liabilities or among contingent liabilities, and quantifying the related amount. See section IV. Provisions and Contingent Liabilities .
Determination of loss allowances and impairment of other assets	Trade receivables and other receivables and assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses. Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty. See Note 6 – Trade receivables .
Fair value measurements	Some standards and disclosure obligations require the Group to measure the fair value of financial and non-financial assets and liabilities. The Group has its own structure of fair value assessors responsible for all significant fair value assessments in general, including Level 3. Unobservable inputs and valuation adjustments are subject to regular reappraisal. When information provided by third parties, such as broker quotes or pricing services, is used to determine fair value, the team of appraisers assesses and documents the evidence obtained from third parties to support the fact that such measurements comply with the provisions of EU-IFRS, including the level of fair value hierarchy in which the related measurement has to be classified. See also Section V. Financing activities .
Business Combinations	Fair value measurement of the consideration transferred (including the contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis if the initial accounting for the business combination is still provisional at the Reporting Date.
Determination of the discount rate of financial liabilities and valuation of the renewal options for right-of-use assets	The borrowing rate used is the incremental borrowing rate, determined as the sum of the Group's credit spread and the forward curve based on Euro area swap rates. In relation to the renewal options, the Group estimated the term of the related lease agreements taking into account the reasonable certainty that the option will be exercised. See also Note 19 – Right-of-use assets .

Climate Change Risk

Climate change risk is the possibility that climate changes in the short, medium and long term may have impacts on ERG's business with operational and economic/financial consequences in terms of, among other things: decreased availability of renewable resources (wind and sun); limitations or impediments to operations, increased Operation & Maintenance costs, increased insurance costs, higher compliance costs, etc. Based on the latest report from the Intergovernmental Panel on Climate Change (IPCC) on climate change, it is confirmed that global temperatures are rising and there is a noticeable trend in variations of windiness, with an increase in extreme events. However, the assessment of climate change damages is characterised by high uncertainty due to: (i) the difficulty in accurately predicting the future effects of climate change, both in terms of magnitude and geographical distribution, and (ii) the difficulty in assessing the possible vulnerabilities and/or resilience of the sectors analysed.

The European Commission has proposed the "Repower EU" plan to accelerate the clean energy transition and diversify energy sources. The main measures include increasing renewable energy targets and simplifying authorisation procedures.

According to the Group's approach, the risks generated by Climate Change can mainly be attributed to the following:

- Change in contributions from renewable sources (wind and sun). Specifically, with reference to the requirements of ESMA's Public Statement of 24 October 2024 (in line with what ESMA already addressed in the previous year in the priorities for 2023 annual financial reports), it should be noted that in the two-year period 2023-2024 the Group conducted an internal study to quantitatively assess how climate change may affect the annual production of wind and solar assets. The analysis made it possible to detect in general the risks of a decrease in the analysed resources: for wind assets, the average wind speed at a height of 100 metres¹ was analysed, while for solar assets, irradiation was examined². Considerations regarding Climate Change, with impacts considered to be insignificant, are reflected in the medium-term (Market Plan) and long-term (impairment test) Business Plans.
- Catastrophic events referring in particular to "acute" and "chronic" physical phenomena linked to extreme natural events that could cause damage to generation plants, impacting Business Continuity. The "acute" phenomena category includes risks characterised by a remote probability of occurrence but a potentially catastrophic impact, including: fires; earthquakes, volcanic phenomena, hurricanes, tsunamis/floods; while the increase in average temperature, rise in sea level, reduction in rainfall fall into the category of "chronic" events.
- Regulatory and market changes referring in particular to any changes in subsidies and incentives, change in the regulatory framework, uncertainty in the demand for electricity, increased competitive pressure.

ERG's risk management strategy focuses, in particular, on the technological and geographical diversification of renewable energy sources, also by leveraging local synergies. The Group also uses weather forecasting tools and statistical models to mitigate the impacts of Climate Change. The Group is therefore committed to contributing to the fight against climate change by investing in zero-emission technologies, such as wind and solar, to align with the European and United Nations objectives on renewable energy.

For more details on the Group's approach to the types of risks generated by Climate Change and the strategy for managing these risks, please refer to the [Directors' Report](#).

Basis of consolidation and changes in consolidation scope

Relevant information on the accounting standards adopted and recognition and measurement criteria

Consolidation criteria and methods

Subsidiaries are consolidated on a line-by-line basis if, and only if, the Group has control, i.e.: power over the investee;

- power over the investee;
- exposure, or rights, to variable returns deriving from the relationship with the investee;
- ability to exercise its power over the investee to affect the amount of its returns.

When assessing control, IFRS 10 requires judgement and continuous assessment. For details on when the equity interest does not imply de facto control, please refer to [Note 46 – List of Group companies and transactions of the period](#).

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the time the parent starts exercising control until the date on which control ceases.

Associates over which the Group exercises significant influence and joint ventures (generally corresponding to an equity investment of between 20% and 50%) are accounted for using the equity method.

For the purposes of the disclosure of the nature, extent and financial effects of the Group's interests in subsidiaries, please refer to [Note 46](#)

- [List of Group companies and transactions of the period](#) and [Note 31](#)
- [Non-controlling interests](#).

Translation of financial statements in currencies other than the Euro (i.e. foreign operations) and functional currency

The Group's functional currency is the Euro. The financial statements of subsidiaries expressed in currencies other than the Euro are converted according to the following methods:

- the assets and liabilities, including goodwill and adjustments to fair value deriving from the acquisition, are translated into Euro using the closing rates.
- the revenue and costs of foreign operations in the income statement and in the statement of comprehensive income are converted into Euro using the average rate for the year.

Exchange differences are recognised in the Statement of comprehensive income and included in the translation reserve, with the exception of the exchange differences that are attributed to non-controlling interests. The exchange rates used for the translation and the consolidation of financial statements in currencies other than the Euro are as follows:

1 In particular, as far as the 'average wind speed' variable is concerned, based on historical/statistical analyses of the percentage variation, low fluctuations in the production of energy can be expected, which can have both a positive (increasing production) and negative (reducing production) impact. However, fluctuations of this magnitude in the wind resource are already factored into the time series underlying the output estimates reflected in the forward-looking projections.

2 As far as the 'irradiation' variable is concerned, based on historical/statistical analyses of the percentage variation, positive signals can be expected in irradiation, referring to more sunny days, which can increase the production of energy. In this case, the analyses did not show any negative fluctuations in the analysed variable (irradiation) due to the projections of the scenarios for which fewer rainy days are expected (rainy events are more concentrated in time and with greater intensity) with a consequent increase in sunny days and average temperatures. However, given the presence of only positive signals and the absence of negative signals, prudently no impact has been factored into the production estimates reflected in the forward-looking projections.

exchange rate: foreign currency/EUR	Currency	Statement of Financial Position ⁽¹⁾	Income Statement ⁽²⁾
USA	USD – US Dollar ⁽³⁾	1.039	1.082
United Kingdom	GBP – British Pound	0.829	0.847
Poland	PLN – Zloty	4.275	4.306
Romania	RON – Romanian Leu	4.974	4.975
Bulgaria	BGN – Bulgarian LEV	1.956	1.956
Sweden	SEK – Swedish Krona	11.460	11.430

(1) Exchange rate at 31 December 2024.

(2) Average exchange rate for 2024 except for USA.

(3) For the Income Statement, average exchange rate from 1 April 2024 – date of first consolidation – to 31 December 2024.

Significant changes in accounting standards: classification of liabilities as current or non-current and non-current liabilities with covenants

On 1 January 2024, the Group adopted the documents Classification of liabilities as current or non-current and Non-current liabilities with covenants (Amendments to IAS 1). The amendments, which are applied retroactively, clarify the requirements for determining whether a liability should be classified as current or non-current and require new financial statement disclosures with reference to non-current liabilities that include covenants to be met within 12 months of the end of the financial year.

With reference to the classification of liabilities, these amendments eliminate the requirement that the right be unconditional and clarify in more detail the criteria for classifying a liability as current or non-current, specifying what is meant by the right to defer its settlement and that this right must exist at the end of the reporting period. In particular, a right to defer only exists if the conditions specified in the loan agreement are met at the end of the financial year, even if the creditor does not verify compliance with these conditions until a later date. Furthermore, the classification is not influenced by the intentions or expectations of management regarding the exercise or non-exercise of the right to defer the settlement of a liability.

With reference to covenants, the amendments are aimed at clarifying that the classification of a liability as current or non-current is subject to any covenants, present in the contractual agreement, to be respected on or before the closing date of the financial year. The amendments also require a disclosure that allows users of the financial statements to understand the risk that liabilities may become repayable within 12 months of the reporting date, providing: (i) information on the covenants (including their nature and the date by which they must be met) and on the carrying amount of the related liabilities; (ii) facts and circumstances, if any, indicating that difficulties in meeting these clauses may arise. The application of these amendments had no impact on these Consolidated Financial Statements.

Introduction of relevant accounting procedures: Capitalisation of significant spare parts of wind farms

Starting from these Financial Statements, a new accounting procedure has been introduced that provides for the capitalisation of spare parts consumed and the related accessory costs connected to the replacement activity (mainly lifting and transportation, civil works, technical services) as they bring future economic benefits and increase the value of the wind farm. These spare parts are depreciated according to the best estimate equal to the lesser of the residual useful life of the wind farm and the technical useful life of the component. The book value of the replaced components is eliminated in accordance with the general rules of 'derecognition', regardless of whether the component has been depreciated separately. More specifically, for the replacement cost, the cost of the replaced part was used as an indication at the time it was purchased, in accordance with IAS 16.70.

The application of the new approach is prospective.

Introduction of relevant accounting procedures: Accounting for Tax Equity agreements (USA)

As part of the "Pinnacle" business combination, as better described in **Note 43 – Business Combinations**, the Group has acquired control of companies for which Tax Equity Partnership (TEP) agreements are in place. These agreements, typical of the US Renewable Energy market, are a form of project incentive that uses a combination of cash flows generated by the Project and tax benefits. The structures of Tax Equity agreements can vary, but generally, in return for an investment made by the so-called Tax Equity Partner (Partner) upon the completion of plant construction, the investment return primarily comes through the allocation of tax credits (Investment Tax Credit, ITC, or Production Tax Credit, PTC). The Mulligan Solar, LLC solar project benefited from an ITC, already finalised by its nature before closing, while the Great Pathfinder Wind, LLC wind project benefits from PTC incentives, extended over time. As regards PTCs, the aforementioned agreements provide for the allocation to partners for a specific period of time of specific payments and tax benefits of the operational project on a disproportionate basis, i.e. unbalanced towards the Partner who thus obtains a predetermined return in a predefined target period of time, although subordinate to the actual production of the plant. Once the Partner receives the total agreed benefit at the end of the target period ("flip date"), the allocation ratio to the partners in the partnership reverses, i.e. the Partner remains as a minority investor and is entitled to an insignificant portion of the distributions, unless the other partner (ERG), as is often the case, regains full ownership. ERG has an option, at the flip date, to purchase the residual right from the Partner at fair value.

With regard to the accounting treatment of such agreements, it should be noted that the TEP, although based on the issuance of a specific class of shares and thus in the apparent form of an equity instrument, in substance is configured, for the purposes of IAS 32.15-16, as a liability representing the right to use the tax elements, not strictly having the necessary characteristics for classification as an equity instrument (an instrument cannot be classified as an equity instrument if it includes contractual obligations to make cash distributions, even if only residually).

The TEP structure is mainly attributable to the elements summarised in the table below, which have an impact on the fair value of the related US Tax Partner Liability. Upon initial recognition and subsequent recognitions, the US Tax Partner Liability ³ shall therefore be equal to the net present value of the future tax benefits to be transferred, discounted at the internal rate of return guaranteed to the Partner on the basis of the agreements and the total amount due to the Partner.

³ recognised under the item Other non-current liabilities and included in the reclassified net financial indebtedness in accordance with CONSOB Warning Notice no. 5/21 of 29 April 2021.



Elements impacting the fair value of the TEP Liability	Description
Production Tax Credits (PTCs)	The allocation of PTCs to the Partner is derived from the energy generated from time to time during the reporting period. PTCs are recognised under the item Other income, with a corresponding reduction in the US Tax Partner Liability. The item has no impact on the Net Financial Indebtedness.
Tax losses, including tax attributes such as accelerated depreciation for tax purposes.	Under the terms of TEP agreements, the vehicle is required to allocate specific percentages of taxable losses to the Partner. As the amounts are allocated, the obligation to deliver them is fulfilled and a reduction in the US Tax Partner Liability is recorded with a corresponding amount recorded under income taxes in the consolidated income statement.
Financial expense	Financial expense, calculated using the effective interest method, is recognised in the consolidated income statement in relation to the present value of the US Tax Partner Liability. As a balancing entry, the US Tax Partner Liability increases.
"Pay-go" contributions	TEP contracts provide for periodic generation thresholds above which "pay-go" monetary allocations are recognised by the Partner in favour of the vehicle only. These amounts paid increase the value of the US Tax Partner Liability.
Other distributions	The contract also provides for cash distributions to the Partner, to an insignificant extent. At the time of payment, the US Tax Partner Liability is reduced by this amount.

Changes in consolidation scope during the year

The changes in consolidation scope are summarised below, broken down by country and business:

France	Wind	On 29 January 2024, ERG, through its subsidiary ERG Eolienne France SAS, completed the agreement with QEnergy France SAS, a leading operator in the renewable energy sector in France, for the acquisition of 100% of CEPE Renouvellement Haut Cabardès SAS, a company that owns a 73.2-MW wind and solar portfolio in France.
	Solar	The portfolio of plants subject to the acquisition consists of two photovoltaic systems, which entered into operation between June and September 2022, for a total of 20.4 MWp of installed capacity, a 28.8-MWp photovoltaic system in an advanced phase of construction and a 24-MW wind farm that came into operation in the fourth quarter of 2023 following repowering. The value of the transaction in terms of enterprise value is approximately EUR 86 million, with an equity value of approximately EUR 17 million.
United States	Wind	On 24 April 2024, ERG, through its subsidiary ERG USA Holding, Inc., finalised the closing with Apex Clean Energy Holdings LLC for the acquisition of 75% of a portfolio of a total installed capacity of 317 MW, comprising a wind farm (224.4 MW) and a solar system (92.4 MW) in the USA, both in operation with an estimated production of around 1 TWh.
	Solar	The consideration for the acquisition of the majority stake of 75% is equal to approximately USD 270 million ⁴ .

The following table summarises the impacts related to the consolidation on a line-by-line basis of the companies acquired in the year:

⁴ As per press release of 21 December 2023. Please refer to Note 44 - Business Combinations for the precise definition of the fair value of the consideration.



(EUR thousand)	Falcon ⁽¹⁾	Pinnacle ⁽²⁾	TOTAL
Authorisations and concessions	22,823	180,916	203,739
Other intangible assets	-	812	812
Goodwill	6,364	34,278	40,642
Property, plant and equipment	78,524	425,782	504,307
Right-of-use assets	6,658	34,367	41,025
Other non-current financial assets	40	-	40
Deferred tax assets	8,798	28,068	36,867
Non-current assets	123,207	704,223	827,431
Inventories	143	-	143
Trade receivables	418	3,211	3,628
Other current assets	4,486	1,866	6,353
Cash and cash equivalents*	(2,787)	(234,906)	(237,692)
Current assets	2,260	(229,829)	(227,569)
TOTAL ASSETS	125,467	474,395	599,862
Equity attributable to the owners of the parent	-	-	-
Non-controlling interests	1,687	75,730	77,417
Deferred tax liabilities	5,765	71,348	77,113
Provision for dismantling expenses	1,241	6,153	7,393
Other non-current provisions	4,146	-	4,146
Financial liabilities measured at fair value*	1,556	99,879	101,435
Non-current financial liabilities*	65,270	-	65,270
Non-current lease liabilities*	6,449	34,026	40,475
Other non-current liabilities	18,649	-	18,649
US Tax Partner Liability	-	184,871	184,871
Non-current liabilities	103,074	396,276	499,351
Trade payables	6,955	1,882	8,837
Current financial liabilities*	13,169	29	13,199
Current lease liabilities*	209	477	686
Other current liabilities	120	-	120
Current tax liabilities	253	-	253
Current liabilities	20,706	2,388	23,094
TOTAL EQUITY AND LIABILITIES	125,467	474,395	599,862

(1) 5 French companies: one holding company, one wind and three solar SPVs.

(2) 13 US companies, including two operating special purpose vehicles: one wind and one solar.

The table above provides a breakdown of the assets acquired and the liabilities assumed inclusive of the impacts of the adoption of IFRS 16.

(*) The impact on the Net Financial Indebtedness relates to the following items: cash and cash equivalents (which includes the consideration paid for the acquisition), financial assets measured at fair value, non-current financial liabilities, non-current lease liabilities and current financial liabilities.

For further details on business combinations, please refer to **Note 43 – Business Combinations** in Section VII. Other Notes.

II. OPERATIONAL MANAGEMENT

This section discusses the items in the Consolidated Financial Statements strictly related to the operating and current management of the Group's assets as well as the reporting by operating segment. In particular, it discusses the income statement items that make up the gross operating profit (loss) and the statement of financial position items relating to the operating working capital as well as other assets and liabilities.

Please note that the balance sheet and income statement figures relating to the thermoelectric business, which was sold on 17 October 2023, have been reported in accordance with IFRS 5. For further details, please refer to Section VII – Discontinued operations.

Reporting by operating segment

Relevant information on the accounting standards adopted and recognition and measurement criteria

I risultati operativi sono esposti e commentati con riferimento alle Operating performance figures are presented and commented on with reference to the various geographical segments in which the Group operates, in line with the Group's internal performance measurement methods.

The results also reflect the energy sales on markets by Group Energy Management, in addition to the application of effective hedges of the generation margin. The above mentioned hedges include, inter alia, the use of instruments by Energy Management to hedge the price risk. In order to give a clearer representation of business by geographic segment, the wind and solar results include the related hedging.

The operating segments identified pursuant to IFRS 8 therefore coincide with the various geographical segments in which the Group operates: Italy, France, Germany, Eastern European countries, UK & Nordics (United Kingdom and Sweden), Spain and the United States of America.

The representation by geographical area corresponds to the approach used by the CEO and top management – identified as the highest operational decision-making level – to monitor performance and make decisions regarding the resources to be allocated to the sectors, and corresponds to the reporting structure available and periodically analysed for these purposes.

The tables below therefore provide information by geographical area of the results indicated in the financial statements.

With reference to Italy, and the completed thermoelectric sector divestiture process, the relevant results for the 2023 comparative period are presented as "Discontinued operations", and therefore the summary income statement and statement of financial position data of this divested operating segment have not been reported in the segment reporting below.

*It is noted that in the **Directors' Report**, in order to facilitate an understanding of the operating segments' performance, the operating results are also shown with the exclusion of significant special income components of an exceptional nature (non-recurring items, reclassifications and other): these results are indicated with the term "adjusted".*

*For more information on the operating segment performance and the measurement and reconciliation of adjusted results and other alternative performance indicators, please refer to the **Directors' Report** and to Note 44 – Non-recurring items in this document.*

Gross operating profit (loss) and Operating profit (loss)

Gross operating profit (loss) and operating profit (loss) are determined by the operating activities of the Group that generate continuing revenue and by the other income and costs related to the operating activities. Gross operating profit (loss) does not include net financial income and expense, gains and losses on equity investments, income taxes, amortisation, depreciation, reversals of impairment losses (where applicable) and impairment losses on:

- goodwill;
- authorisations and concessions;
- other intangible assets;
- property, plant and equipment;
- right-of-use assets.

Operating profit (loss) is equal to the gross operating profit (loss) less amortisation, depreciation, reversals and impairment losses recognised on authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets.

Net Capital Invested is the algebraic sum of Non-current Assets, Net Operating Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other Liabilities, as better defined in the **Directors' Report**.

Reporting by geographical segment

2024

(EUR million)	TOTAL	of which						
		Italy	France	Germany	East Europe	UK & Nordics	United States	Spain
Revenue	737	418	100	55	68	54	24	18
Gross operating profit (loss)	554	338	51	34	54	30	15	32
Amortisation, depreciation and impairment losses	(272)	(135)	(48)	(22)	(19)	(18)	(12)	(18)
Operating profit (loss)	282	203	3	12	35	12	3	14
Capital expenditure in non-current assets	303	209	58	9	0	26	0	1

2023

(EUR million)	TOTAL	of which					
		Italy	France	Germany	East Europe	UK & Nordics	Spain
Revenue	741	374	124	89	73	54	27
Gross operating profit (loss)	547	292	81	67	49	38	20
Amortisation, depreciation and impairment losses	(219)	(122)	(40)	(20)	(18)	(14)	(6)
Operating profit (loss)	328	170	41	47	31	25	14
Capital expenditure in non-current assets	303	221	25	3	2	45	7

Revenue and operating margins

NOTE 1 - REVENUE

Relevant information on the accounting standards adopted and recognition and measurement criteria

Revenue from contracts with customers is recognised in accordance with IFRS 15.

The main types of revenue of the Group that generate separate performance obligations, pursuant to IFRS 15, are:

- Revenue from the sale of commodities;
 - Sale of electricity on the power exchange or through short-term contracts;
 - Sale of electricity through **Power Purchase Agreements (PPAs)**;
- Revenue for incentivising tariffs (feed-in tariff, feed-in premiums, contracts for difference auctions, etc.) on electricity;
- Revenue for green certificates (foreign companies) and guarantees of origin.

Revenue from the sale of energy on the power exchange or through short-term bilateral agreements (with a duration of less than 5 years) are recognised when the energy is fed into the grid. The item also includes transactions relating to the regulation of the balancing of the electricity grid and any other remuneration linked to the availability of the capacity of the plants.

The Group also enters into derivatives on commodities to manage the risk of volatility in the price of electricity, therefore revenue also includes the impact of derivative instruments concluded with hedging objectives on energy sales in the year. For further details, please refer to **Note 38 – Disclosure on financial risks**.

As regards revenue for the **feed-in premium**, generally with a duration between 10 and 20 years, this may be invoiced to the customer together with the electricity transferred, or applied separately by the Regulators to the company (in Italy typically by the GSE). These agreements are considered to be distinct performance obligations from the supply of energy and, in the event that they are billed together with the price for energy sold to the customer, the revenue from the customer excludes the feed-in premium portion. The feed-in premium performance obligation is fulfilled at a point in time (when the specific conditions agreed with the Regulator are met/reached: production of electricity from renewable sources), since none of the criteria for fulfilment over time has been met. However, in view of the fact that the electricity is produced and sold at essentially the same time, the accounting of revenue for the feed-in premium corresponds to that of the revenue for the sale of electricity. With particular reference to revenue generated through feed-in tariffs regulated by auctions and using a two-way incentive mechanism, under certain predefined conditions, these incentives could be structured as

derivative financial instruments. It should be noted that, at the date of this Document, there are no types of two-way incentive mechanisms falling within the definition of derivative financial instrument (IFRS 9).

As regards revenue for **Certificates**, with a duration between 10 and 20 years, this derives from the fact that the Group has mainly renewable generation assets (wind and solar) for whose production the Regulators assign certificates to the Group.

Certificates are therefore instruments to encourage the demand (Certificates of Origin) and supply (Green Certificates) of renewable energy. Green Certificates are essentially awarded for every MWh of electricity produced. A Guarantee of Origin (GO) is an electronic certificate attesting to the renewable origin of the sources used by IGO qualified plants, and for each MWh of renewable electricity fed into the network by IGO qualified plants, the GSE issues a "GO" certificate. "GO" securities are often included in sales to entities that purchase electricity, for example through short and medium-long term contracts.

The Group considers the certificate to have been essentially assigned at the moment the renewable energy is produced, and revenue is recognised when the energy is produced.

The following information is also noted in relation to the disclosure requirements of IFRS 15:

- there are no contracts with significant financing components;
- there are no contracts with variable fees;
- as a practical measure, the entity recognised the incremental costs to obtain the contract as expenditure in the moment in which they were incurred, since the period of depreciation of the assets that the entity would otherwise recognise does not exceed one year.

The Group regularly enters into medium/long-term supply contracts on the basis of which the counterparty purchases the production of one or more identified wind farms for a contractually predetermined period. The Power Purchase Agreements (PPAs) are long-term and characterised by a defined price and aim to guarantee a revenue structure with a medium/low level of risk and to ensure a stable return on the investments made to realise the aforementioned growth plan. The transfer of the energy may be physical or there may be provision for the exchange on the delivery date of a differential based on the price defined in the contract for a variable price, without the physical transfer of the underlying electricity (financial or virtual PPA, VPPA). VPPAs are accounted for in accordance with IFRS 9 without the application of the own use exemption; see **Note 37 – Financial Instruments** for more information.

Below is a summary, by country, of the PPAs finalised by 31 December 2024:

COUNTRY	START DATE/ DURATION	COUNTERPARTY	VOLUME	STYPE	PRICE	PLANTS/ CAPACITY	ACCOUNTING
ITALY	January 2022 / 10 years	TIM	≈340 GWh Baseload / Pay as produced	PHYSICAL	COLLAR	WIND ITALY Portfolio / 77 MW	IFRS 15
ITALY	January 2023 / 9 years	TIM	≈200 GWh Baseload	PHYSICAL	COLLAR	WIND ITALY Portfolio / 23 MW	IFRS 15
ITALY	January 2023 - april 2024 / 12 years	ESSILOR LUXOTTICA	≈70 GWh Baseload	PHYSICAL (from April 2024)	FIXED	Partinico / Monreale / 42 MW	IFRS 15
ITALY	January 2024 / 15 years	ST MICROELECTRONICS	≈250 GWh Baseload	PHYSICAL	FIXED	Camporeale / Mineo-Militello-Vizzini / 151 MW	IFRS 15
ITALY	June 2024 / 20 years	GOOGLE	≈100 GWh Pay as produced	FINANCIAL	FIXED	Roccapalumba 47 MW	IFRS 9
ITALY	January 2025 / 5 years	DUFERCO	≈100 GWh Pay as produced	PHYSICAL	COLLAR	Rotello 42 MW	IFRS 15
ITALY	January 2025 / 5 years	ENI PLENITUDE	≈64 GWh Pay as produced	PHYSICAL	FIXED	San Ciro 30 MW	IFRS 15
ITALY	January 2025 / 5 years	ENGIE	≈44 GWh Baseload	PHYSICAL	FIXED	WIND ITALY Portfolio / 42 MW	IFRS 15
FRANCE	May - September 2021 / 5 years	ENGIE	≈45 GWh Pay as produced	PHYSICAL	FIXED	Bois Bigot / Bois de l'Arche / 21 MW	IFRS 15
FRANCE	October - december 2021 / 5 years	ENGIE	≈100 GWh Pay as produced	PHYSICAL	FIXED	Theta Portfolio / 55 MW	IFRS 15
FRANCE	January 2025 / 15 years	LES MOSQUETAIRES	≈35 GWh Pay as produced	PHYSICAL	FIXED	Chaume Solar 29 MWp	IFRS 15
UK	January 2022 / 6 years	ELECTROROUTE	≈240 GWh Pay as produced	PHYSICAL	FIXED	Evisagaran / Craggoire / 70 MW	IFRS 15
UK	January 2023 / January 2024 / 10 years	ENGIE UK	≈400 GWh Baseload	PHYSICAL	FIXED	Sandy Knowe / Creagh Riabhach 179 MW	IFRS 15
UK	July 2026 / 15 years	AMAZON	≈176 GWh Baseload	FINANCIAL	FIXED	Corlacky 47 MW	IFRS 9
SPAIN	1° quarter 2024 / 12 years	GOOGLE	≈193 GWh Pay as produced	FINANCIAL	FLOOR	Garnacha / 149 MW	IFRS 9
UNITED STATES	January 2023 / 12 years	BP	≈Avg. 133 GWh Fixed Shape	FINANCIAL	FIXED	Mulligan / 70 MW	IFRS 9
UNITED STATES	April 2023 / 12 years	META	≈831 GWh Pay as produced	FINANCIAL	FIXED	Great Pathfinder / 224 MW	IFRS 9

**2024**

(EUR thousand)	Italy	France	Germany	East Europe	UK & Nordics	Spain	USA	Total
Revenue from sales								
Energy to the market	204,391	28,350	39,503	59,629	13,182	17,891	1,455	364,402
Incentive rate – Feed-in Tariff	122,908	62,251	13,251	-	915	-	-	199,325
Power Purchase Agreement	87,493	9,459	-	-	39,358	6,394	15,271	157,975
Renewable energy certificates abroad	-	-	-	7,810	-	-	1,129	8,939
Total Revenue from sales	414,792	100,060	52,754	67,439	53,455	24,285	17,855	730,640
Revenue from the provision of services								
Other – Services	3,160	183	2,396	140	183	41	-	6,102
Total Revenue from services	3,160	183	2,396	140	183	41	-	6,102
Total Revenue	417,952	100,243	55,150	67,578	53,638	24,326	17,855	736,743
<i>of which Wind</i>	319,875	90,012	55,150	67,578	53,638	-	12,201	598,454
<i>of which Solar</i>	98,077	10,231	-	-	-	24,326	5,654	138,289

2023

(EUR thousand)	Italy	France	Germany	East Europe	UK & Nordics	Spain	Total
Revenue from sales							
Energy to the market	243,306	29,604	78,383	62,840	21,561	26,747	462,440
Incentive rate – Feed-in Tariff	80,092	81,434	10,931	-	-	-	172,457
Power Purchase Agreement	44,578	12,644	-	-	32,665	-	89,888
Renewable energy certificates abroad	-	-	-	9,929	-	-	9,929
Total Revenue from sales	367,976	123,682	89,314	72,769	54,226	26,747	734,714
Revenue from the provision of services							
Other – Services	6,007	-	-	-	-	-	6,007
Total Revenue from services	6,007	-	-	-	-	-	6,007
Total Revenue	373,983	123,682	89,314	72,769	54,226	26,747	740,721
<i>of which Wind</i>	285,441	114,515	89,314	72,769	54,226	-	616,265
<i>of which Solar</i>	88,542	9,167	-	-	-	26,747	124,456

Revenue is substantially in line with 2023. The significantly lower wind speeds than in 2023 and the lower sales prices are partly offset by the contribution of the new capacity in operation.

It should be noted that revenue in 2023 included the effects related to the regulatory measures to contain the increase in energy prices (clawback measure and windfall tax), with an impact of approximately EUR 12 million, while there is no significant impact in 2024 considering the market scenario.

For further details regarding the prices and quantities sold, please refer to the comments in the [Directors' Report](#).

Revenue from energy sales to the market includes the net positive impact of EUR 8 million (positive EUR 39 million in 2023) of commodity hedging derivatives. Please refer to [Note 38 – Disclosure on financial risks for further](#) details.

(EUR thousand)	2024	2023
Gains on power sales cash flow hedges	15,325	168,241
Losses on power sales cash flow hedges	(7,619)	(129,738)
Total revenue	7,706	38,503

NOTE 2 - OTHER INCOME

Relevant information on the accounting standards adopted and recognition and measurement criteria

The proceeds from the US Production Tax Credit (US PTC) relate to the existing Tax Equity Partnership (TEP) agreements within the company's US wind energy business. These represent a form of non-cash incentive recognised over time, as further detailed in the section **Basis of consolidation and changes in consolidation scope**. PTCs are one of the

non-cash elements impacting the fair value of the outstanding liability with the Partner. Specifically, the allocation of PTCs is linked to the energy generated during the relevant period. Accrued PTCs are recognised under Other Income.

Other income mainly comprises insurance reimbursements, indemnities and expense recoveries, minor chargebacks to third parties and operating grants.

(EUR thousand)	2024	2023
Income from PTC USA	18,537	-
Release of excess cost allocations	16,836	11,483
Indemnities	11,172	9,016
Other income	7,455	3,506
Reimbursement of expenses	1,131	566
Total	55,131	24,572

This item mainly includes income from US PTCs within the scope of the US partnership for EUR 19 million, releases of provisions for tax risks and provisions for risks and charges recognised at the time of the acquisition of some companies for a total of EUR 17 million, and contractual and insurance indemnities and guarantees received from suppliers for EUR 11 million.

NOTE 3 - PURCHASES

This item, amounting to EUR 9,714 thousand (EUR 14,126 thousand in 2023), mainly includes the costs for the purchase of plant components (spare parts) with a useful life not exceeding one year and consumables mainly in relation to wind farms, as well as energy purchases. The item is shown net of the change in inventories of EUR 3,061 thousand (EUR 2,516 thousand in 2023). In the 2024 financial year, in application of the Group's new accounting approach, the item includes the impact of the consumption of significant spare parts of the wind farms that have been reclassified to Property, plant and equipment for EUR 4,233 thousand.

NOTE 4 - SERVICES AND OTHER OPERATING COSTS

(EUR thousand)	2024	2023
Services	170,831	148,278
Taxes and duties	16,300	13,091
Rental, lease and hire expenses	2,291	3,018
Provisions for risks and charges	2,231	6,582
Loss allowance	185	343
Other operating costs	4,190	3,586
Total	196,028	174,898

Rental, lease and hire expenses refer mainly to royalties and fees for the use of company software, not falling within the scope of application of IFRS 16.

Taxes and duties mainly concern municipal and property taxes on Italian and foreign farms, non-deductible VAT for the financial assets of foreign subholdings, and other taxes and duties in Italy and abroad. The increase is attributable to changes in the consolidation scope in Spain and the USA, as well as the expiration of the grace period for the application of the wealth tax in the United Kingdom, which had benefited certain Group companies until the end of the previous financial year.

Services are broken down as follows:

(EUR thousand)	2024	2023
Maintenance and repairs	58,221	45,870
Costs for services from Group companies not consolidated line by line	37,863	35,555
General and Information Technology (IT) services	25,538	19,797
Royalties and land rights	12,974	11,933
Consultancy	11,111	12,285
Utilities and consumption	10,021	9,139
Insurance	7,960	5,789
Costs for electricity transport	5,720	6,437
Commercial, distribution and transport costs	1,151	1,361
Advertising and promotions	271	112
Total	170,831	148,278

- **Maintenance and repairs** primarily include ordinary maintenance expenses for power generation plants. The increase is due to changes in the consolidation scope during the year, as well as the contribution of newly commissioned wind farms in Italy, France and Sweden.
- **General and Information Technology (IT) services** relate to IT services, bank expenses, overheads, security and cleaning services and ancillary personnel and HSE (Health, Safety and Environment) costs. The increase is mainly due to the change in the consolidation scope and the significant organic growth of the year.
- **Consultancy** includes mainly expenses for legal, technical and professional consultancy as well as expenses incurred for non-recurring transactions.

NOTE 5 - PERSONNEL EXPENSE

(EUR thousand)	2024	2023
Wages and salaries	23,290	21,800
Social security expenses	6,287	5,483
Post-employment benefits	815	833
Other personnel costs	1,482	1,065
Total	31,873	29,182

At 31 December 2024, the total number of employees was 434 (413 in 2023).

The cost for post-employment benefits pertains mainly to the portion of benefits relating to defined contribution plans. The cost also includes the contributions paid to defined contribution plans in favour of key managers, for the details of which please see **Note 45 – Related Parties**.

Working capital and other assets and liabilities

(EUR thousand)	Notes	31/12/2024	31/12/2023
Trade receivables	6	135,630	157,720
Inventories	7	23,435	20,019
Trade payables	8	(114,528)	(111,942)
Operating working capital		44,537	65,797
Other current assets	9	99,159	115,468
Other non-current assets	10	49,325	44,844
Other current liabilities	11	(50,112)	(56,913)
US Tax Partner Liability	12	(162,510)	-
Other non-current liabilities	13	(61,086)	(44,634)
Assets for fair value derivatives hedging commodities	31	31,416	33,795
Liabilities for fair value derivatives hedging commodities	35	(125,626)	(3,560)
Employee benefits	14	(1,984)	(2,333)
Other assets (liabilities)		(221,419)	86,667

NOTE 6 - TRADE RECEIVABLES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.

Trade receivables and other receivables and assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses.

Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty.

For customers, the Group individually assesses the time frame and amount of the write-down on the actual expectation of recovery.

(EUR thousand)	31/12/2024	31/12/2023
Amounts due from customers	93,405	116,844
Receivables for incentives	43,936	43,861
Amounts due from Group companies not consolidated on a line-by-line basis	2,018	902
Loss allowance	(3,730)	(3,888)
Total	135,630	157,720

The item includes mainly receivables for the supply of electricity to third parties (including incentives, feed-in tariff, green certificates and Feed-in Premium). The decrease is due to the normal trend in working capital as well as trade receivables sales at 31 December 2024.

For information concerning amounts due from non-consolidated Group companies, reference is made to [Note 45 – Related parties](#).

The loss allowance changed as follows:

(EUR thousand)	31/12/2024	Increases	Decreases	31/12/2023
Loss allowance	(3,730)	(185)	343	(3,888)
Total	(3,730)	(185)	343	(3,888)

The Group assesses the existence of objective evidence of impairment on an individual basis. The impairment tests are checked at individual company level by the Credit Committee, which meets periodically to analyse the situation of past due trade receivables and any critical issues related to their collection.

The analysis of the trade receivables existing at year end follows.

The ageing brackets are presented net of the related loss allowance.

(EUR thousand)	31/12/2024	31/12/2023
Receivables not past due	132,463	144,681
Receivables past due:		
within 30 days	1,984	12,405
within 60 days	82	254
within 90 days	18	113
after 90 days	1,083	267
Total	135,630	157,720

NOTE 7 - INVENTORIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Spare parts

Inventories are recognised at cost, determined using the weighted average cost method, or market value (replacement cost), whichever is lower. The cost includes direct materials and, where applicable, direct labour costs and overheads that have been incurred to bring the inventories to their current position and condition.

The cost is calculated using the weighted average cost method. For the net realisable value, the replacement cost is normally taken as reference or, where available, the net realisable value of the assets.

Inventories, amounting to EUR 23,435 thousand (EUR 20,019 thousand at 31 December 2023), mainly include spare parts for wind farms and photovoltaic systems in Italy, France and Germany.

NOTE 8 - TRADE PAYABLES

Relevant information on the accounting standards adopted and recognition and measurement criteria

These are liabilities deriving from commercial transactions and are payable within the next year.

These refer mainly to payables for investments, purchases of components and electricity.

Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.

The Group proceeds with the derecognition when the obligation has been fulfilled, cancelled or expired; for further details, see the comments on financial assets and liabilities in Section **V. Financing activities** in the **Net Financial Indebtedness** section.

Trade payables, amounting to EUR 115 million (EUR 112 million at 31 December 2023), mainly include payables for maintenance and other services from third parties for plants in operation (approximately EUR 56 million), for capital expenditure related to wind farms under construction (approximately EUR 40 million) and for purchases of electricity (EUR 13 million).

NOTE 9 - OTHER CURRENT ASSETS

(EUR thousand)	31/12/2024	31/12/2023
VAT assets	19,134	33,302
Tax assets	1,744	11,102
Amounts due from Group companies	12,396	13,405
Portions of deferred charges	42,430	33,709
Other assets	23,455	23,951
Total	99,159	115,468

Tax assets relate to tax-related assets such as VAT and other taxes. The item does not include receivables relating to direct taxes, for which reference is made to **Note 41 – Current tax assets and liabilities**. The decrease is mainly due to the sale of VAT assets at 31 December 2024 for approximately EUR 8 million, as well as VAT assets generated in the previous year during the construction phase of parks for certain Italian and French companies, which were collected or offset during the financial year.

The **Portions of deferred charges** refer mainly to lease payments to municipalities, surface rights and insurance premiums and to deferred charges relating to development projects. The increase is mainly due to insurance premiums and other deferred charges of the newly acquired companies in the United States and to other suspended charges mainly in the United Kingdom.

NOTE 10 - OTHER NON-CURRENT ASSETS

Other non-current assets, equal to EUR 49,325 thousand (EUR 44,844 thousand at 31 December 2023) relate mainly to:

- the portion still to be collected (EUR 19 million) of the grants per Italian Law no. 488/92 relating to wind farms acquired with the ERG Wind transaction. With respect to the aforesaid amounts, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 13 – Other non-current liabilities**);
- amounts of EUR 25 million due as compensation for the liability tied to interest and revaluations on the grants under Italian Law no. 488/1992 relating to wind farms acquired with the ERG Wind transaction and revoked by the Italian Ministry of Economic Development as discussed more thoroughly in **Note 25 – Other non-current financial assets**;

NOTE 11 - OTHER CURRENT LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023
Amounts due to Group companies not consolidated on a line-by-line basis	23,565	21,344
Portions of income deferred to subsequent periods	17,680	17,075
Amounts due to Employees	2,996	2,803
Amounts due to pension and social security institutions	2,120	1,935
Current portion of fair value recognised as part of business combinations	1,844	-
Tax liabilities	1,365	1,734
Other current liabilities	543	12,023
Total	50,112	56,913

The change in the item **Other current liabilities** mainly refers to short-term guarantee deposits received from Group customers, as well as to changes in minor items.

- Tax liabilities include tax payables such as VAT liabilities and other tax liabilities. The item does not include payables relating to direct taxes, for which reference is made to **Note 41 – Current tax assets and liabilities**.

The change in the item **Amounts due to Employees** refers mainly to the payment of bonuses related to the Management remuneration and compensation plan.

NOTE 12 - US TAX PARTNER LIABILITY

Relevant information on the accounting standards adopted and recognition and measurement criteria

The liability towards the US Tax Equity Partner relates to the agreements (Tax Equity Partnership, TEP) in place within the wind and solar business entities in the US scope. The liability recognised mainly regards the wind energy company as a form of incentive spread over time, as better explained in the section **Basis of consolidation and changes in the consolidation scope**. The TEP, although based on the issuance of a specific class of shares and thus in the apparent form of an equity instrument, in substance is configured, for the purposes of IAS 32.15-16, as a liability representing the right to use the tax elements, not strictly having the necessary characteristics for classification as an equity instrument (an instrument cannot be classified as an equity instrument if it includes contractual obligations, even if residual, to make cash

distributions).

The TEP structure is mainly linked to several elements recorded primarily in the income statement for the financial year (for further details, please refer to the section **"Basis of consolidation and changes in consolidation scope"**), which have an impact on the fair value of the related TEP Liability. Upon initial recognition and subsequent recognitions, the TEP Liability shall therefore be equal to the net present value of the future tax benefits to be transferred, discounted at the internal rate of return guaranteed to the Partner on the basis of the agreements and the total amount due to the Partner.

The **US Tax Partner Liability** refers to payables arising as part of the Tax Equity Partnership agreement structures of the Pinnacle business combination. In particular, the item includes payable to the Tax Equity Partner of the Great Pathfinder Wind, LLC wind project. Below is an illustration of the change in the Liability towards the Tax Equity Partner compared to the situation at the time of acquisition of the company.

(EUR thousand)	Notes	Passività TEP
BALANCE at acquisition date 01/04/2024		184,871
Decrease for Production Tax Credit transferred	2	(18,537)
Decrease for tax losses transferred	41	(15,335)
Increase for financial expense	37	8,099
Other Changes		3,412
BALANCE AT 31/12/2024		162,510

NOTE 13 - OTHER NON-CURRENT LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023
Liabilities for prior year taxes from merger of foreign companies	18,594	18,594
Fair value recognised as part of business combinations	16,805	-
Price of Wind Group acquisition	9,821	9,821
Portions of income deferred to subsequent periods	13,871	14,499
Other minor items	1,995	1,720
Total	61,086	44,634

The item Fair value recognised as part of business combinations refers to the non-current portion of the negative fair value estimated at the date of initial recognition of the long-term fixed-price energy sales contracts (PPAs and CfDs) as part of the Falcon business combination. For further details, please refer to **Note 44 – Business combinations**.

NOTE 14 - EMPLOYEE BENEFITS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Employee benefits include the estimated liability relating to the benefits payable to employees when they terminate their employment.

Short-term benefits for employees

Short-term benefits for employees are recognised as a cost at the time at which the service that gives rise to such benefits is performed. The Group recognises a liability for the amount expected to be paid when there is a present, legal or constructive obligation to make these payments as a consequence of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

These are provided through:

- defined contribution plans: contributions paid to independent institutions that deal with their administrative and financial management are recognised as a cost in profit/(loss) over the period in which the employees work;
- defined benefit plans: the sum of future obligations under these plans is based on actuarial assumptions using the projected unit credit method. The calculation is performed by an independent actuary. This calculation is based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the specific economic conditions of each country or Group company. The discount rates are determined, at the measurement date, with reference

to the yield of investment grade corporate bonds in the relevant geographical area (or of government bonds in countries where there is no representative market for these corporate bonds).

Below is a schematic representation of the cases pertaining to the classification of post-employment benefits for IAS 19 purposes based on the main types of post-employment benefits in the light of the introduction of Italian Law no. 296 of 27 December 2006.

Types of Post-employment benefits	Personnel employed in 2006*	IAS 19 classification
Post-employment benefits vested up to 31 December 2006**	> 50 employees	Defined benefit plan
	< 50 employees	Defined benefit plan
Post-employment benefits accrued since 1 January 2007**	> 50 employees	Defined contribution plan
	< 50 employees	Defined benefit plan

* * for newly incorporated companies, the number taken as a reference relates to the first year of business.

** Without prejudice to the options to allocate the post-employment benefits to supplementary pension plans.

Termination benefits

The termination benefits are recognised as a cost when the Group has committed without possibility of withdrawal to offer said benefits or, if prior, when the Group recognises the restructuring costs. Benefits entirely due beyond twelve months from the reporting date are discounted.

(EUR thousand)	31/12/2024	31/12/2023
Opening balance	2,333	2,513
Revaluation	(80)	4
Decreases in the year	(269)	(184)
Closing balance	1,984	2,333

The main assumptions used in determining the actuarial value of the liability are shown below:

	2024	2023
Discount rate*	3.4%	3.2%
Inflation rate	2.0%	2.5%
Average turnover rate	3.0%	3.0%
Average rate of salary increase	1.5%	1.5%
Average age	42	42

* Listing at 31 December 2023 of the iBoxx Corporate EUR benchmark index with a duration of 10+ and AA rating..

III. INVESTING ACTIVITIES

NOTE 15 - AUTHORISATIONS AND CONCESSIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Authorisations and concessions include concessions, authorisations and rights to operate wind and solar plants, including any rights to feed-in tariffs, amortised based on their residual useful life. These intangible

assets are recognised at purchase cost, inclusive of all related charges net of amortisation and any impairment losses as indicated in **Note 22 – Impairment Test**.

(EUR thousand)	Authorisations and concessions
Historical cost	1,411,043
Amortisation	(458,196)
Balance at 31/12/2023	952,847
Changes for the year:	
Change in the consolidation scope	203,739
Capital expenditure	(71,271)
Amortisation	(3,370)
Other changes	5,900
Historical cost	1,611,083
Amortisation	(523,237)
Balance at 31/12/2024	1,087,846

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated depreciation and impairment losses.

The change in the consolidation scope refers to the Garnacha and Fregenal business combinations that took place during the year. For further details, please refer to **Note 43 – Business Combinations and Asset Acquisition**.

NOTE 16 - OTHER INTANGIBLE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Other intangible assets refer mainly to software licences. Intangible assets are recognised at purchase cost, including all related ancillary

charges.

Other intangible assets are amortised over a maximum period of 5 years.

(EUR thousand)	Other intangible assets	Assets under development	Total
Historical cost	27,028	4,538	31,566
Amortisation	(17,525)		(17,525)
Balance at 31/12/2023	9,503	4,538	14,041
Changes for the year:			
Change in the consolidation scope	812	-	812
Capital expenditure	974	3,034	4,008
Capitalisations and reclassifications from/to intangible assets	2,166	(2,143)	23
Amortisation	(2,388)	-	(2,388)
Other changes	(645)	-	(645)
Historical cost	27,907	5,429	33,336
Amortisation	(17,486)	-	(17,486)
Balance at 31/12/2024	10,421	5,429	15,850

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated depreciation and impairment losses.

Assets under development at the end of the year refer to investments in software, mainly in ERG Power Generation.

NOTE 17 - GOODWILL

Relevant information on the accounting standards adopted and recognition and measurement criteria

Goodwill acquired in a business combination is not amortised, but is subjected to impairment tests pursuant to the procedures provided for in IAS 36 – Impairment of Assets every year, or more frequently if specific

events or changes in circumstances indicate the possibility that there may have been any impairment (“trigger events”).

For more information, see the comments in [Note 22 - Impairment Test](#).

The graph below shows the changes in the item “Goodwill” during the year:

(EUR thousand)	Italy	France	Germany	Spain	USA	Total
BALANCE AT 31/12/2023	279,256	91,744	32,833	8,668	-	412,502
Changes for the year:						
“Falcon” business combination	-	6,364	-	-	-	6,364
“Pinnacle” business combination	-	-	-	-	34,278	34,278
Other changes	-	-	-	-	844	844
Balance at 31/12/2024	279,256	98,108	32,833	8,668	35,122	453,988
of which Wind	193,572	82,641	32,833	-	35,122	344,168
of which Solar	85,687	15,467	-	8,668	-	109,823

For the purposes of these Consolidated Financial Statements, the test required by paragraph 12 of IAS 36 was performed and no elements emerged that required an adjustment to the carrying amount of goodwill. For more information, see the comments in [Note 22 - Impairment Test](#).

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Relevant information on the accounting standards adopted and recognition and measurement criteria

Property, plant and equipment

These are recognised at purchase cost, inclusive of capitalised financial expense, net of accumulated depreciation and any impairment losses (for which reference is made to [Note 22 – Impairment Testing](#)). They are depreciated on a straight-line basis over the estimated useful life.

The assets cost, in presence of current obligations, includes charges for dismantling, assets removal and site restoration to be incurred at the time facilities are abandoned, which are presented as a contra-asset in a specific provision.

Capitalised financial expenses are recognised in accordance with the alternative accounting treatment permitted by IAS 23.

Starting from these Financial Statements, the significant spare components consumed by the wind farms and the related accessory costs connected to the replacement activity (mainly lifting and transport, civil works, technical services) are capitalised as they bring future economic benefits and increase in value of the wind farm. These spare parts are depreciated according to the best estimate between the residual useful life of the wind farm and the technical useful life of the component. The book value of the replaced components is eliminated in accordance with the general rules of ‘derecognition’, regardless of whether the component has been depreciated separately. More specifically, for the replacement cost, the cost of the replaced part was used as an indication at the time it was purchased, in accordance with IAS 16.70.

Main assumptions – useful life and depreciation

The useful life of property, plant and equipment is reviewed annually and adjusted where the most recent estimate differs from the previous ones. Any changes in estimates relating to the useful life of property, plant and equipment are recognised prospectively. If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components).

Freely transferable assets are depreciated over the estimated life of the asset or the concession term, whichever is shorter.

The depreciation rates applied are as follows:

	%
Wind-power generators	3.33 - 5
Photovoltaic modules	3.33 - 5
Industrial and commercial buildings	2.75 - 5.5
Automation and control systems	10
Lightweight constructions	10
General plant	5 - 10
Motor vehicles, furniture and furnishings	10 - 16
Surface rights and other civil works	3.5
Other miscellaneous goods/equipment	14 - 16

(EUR thousand)	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Historical cost	87,076	4,425,632	24,756	355,466	4,892,930
Depreciation and impairment losses	(38,444)	(2,443,195)	(16,644)	-	(2,498,283)
Balance at 31/12/2023	48,632	1,982,436	8,112	355,466	2,394,647
Changes for the year:					
Change in the consolidation scope	-	504,307	-	-	504,307
Capital expenditure	8,847	61,303	1,323	156,118	227,591
Capitalisations and reclassifications from/to property, plant and equipment	6,152	367,826	401	(374,402)	(23)
Disposals and divestments	-	(1,840)	(1)	-	(1,841)
Depreciation	(3,227)	(183,866)	(1,599)	-	(188,693)
Impairment losses	-	(7,661)	(41)	-	(7,702)
Other changes	324	48,397	181	-	48,902
Historical cost	102,612	5,351,067	26,216	137,183	5,617,078
Depreciation and impairment losses	(41,884)	(2,580,166)	(17,841)	-	(2,639,891)
Balance at 31/12/2024	60,724	2,781,498	8,375	137,183	2,987,780

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated depreciation and impairment losses.

The **change in the consolidation scope** refers mainly to the aforementioned business combinations during the year and investments made during the year. For a more detailed analysis, reference should be made to **Note 44 – Business combinations**.

Capital expenditure mainly relates to organic development of approximately EUR 222 million, related to construction activities in Italy, including Repowering, Solar Revamping and Storage projects, as well as wind farm construction, particularly in France and the United Kingdom. The item also includes the capitalisation of significant spare parts consumed by some wind farms in Italy, France and Germany and the related accessory costs associated with replacement activities of approximately EUR 6 million.

The item **Reclassifications** includes reclassifications between different asset classes, relating to the completion of wind farms under construction, particularly for Repowering and greenfield activities in Italy and France.

For comments on the item **Reversals of impairment losses/(Impairment losses)**, please refer to **Note 21 - Amortisation, depreciation and impairment losses**.

The item **Other changes** refers for around EUR 29 million to the change in the exchange rate effect during the year and for around EUR 8 million to the capitalisation of financial interests related to the organic development of the parks under construction.

With regard to the existence of restrictions on the assets held by the Group, please refer to **Note 34 – Current and non-current financial liabilities**.

NOTE 19 - RIGHT-OF-USE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Leases

The Group's leases, as per the IFRS 16 definition, relate to land, warehouses, properties, equipment, substations and vehicle fleet. Leased assets are recorded in the Consolidated Financial Statements with the recognition of an asset representing the right to use the underlying asset and a liability representing the obligation to make lease payments. Financial liabilities are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses the incremental borrowing rate (determined as the sum of the Group's credit spread and the forward curve based on Euro area swap rates).

Main assumptions – lease evaluation

The group uses subjective assessments to determine whether a contract contains a lease. The Group analysed all the lease contracts, defining the lease term for each of them, the "non-cancellable" period.

The Group's leases have an average term of 24 years, with the inclusion for some leases of a renewable option exercisable at the end of the binding period. Others provide for additional payments tied to the change of the local price indices.

In relation to the renewal options, the Group estimated the term of the related lease agreements taking into account the reasonable certainty that the option will be exercised.

Specifically, for land and buildings, this assessment considered the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly corporate cars and equipment, the Group generally deemed improbable that extension or early termination clauses would be exercised in consideration of the practice usually followed by the Group.

The change in the right-of-use assets over the year is shown in the following table.

(EUR thousand)	Land and buildings	Specific plant	Equipment	Other assets	Total
Balance at 31/12/2023	162,209	825	147	725	163,905
Changes for the year:					
Increase in right-of-use assets	19,639	84	-	2,144	21,866
Increase in right-of-use assets due to business combinations	41,025	-	-	-	41,025
Derecognition of right-of-use assets	(87)	-	-	(22)	(109)
Depreciation for the year	(10,171)	(67)	(50)	(1,012)	(11,300)
Other changes	859	-	-	-	859
Balance at 31/12/2024	213,473	842	97	1,834	216,245

The increase for the year in the item **Land and buildings** is mainly due to the recognition of the right of use on the land of the photovoltaic systems referring to the aforementioned business combinations as well as the registration of new land in Italy and Europe mainly related to repowering and greenfield projects that have come into operation.

For further details on business combinations, please refer to **Note 43 – Business Combinations** in Section **VII. Other Notes**.

NOTE 20 - PROVISIONS FOR DISMANTLING EXPENSES

Relevant information on the accounting standards adopted and recognition and measurement criteria

The Group is required to dismantle the technical equipment and restore the sites. When the obligation arises, the costs of dismantling are capitalised to increase the carrying amount of the asset to which they refer as a balancing entry to the related provision for dismantling. Capitalised costs

are allocated to the income statement via depreciation.

The discount rates used for the financial revaluation of the costs of restoring wind and solar farms, depending on the country of reference, are within the range of 2.8%-6.9%.

(EUR thousand)	31/12/2024	Increases	Decreases	Change in the consolidation scope	31/12/2023
Provision for dismantling expenses	90,630	7,028	(2,621)	7,393	78,830
Total	90,630	7,028	(2,621)	7,393	78,830

Changes in the year are mainly related to utilisations and new entries of provisions within the scope of the Repowering and Revamping activities on some wind farms in Italy. The **Change in the consolidation scope** refers to the aforementioned acquisitions during the period (approximately EUR 7 million).

NOTE 21 - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Authorisations and concessions are amortised on the basis of their residual duration. Other intangible assets are amortised over a maximum period of 5 years.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life.

(EUR thousand)	2024	2023
Amortisation and impairment losses – Rights and Concessions	71,271	61,837
Amortisation and impairment losses – Other intangible assets	2,388	2,041
Total Amortisation and impairment losses of intangible assets	73,659	63,878
Depreciation and Impairment losses – Property, Plant and Equipment	177,394	146,594
Depreciation of right-of-use assets	11,299	8,984
Total Depreciation and impairment losses of property, plant and equipment	188,693	155,578
Reversals of impairment losses (impairment losses) of Authorisations and concessions and Other intangible assets	3,340	-
Reversals of impairment losses (impairment losses) of Property, plant and equipment	6,739	-
Reversals of impairment losses (impairment losses)	10,078	-
Total	272,431	219,456

Amortisation and depreciation refer mainly to wind farms and solar systems.

The increase reflects the full contribution of the new plants acquired during the period and developed internally (EUR 38 million), partly offset by the extension of the useful life of foreign wind power assets as a result of the "Lifetime extension" programmes, which started in the second quarter of 2023 and therefore not yet fully reflected in the calculation of amortisation and depreciation in 2023.

The item Impairment losses includes adjustments to the net book value of tangible and intangible assets of existing farms, where Repowering and Revamping projects were initiated following the obtaining of the relevant authorisations during the current financial year. In particular, the write-downs concerned the Revamping of part of the Solar Italy portfolio for around EUR 6 million, a Repowering project in France for EUR 2.5 million and a Repowering project in Germany for EUR 1 million.

NOTE 22 - IMPAIRMENT TESTING

Relevant information on the accounting standards adopted and recognition and measurement criteria

This section provides a description of the impairment tests on the Group's main assets, as required by IAS 36.

In particular, it should be noted that for the verification:

- of Goodwill, the recoverable value was assessed at the level of CGU Groups, determined based on the value in use calculated from an estimate of cash flows over the useful life of the assets attributable to the aforementioned Groups, or based on the Fair Market Value.
- of property, plant and equipment, intangible assets and right-of-use assets, with finite useful lives allocated to individual CGUs, in accordance with IAS 36, indicators were identified that can provide evidence that an asset may have undergone impairment.

It should be noted that the recoverable value is also determined by considering the assumptions that a market participant would use in

determining the value of the asset being measured.

In addition, it should be noted that, since the goodwill has been allocated to Groups of CGUs, impairment testing is carried out in the following phases:

- The first impairment test is performed at the level of the individual CGU without goodwill (bottom-up test) and any impairment loss is recognised in the income statement;
- The second impairment test is performed on the set of CGUs to which the goodwill relates (top-down test).

The above tests were carried out in accordance with the Impairment Test Procedure approved by the Board of Directors of ERG S.p.A. on 25 February 2025.

Identification of groups of cash-generating units (CGUs)

For the purposes of impairment testing, the operating segments currently identified by the Group coincide with the different geographical areas in which the Group operates, consistent with the two technologies, wind and solar, used for power generation.

The operating results are analysed according to the following matrix, which identifies the different geographical areas in which the Group operates and the two different technologies.

	Wind	Solar
Italy	✓	✓
France	✓	✓
Germany	✓	–
Poland	✓	–
Romania	✓	–
Bulgaria	✓	–
UK	✓	–
Sweden	✓	–
Spain	–	✓
United States	✓	✓

The groups of CGUs were then identified, consistently with the Group's organisational and business structure, as assets that generate independent cash inflows deriving from their continuous use and they follow a dual dimension pertaining, on one hand, to the current reference market, identified in the country where the facilities are located, and, on the other hand, to generating technology, for a total of thirteen groups of CGUs.

Goodwill allocated to CGU Groups:

(EUR million)	Italy	France	Germany	Spain	United States	Total
Wind	194	83	32	-	35	344
Solar	86	15	-	9	-	110
Total	280	98	32	9	35	454

The recoverable value of the CGU Groups to which goodwill is allocated has been verified through the determination of the value in use, calculated using the discounted cash flow method, or the Fair Market Value, based on the following assumptions:

- the groups of CGUs coincide with the set of wind farms in Italy, France, Germany and the United States, and the solar plants in Italy, France, Spain and the United States;
- to determine the value in use, the present value of the expected operating cash flows associated with the CGU Groups was estimated over a period of time that is the lower of the expected life of the land and leases, including renewals where applicable, and the estimated duration of the farms defined by the Longlife Time Extension (LTE) project undertaken by the Group with reference to the plants already in operation. For the new acquisitions made starting from 2021, for the Repowering and Revamping projects and for the new greenfield projects, an average time horizon of 40 years from the Commercial Operation Date (COD) of the project was considered, in line with the assumptions for the choice of investment;
- the terminal value is represented by the flow after the end of the useful life of the asset, determined in relation to the estimated residual duration of the Authorisations/Concessions and the availability of the land, as described in the previous point;
- a discount rate equal to the industry WACC (post tax) was used to compute the present value of expected cash flows (5.7% in Italy - 5.1% in France - 4.8% in Germany - 5.4% in Spain - USA Wind 6.5% and USA Solar 6.4%). The Group adopted an after-tax discount rate that reflects the market's current assessment of the cost of money and the specific risk associated with the CGUs. In determining the discount rate, the financial parameters considered were the Beta and Debt/Equity ratios derived from panels of comparable companies, in order to consider both the market risk of companies operating in the same industry and a market-based financial structure. With regard, instead, to the cost of equity (Ke), this includes the rate of return of risk-free assets and it is identified as the rate of return of German ten-year government bonds.
- As for Spain solar, it is important to note that over the past two years, energy prices have experienced significant volatility, creating uncertainty in future economic and market projections, as well as in the medium to long-term development of the renewable energy sector and the level of RES penetration. Given this context, to account for the breadth of these variables, a range of values was chosen, with defined minimum and maximum thresholds. Where possible, objective market references or third-party valuations were used, with the average values serving as the primary benchmark. The fair value was classified as Level 3 on the basis of the metrics used in the valuation techniques applied.

The growth rates used are based on growth forecasts for the Group's industry, taking into account the Group's market share. Changes in sale prices and in direct costs are determined on the basis of past experience and on future market expectations.

In particular, the following were taken into account for the determination of the cash flows:

- the update of the Business Plan examined by the Board of Directors of ERG S.p.A. on 11 March 2025;
- for subsequent years, the data processed on the basis of models simulating the macroeconomic and energy scenario and assuming a steady production trend.

Taking into account the uncertainty factors related to the current geopolitical and energy context, the Group has conducted its own analyses for each geographical segment, taking into particular consideration the updating of the energy scenario, including in the medium/long term, changes to the discount rate, the risks related to the climate as well as changes in the regulatory scenario.

Specifically, with reference to the requirements of ESMA's Public Statement of 24 October 2024 (in line with what ESMA already addressed in the previous year in the priorities for 2023 annual financial reports), it should be noted that in the two-year period 2023-2024 the Group conducted an internal study to quantitatively assess how climate change may affect the annual production of wind and solar assets. The analysis made it possible to detect in general the risks of a decrease in the analysed resources: for wind assets, the average wind speed at a height of 100 metres was analysed, while for solar assets, irradiation was examined. For more details, please refer to the **Climate Change** paragraph in the **Use of Estimates - Risks and Uncertainties** section.

Energy scenario

In the European energy sector, electricity demand remains stagnant, with limited growth primarily driven by the digital industry. The expansion of data centres is expected to play a significant role in shaping electricity demand across Europe. However, the electrification of non-electric energy consumption — such as transport, heating and cooling and industrial processes — lags behind previous forecasts.

On the generation side, renewable energy deployment continues to grow at a strong pace, though still falling short of the decarbonisation targets set for 2030. Solar power, in particular, has experienced significant expansion, surpassing coal for the first time in electricity generation within the European Union. Wind power, while growing at a slower rate, continues to maintain a larger share of total electricity generation compared to solar.

The increasing share of renewables, combined with the slower-than-expected electrification of energy consumption, has led to a decline in captured prices for these technologies, with solar energy being particularly affected.

The energy sector has also experienced significant volatility in natural gas prices, which has, in turn, impacted electricity prices. These price fluctuations have been driven by the shift towards seaborne supply channels for liquefied natural gas (LNG), following the sharp decline in pipeline imports from Russia. While the extraordinary measures implemented in previous years to curb electricity costs are gradually being phased out, potential upward pressure on gas prices could reverse this trend. Looking ahead, the pricing outlook for the 2025-2029 period is expected to remain highly volatile, with market uncertainty now being regarded as the "new normal" for European energy markets.

Discount rate

The discount rate estimation method used by the Group provides that:

- specific rates are determined for each Group of CGUs, in line with the configuration of the expected flows;
- the rates are updated twice a year (in the annual and half-yearly financial statements) regardless of the extent of the change compared to the last approved rate;
- the country risk component is included in the discount rate.

If the cash flows used for valuation purposes are not representative of the average expected flows, the WACC must be increased by a premium aimed at considering the greater risk.

In summary, the Group has divided the estimation process into two main phases (i) Definition of the comparable basket for each Group of CGUs; (ii) Calculation on the basis of the baskets identified of the parameters for determining the return on risk capital, the cost of debt and the capital structure for each group of CGUs.

In consideration of the above, the discount rates determined in line with the calculation method used for the impairment test carried out for the 2023 Financial Statements were used.

Group management deems the assumptions used to identify the recoverable amount of the goodwill connected with the seven Groups of CGUs to be reasonable and, on the basis of the aforementioned assumptions, no impairment has emerged.

The verifications carried out for the purposes of these Consolidated Financial Statements showed, for all the groups of CGUs assessed, a positive difference (headroom) between the recoverable amount⁵ and the carrying amount⁶:

(EUR million)	
CGU Group	Headroom*
Wind Italy	648
Solar Italy	25
Wind France	194
Solar France	0
Wind Germany	45
Solar Spain	13
Wind United States	18

* positive difference (headroom) between the recoverable amount and the carrying amount.

Sensitivity analysis

The result of the impairment test derives from the estimates made by Group management on the basis of the information available to date and the assumptions shown in the previous section. The most uncertain assumptions for which subjective assessments are more usually required regard in particular those relating to:

- the identification of expected energy prices;
- the estimate of the financial parameters used to determine the discount rate;
- the assessment of the availability of renewable resources;
- changes in the reference legislative and regulatory framework, which, due to price control regulations, could constitute a risk factor.

The Group took account of the aforesaid uncertainties in developing and defining the basic assumptions used to determine the recoverable amount of the gains allocated to the segments examined, and also carried out a sensitivity analysis on the recoverable amount of the groups of units. This analysis assumed two scenarios:

- that total revenue from sales of energy (i.e. energy remuneration and generation) could undergo a decrease of an estimated 5% compared to the values estimated for the Plan;
- that the discount rate used could be increased by 1 percentage point.

5 Recoverable amount including non-controlling interests.

6 The carrying amount corresponds to the Net Invested Capital and is determined by the algebraic sum of the Non-current Assets (including Goodwill), Net Operating Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other non-financial liabilities, and the Right of Use of Asset, including the related tax effect, of all the companies within the group of CGUs, including the consolidation entries consistent with the Group Consolidated Financial Statements but considering the different sub-aggregation of data corresponding with the group of CGUs.

(EUR million)	Changes in Headroom*	
	-5% Revenue	+1% WACC
CGU Group		
Wind Italy	(122)	(194)
Solar Italy	(25)	(22)
Wind France	(63)	(78)
Solar France	(8)	(11)
Wind Germany	(26)	(25)
Solar Spain	(22)	(41)
Wind United States	(20)	(38)

* positive difference (headroom) between the recoverable amount and the carrying amount.

The recoverable amount would be equal to the reference carrying amount (headroom equal to zero) in the following **revenue reduction** assumptions for the respective groups of CGUs.

- Wind Italy: -29%
- Solar Italy: -9%
- Wind France: -13%
- Solar France: 0%
- Wind Germany: -9%
- Solar Spain: -4%
- Wind United States: -5%

The recoverable amount would be equal to the reference carrying amount (headroom equal to zero) in the following **WACC increase** assumptions for the respective groups of CGUs.

- Wind Italy: 11%
- Solar Italy: 8%
- Wind France: 7%
- Solar France: 5%
- Wind Germany: 7%
- Solar Spain: 0%
- Wind United States: 7%

The above analyses confirm the sensitivity of the assessments of the recoverability of non-current assets to changes in the aforesaid variables; in this context, the Directors will systematically monitor changes in the aforesaid external, uncontrollable variables in order to make any necessary adjustments to the estimates of the recoverability of the carrying amounts of goodwill in the Consolidated Financial Statements.

Testing of intangible assets with finite useful lives and of Property, plant and equipment and Right-of-Use Assets

For the purposes of the 2024 Consolidated Financial Statements, the Group verified whether there are any indications that either property, plant and equipment or intangible assets with finite useful lives may have become impaired.

To this end, it is specified that for the ERG Group:

- **property, plant and equipment** are represented by the electricity generation plants of different technologies (wind farms and solar systems in Italy and abroad);
- **intangible assets** are mainly represented by the residual value of the values⁷ allocated in the purchase price allocation and recorded as increases in the value of the concessions, authorisations and rights to operate wind farms and solar systems, including any rights to feed-in tariffs for plants in operation.

In line with the previous years, these values are allocated to the individual reference CGU represented by the individual legal entities and/or business combinations that generated them.

In accordance with IAS 36, the group identified a list of indicators, which can indicate that an asset may have become impaired (triggering events).

For this purpose, both internal and external sources of information have been considered:

- With regard to **internal sources**, the following were taken into consideration: (i) obsolescence or physical deterioration of the asset, (ii) significant internal changes with negative effects occurring in the year or expected in the near future, and (iii) evidence from internal reports that the performance is or will be lower than the Budget expectations.
- With regard to **external sources**, on the other hand, the following are considered: the trend in market prices of the assets, any technological, market or regulatory discontinuities, including Clawback measures, market interest rate trends, and the book value of net assets above market capitalisation. To verify this information, a synthetic indicator was also identified ("profitability indicator") calculated by discounting the sum of the operating cash flows (EBITDA) for the residual observation period, determined on the basis of the same procedures and assumptions already commented in the previous paragraph for Goodwill testing. To also capture the related tax effects, the indicator is net of notional taxes on EBITDA.

⁷ Values relating to business combinations from previous years.

The indicator thus calculated is compared with that of the previous year in order to verify the potential impairment loss, pursuant to the provisions of paragraph 15 of IAS 36.

Lastly, the Group verifies that the carrying amount of the Group's net assets is not higher than the stock market capitalisation.

If the comprehensive analysis of the indicators shows that both property, plant and equipment and intangible assets with finite useful lives may have become impaired, the recoverable amount will be determined and compared with the carrying amount.

The recoverable amount for the individual CGUs is calculated as the value in use with the same procedures and assumptions already commented on in the previous section for Goodwill testing.

If this amount is lower, the carrying amount of the assets would be reduced to the related recoverable amount with the exception of the cases in which fair value net of costs to sell was higher.

The checks described above did not reveal the need to proceed with determining the recoverable value.

Recoverable value of groups of CGUs

Finally, it should be noted that, even if not expressly required by IAS 36, Group Management proceeded to determine the recoverable value, understood as value in use, of the CGU Groups to which no goodwill is allocated, comparing it with the related carrying amount. No impairment emerged as a result of this test.

NOTE 23 - EQUITY INVESTMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Associates

These are companies in which the Group exercises significant influence, but not control or joint control, over financial and operating policies, as defined by IAS 28 – Investments in associates and joint ventures. The Consolidated Financial Statements include the Group's share of the results of the associates, measured under the equity method, starting from the date when significant influence starts until the time when it ceases to exist. If the Group's share of the associate's losses exceeds the carrying value of the equity investment in the Consolidated Financial Statements, the value of the equity investment is written down to zero and the share of additional losses is not recognised, except and to the extent to which the Group is obligated to be liable for them.

The breakdown of the item Equity investments held at 31 December 2024 is shown below:

(EUR thousand)	Measured at equity	Measured at cost	Total
Equity investments:			
- in subsidiaries not consolidated on a line-by-line basis	-	357	357
- in associates	428	-	428
TOTAL	428	357	784

(EUR thousand)	Subsidiaries not consolidated on a line-by-line basis	Associates	Total
Balance at 31/12/2023	1,101	1,071	2,172
Changes for the year:			
Acquisitions/share capital increases/increases	248	-	248
Impairment losses/utilisation of loss allowances	(993)	-	(993)
Reclassification to Other non-current financial assets	-	(618)	(618)
Disposals and divestments	-	-	-
Measurement using the equity method	-	(26)	(26)
Balance at 31/12/2024	357	428	784

NOTE 24 - NET GAINS (LOSSES) ON EQUITY INVESTMENTS

(EUR thousand)	2024	2023
Net gains (losses) on equity-accounted investments	(26)	-
Revaluations of equity investments	969	-
Price adjustment for sale of equity investment	(1,350)	2,373
Impairment losses on equity investments	(1,005)	-
Total Other net gains (losses) on equity investments	(1,386)	2,373
Total	(1,412)	2,373

The **Revaluation of equity investments** reflects the impact of a positive price adjustment agreed with the counterparty during the year, related to the commissioning phase of the wind farm in Sweden.

The item **Price adjustment for the sale of equity investments** includes a negative price adjustment relating to the sale of the thermoelectric business in the previous year. It should be noted that in 2023 the item included the positive effect deriving from the collection of a price adjustment related to the sale of equity investments occurred in previous years (ERG Hydro S.r.l.) for an amount of EUR 2 million.

NOTE 25 - OTHER NON-CURRENT FINANCIAL ASSETS

(EUR thousand)	31/12/2024	31/12/2023
Tied receivables - Escrow Account – Italian Law no. 488/92 grants	24,240	24,240
Security deposits and other minor	22,414	22,183
Total	46,654	46,423

Tied receivables – Escrow Account Italian Law no. 488/92 grants relate to the sums deposited by the Group awaiting the decision of the Naples Court of Appeals and other competent courts, with reference to grants pursuant to Italian Law no. 488/92 relating to wind farms acquired as part of the ERG Wind transaction. With respect to the aforesaid amounts, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (as illustrated in **Note 13 – Other non-current liabilities**).

The item **Security deposits and other financial assets** mainly refers to security deposits related to the wind business in France and the United Kingdom and to the recognition of receivables for “special indemnities” determined as part of the Garnacha business combination for EUR 12.5 million recognised in 2023 against a provision for risks for the same amount.

Italian Law no. 488/92 grants of ERG Wind

In the period from 2001-2005, prior therefore to the acquisition by ERG Renew S.p.A. (now ERG Power Generation S.p.A.) of the companies belonging to the International Power Group, funds were assigned to these companies pursuant to Italian Law no. 488/1992 totalling EUR 53.6 million in relation to some projects for the construction of wind farms.

In the first half of 2007, an investigation was initiated by the Public Prosecutor at the Court of Avellino in relation to the allocation of these grants with specific reference to the alleged falseness of certain of the documents provided with the grant application.

In 2007, the attachment of the Italian Law no. 488/1992 incentives still to be provided was ordered (EUR 21.9 million) and on 30 September 2008 the Public Prosecutor ordered the precautionary attachment of seven wind farms. Following the deposit of an amount equal to EUR 31.6 million by the involved companies, in January 2010 the wind farms which had been under precautionary attachment were released, upon attachment of the aforementioned amounts.

These amounts were then transferred to the Escrow Account.

The first instance proceedings were opened in 2012 before the Criminal Section of the Court of Avellino against the aforementioned companies and other defendants.

These proceedings were concluded in December 2020 with a ruling that ordered (i) the acquittal of/nonsuit against all natural persons; (ii) the acquittal of some companies with reference to 2 projects

with immediate repayment of the amounts subject to preventive attachment, equal to approximately EUR 7.4 million and (iii) the conviction of some companies with reference to 7 projects, with confiscation of the amounts relating to the grants pursuant to Italian Law no. 488/92 disbursed to the same and already deposited with the Escrow Account (Fondo Unico di Giustizia – FUG) for a total amount of approximately EUR 24.2 million, with the provision of administrative pecuniary sanctions, for a total amount of approximately EUR 0.5 million, and 1-year interdiction orders. The confiscation and the sanctions indicated above are not immediately enforceable until the judgement becomes final.

The convicted companies have appealed against the Avellino Court's ruling. The case is pending before the Naples Court of Appeal and the final date set for the hearing is 24 June 2025.

By contrast, the Public Prosecutor did not appeal the ruling, which therefore became final in the part which acquits ERG Wind Sicilia 3 S.r.l. and ERG Wind Sicilia 2 S.r.l. (the latter in relation solely to the Camporeale project). In March and April 2014 the companies that were the recipients of the incentives pursuant to Italian Law no. 488/1992 received from the Italian Ministry of Economic Development the orders communicating the initiation of the procedures to revoke the aforementioned incentives.

On 6 February 2015, extraordinary appeals were served against the ministerial cancellation decrees, with simultaneous petition for the precautionary suspension of the enforceability of the contested

measures.

On 27 July 2015, the beneficiary companies were issued with payment notices relating to the return of the incentives. Said notices were challenged with the submission of opposition proceedings before the Court of Genoa.

As part of said proceedings, the Civil Judge ruled the tax assessments suspended against the submission of bank guarantees for the entire value of the latter (EUR 49 million). At the hearing of 23 October 2018, the Civil Judge, noting the prejudicial nature of the proceeding initiated with the extraordinary appeal before the President of the Republic of Italy, ordered the suspension of the civil proceedings while the administrative case is pending.

The proceedings subsequent to the filing of the extraordinary appeals to the Italian Head of State are also still pending and, despite the reminders filed by the applicants, the decision on the appeal and on the merits did not take place during 2024 with the exception of the extraordinary appeal brought by ERG Wind 6, which was declared inadmissible in 2022 due to lack of jurisdiction of the administrative judge. This is a partially different judgment from the others in that the contributions pursuant to Italian Law no. 488/92 were never paid to the company and therefore the revocation decree implied only the definitive loss of the contributions not paid, but had no economic impact on the company. On 11 December 2024, the meeting was held

to discuss the outstanding extraordinary appeals, in view of which the companies filed briefs with a request to postpone the decision pending the outcome of the criminal proceedings pending before the Court of Appeal of Naples. As of now, there is no evidence of the decision made in the meeting of 11 December 2024, as no ruling has yet been communicated to the appellant companies. In light of the precedent set by ERG Wind 6, it cannot be ruled out that the administrative court may also declare a lack of jurisdiction in this case, which would allow the appellant companies to reopen proceedings before the civil court. In view of: (i) the guarantees issued by the seller of the companies of the International Power Group to ERG in the contract of transfer of the investments in these companies, (ii) the settlement agreements concluded between said seller and ERG, dated 19 December 2016 and 15 March 2024 respectively, in which these guarantees were confirmed and further detailed, and (iii) the fact that in the 2013 Consolidated Financial Statements a liability for an amount corresponding to the nominal amount of the incentives for which the Italian Ministry of Economic Development is requesting the return (see definition of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 13 – Other non-current liabilities**)) had already been allocated, further provisions are not required.

IV. PROVISIONS AND CONTINGENT LIABILITIES

NOTE 26 - OTHER PROVISIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

The amounts recorded under Other provisions against obligations existing at the reporting date are measured on the basis of the best estimate of the financial outlay that will be necessary to fulfil the obligation. Changes in estimates are reflected in the income statement in the period in which the change occurs.

The other categories of provisions reflect the measurement of probable liabilities related to some pending disputes for which it was possible to make a reliable estimate of the corresponding expected obligation. For these provisions, no discounting was applied because of the uncertainty about the utilisation times.

(EUR million)	31/12/2024	Increases	Decreases	Change in the consolidation scope	31/12/2023
Provisions for tax risks	29,690	-	(1,603)	-	31,294
Provisions for institutional counterparty risks	25,496	1,148	(9,140)	-	33,487
Provision for disposed businesses	2,488	860	(6,379)	-	8,006
Provision for legal risks	2,933	457	-	-	2,476
Other provisions for risks and charges	6,895	781	(3,812)	4,146	5,780
Total other provisions	67,502	3,246	(20,934)	4,146	80,336

The **Provision for tax risks** includes, in addition to provisions for risks recorded as part of acquisitions in previous periods, provisions from previous years for tax risks including those relating to local property taxes.

The decrease for the year mainly refers to the release of provisions for risks recognised in connection with certain acquisitions that occurred in previous periods for which the requirements that originally led to their recognition are no longer met.

The **Provision for institutional counterparty risks** mainly refers to the following risks:

- charges related to interest and revaluations on the grants under Italian Law no. 488/1992 (EUR 19 million), relating to wind farms acquired as part of the ERG Wind transaction and revoked by the Italian Ministry of Economic Development, as described in more detail in **Note 25 – Other non-current financial assets**. It should be noted that the risks associated with the revocation of the aforementioned grants are covered in the ERG Wind acquisition agreements by specific indemnity obligations issued by the seller and therefore the related receivable was allocated to **Other non-current assets**;
- contingent foreign company charges related to Romania (EUR 3 million), recognised in 2015 upon the dissolution of the LUKERG Renew joint venture, as well as contingent charges related to Poland (EUR 2 million) for the calculation of clawback measures for certain 2023 monthly payments.

The change in the year consists mainly of releases relating to potential charges in Romania and uses relating to contributions under Italian Law no. 488/1992.

The **Provision for Disposed Businesses** includes allocations relating to potential liabilities deriving from the sale of the Hydroelectric business in 2022 and the Thermoelectric business in 2023, for which a total of EUR 2.5 million has been allocated.

The **Provision for legal risks** mainly relates to provisions for risks relating to the wind and solar businesses.

The item **Other provisions for risks and charges** mainly refers to risks on potential higher contractual charges as well as risks relating to disputes involving some foreign companies. The decrease mainly refers to the use or release of provisions for sundry risks and charges in some Italian companies for which the requirements that had originally led to their recognition are no longer met. The increase in the change in the consolidation scope refers to the recognition of a provision for potential future charges identified in connection with acquisitions during the year.

NOTE 27 - CONTINGENT LIABILITIES AND DISPUTES

ERG is a party in civil, administrative and tax proceedings and legal actions connected with the normal course of its operations.

Where no explicit mention is made of a provision, the Group has assessed the corresponding risk as possible and provides the relevant information.

Significant contingent liabilities, represented by the following, are disclosed in the notes to the Consolidated Financial Statements:

- possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events not wholly within the company's control;
- present obligations arising from past events the amount of which cannot be reliably estimated, or for which it is probable that settlement will not be onerous.

For the purposes of these Consolidated Financial Statements, there are no obligations falling within the definition described above.

V. FINANCING ACTIVITIES

Own funds

NOTE 28 - EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The change in equity during the year is shown below:

(EUR thousand)	31/12/2024	31/12/2023
Share capital	100,000	100,000
Share premium reserve	7,000	7,000
Revaluation reserves	37	37
Legal reserve	20,000	20,000
Merger reserve	2,471,568	2,471,568
Retained earnings	868,319	774,927
Other reserves	336,721	264,401
Profit for the year	225,930	205,387
Equity attributable to the owners of the parent	4,029,576	3,843,320
Non-controlling interests	76,485	6,668
Equity	4,106,060	3,849,987

Dividends

The dividends paid by ERG Power Generation S.p.A. to the parent company ERG S.p.A. in 2024 amounted to EUR 60 million (EUR 50 million in 2023). It should also be noted that dividends in the amount of EUR 5.6 million were paid to non-controlling interests of investee companies.

Supplementary information on capital

The objectives identified by the Group for capital management are to safeguard corporate viability, to create stakeholder value and to support Group development. In particular, the Group pursues the maintenance of an adequate level of capitalisation that allows it to produce a satisfactory economic return for the shareholders and to assure access to external financing sources, also through the achievement of an adequate rating. In this context, the Group manages its own capital structure and makes adjustments to it, if changes in the economic conditions require it. There were no substantial changes to the objectives, to the policies or to the processes at the date of preparation of this document.

Hedging reserve

With reference to the impact on the statement of comprehensive income of hedging derivatives in the amount of EUR 1,093 thousand, please refer to the Statement of comprehensive income.

NOTE 29 - NON-CONTROLLING INTERESTS

Non-controlling interests relate to the consolidation on a line-by-line basis of the following companies that have other shareholders.

Company	31/12/2024			31/12/2023	
	% non-controlling interest	non-controlling interests	Profit/(Loss)	non-controlling interests	Profit/(Loss)
Andromeda PV S.r.l.	21.50%	6,169	2,017	6,664	1,829
C.P.E.S. Mas d'en Ramis S.A.S.	40.00%	(281)	(281)	-	-
C.P.E.S. La Brède S.A.S.	42.58%	(134)	(134)	-	-
Project Pinnacle I, LLC	25.00%	70,731	1,027	-	-
Total		76,485	2,629	6,664	1,829

The change mainly refers to the change in the consolidation scope, as well as the effect of the dividends paid by the companies Andromeda PV S.r.l. and Project Pinnacle I, LLC.

It should be noted that, with respect to the non-controlling interest in the net equity of C.P.E.S. Mas d'en Ramis S.A.S. and C.P.E.S. La Brède S.A.S., which are part of the Falcon business combination, and based on the agreements with non-controlling interests that include a commitment to repurchase in 2027 and 2028, the fair value of this commitment, amounting to approximately EUR 1.7 million, has been reclassified as a non-current liability.

Net financial indebtedness

Relevant information on the accounting standards adopted and recognition and measurement criteria

For the purposes of defining the net financial indebtedness, reference is made to the matters indicated on the subject in CONSOB Warning Notice no. 5/21 of 29 April 2021. The comparative data at 31 December 2020 have been restated to provide a better representation in accordance with the provisions of the above-mentioned CONSOB Warning Notice.

In detail, the net financial indebtedness is broken down as follows:

- A. Cash
- B. Cash equivalents
- C. Other current financial assets
- D. Liquidity (A) + (B) + (C)
- E. Current financial liabilities
- F. Current portion of non-current financial liabilities
- G. Current financial indebtedness (E) + (F)
- H. Net current financial indebtedness (G) - (D)
- I. Non-current financial liabilities
- J. Debt instruments
- K. Trade payables and other current liabilities
- L. Non-current financial indebtedness (I) + (J) + (K)
- M. Net financial indebtedness (H) + (L)

Financial assets and Financial liabilities

All financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument. Financial instruments are initially measured at fair value plus or minus, in the case of financial assets or liabilities not at FVTPL, transaction costs directly attributable to the acquisition or to the issue of the financial instrument. Subsequently, their valuation and classification is based on the analysis of contractual cash flows and on the business model adopted by the Group for the management of these instruments. They can therefore be measured and classified as follows:

- Amortised cost. They mainly include instruments such as loan assets and other loans granted by the Group. The amortised cost is decreased by impairment loss. Interest, determined using the effective interest method, exchange gains and losses and impairment

losses are recognised in profit or loss for the year as are any gains or losses on derecognition.

- Fair value through profit or loss for the year (FVTPL) These instruments are recognised at fair value even after initial recognition and changes in fair value are recognised in profit or loss for the year. They include equity investments and derivative instruments not classified by the Group as hedging instruments.
- Fair value through other comprehensive income (FVOCI). These instruments are recognised at fair value even after initial recognition. They mainly include debt securities, equities and derivative instruments classified by the Group as hedging instruments. Interest income calculated in accordance with the effective interest method, exchange gains and losses and impairment losses are recognised in profit or loss for the year; other net gains and losses are recognised in the Statement of Comprehensive Income. When the financial asset is derecognised, the gains or losses previously recognised in the Statement of Comprehensive Income are reclassified to the income statement.

Financial assets and liabilities measured at amortised cost using the effective interest method or at FVTPL. Any changes to financial assets and liabilities measured at FVTPL, including interest expense, are recognised in profit/(loss) for the year. In the case of financial liabilities subsequently measured at amortised cost, interest expense and exchange gains/(losses) are recognised in profit/(loss) for the year, as well as any gains or losses deriving from derecognition.

Financial liabilities measured at amortised cost include loans, trade payables and other financial liabilities; those measured at FVTPL include derivative financial instruments. When a financial asset is derecognised, the difference between the carrying amount of the extinguished financial liability and the price paid (including the assets not represented by cash transferred or the assumed liabilities) is recognised in the profit or loss for the year.

Please refer to **Note 38 – Financial instruments** for further details.

(EUR thousand)	31/12/2024	31/12/2023
Cash and notes on hand	(85,714)	(51,671)
	(85,714)	(51,671)
Current loan assets	(100,715)	(295,587)
	(100,715)	(295,587)
Bank loans and borrowings	699	340
Current portion of Project Financing	18,385	16,837
Loans and borrowings to ERG S.p.A.	6,115	34
Other current financial liabilities	4,207	21,309
	29,406	38,519
Current lease liabilities	5,820	5,680
Net current financial position	(151,203)	(303,059)
Non-current portion of Project Financing	125,258	81,235
Instruments measured at fair value (IRS)	1,860	-
Other non-current payables	1,994	10,646
Non-current financial liabilities	129,113	91,881
Non-current lease liabilities	221,818	164,331
Net non-current financial position	350,931	256,212
NET FINANCIAL INDEBTEDNESS	199,728	(46,847)

Indirect and contingent indebtedness

In accordance with ESMA Guidelines, the description and nature of the Group's indirect and contingent indebtedness at 31 December 2024 is provided below.

The Group's indirect and contingent indebtedness at 31 December 2024 mainly refers to commitments to build assets over the next 12 months and amounts to approximately EUR 110 million, mainly attributable to the development of wind farms in the United Kingdom (approximately EUR 35 million), Germany (approximately EUR 27 million) and France (approximately EUR 24 million), repowering and revamping projects on wind farms and photovoltaic systems in Italy for approximately EUR 14 million and the development of Storage projects in Italy for approximately EUR 22 million.

NOTE 30 - CASH AND CASH EQUIVALENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Cash and cash equivalents are presented at fair value, which corresponds to their nominal amount. In accordance with IAS 7, the definition of cash equivalents comprises cash on hand and bank/postal deposits repayable on demand, together with short-term investments that are convertible to a known amount of cash. It also includes short-term investments whose reimbursement value is predetermined at the date of initial purchase/recognition.

This item, equal to EUR 86 million at 31 December 2024 (EUR 52 million at 31 December 2023), is made up of the balance in the accounts of wind and solar companies owned by ERG Power Generation S.p.A. according to the restrictions on use set forth in the relative project financing agreements for an amount of approximately EUR 10 million.

NOTE 31 - FINANCIAL ASSETS MEASURED AT FAIR VALUE

(EUR thousand)	31/12/2024	31/12/2023	Impact on Net Financial Indebtedness
Fair value derivatives hedging interest rates	98	159	
Fair value Virtual Power Purchase Agreements	23,710	16,907	
Total non-current portion	23,808	17,066	
Fair value derivatives hedging electricity prices	7,706	15,166	
Fair value Virtual Power Purchase Agreements	-	861	
Total current portion	7,706	16,027	



The non-current portion, equal to approximately EUR 24 million at 31 December 2024 (EUR 17 million at 31 December 2023), consists mainly of receivables relating to the positive fair value of the VPPA in Italy, equal to approximately EUR 24 million (EUR 17 million as at 31 December 2023). The current portion, equal to approximately EUR 8 million at 31 December 2024 (EUR 16 million at 31 December 2023), consists mainly of receivables relating to the positive fair value of instruments hedging commodity price risk, equal to approximately EUR 8 million (EUR 15 million as at 31 December 2023).

NOTE 32 - CURRENT FINANCIAL ASSETS

The item, amounting to EUR 84 million at 31 December 2024 (EUR 279 million at 31 December 2023), fully included in the net financial indebtedness, consists mainly of loan assets from the parent company ERG S.p.A.

NOTE 33 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

The traditional sources of financing, equal to EUR 144 million (EUR 98 million at 31 December 2023) are entirely related to **Project Financing** for assets acquired or signed before 2019, linked to solar systems and wind farms in Italy, France, and Germany.

Specifically:

- loans for EUR 64 million, with final maturity in November 2028, relating to the construction of a solar system through an Italian company;
- loans amounting to EUR 17 million, with a final maturity in December 2038, granted for the construction of a wind farm through a German company;
- loans amounting to EUR 63 million with final maturity in December 2046, relating to the construction of a wind and solar portfolio in France, acquired in January 2024. This loan, which represents the main difference compared to 31 December 2023, was already in place on the acquired scope.

These loans are recognised net of ancillary expenses recognised using the amortised cost method (EUR 0.3 million).

Project financing is guaranteed by the underlying asset. Please refer to the following section for a comment on any pertaining covenants and negative pledges.

Other payables refer primarily to deferred components of the purchase price of companies abroad mainly for approximately EUR 6 million.

Covenants and negative pledges

At the reporting date, all the covenants on the Group's loans had been satisfied.

The above-mentioned financial liabilities contain covenants typical of the financial market, which place limits on the financed company in line with the prevailing market practice for similar agreements.

These agreements contain also negative pledges, clauses that generally prohibit assets being used as collateral for any other third-party lenders and protect the creditor's right over the assets pledged by the debtor as a guarantee for repayment of the loan.

As regards commitments and guarantees issued in favour of lenders, these mainly refer to:

- the special lien on movable assets
- the mortgage of real estate
- the pledge on restricted current accounts
- the pledge on 100% of the share capital (including the pledge of 100% of the share capital of any subsidiaries).

The graph below provides details on the financial parameters relating to the above loans/Project Financing.

2024 Financial Statements	2023 Financial Statements	Project Financing/Loans	Financial covenant(s) deadline	Compliance with covenant(s)	Event of Default	Remedies in case of Event of Default*
✓	✓	Windpark Linda GmbH Project Financing	15/03 - 15/09	✓	HDSCR less than 1.05x	✓
✓	✓	Andromeda PV S.r.l. Project Financing	15/05 - 15/11	✓	Historical Annual DSCR and Projected Annual DSCR greater than 1.10x	✓
✓	•	Project Financing C.E.P.E. Renouvellement Haut Cabardès SAS	within 10 working days after 30/06	✓	HDSCR less than 1.05x	✓

LLCR: Loan Life Cover Ratio

HDSCR: Historical Debt Service Coverage Ratio

FDSCR: Forecast Debt Service Coverage Ratio

* Contractually established remedies that the Company can take to avoid default.

Key:

✓ Present

• Not present

n/a Not applicable

NOTE 34 - LEASE LIABILITIES

Financial liabilities arising as a result of the application of IFRS 16 equal to EUR 228 million (EUR 170 million in 2023) of which EUR 222 million (EUR 164 million in 2023) medium/long-term and EUR 6 million short-term (EUR 6 million in 2023).

The liability refers to the present value of payments due and not paid at the start date of the lease plus implicit interest accrued on said liability and less payments made during the year.

The increase in the period mainly refers to the liability recognised for the acquisitions that took place during the year. For further details, please refer to **Note 43 – Business combinations and asset acquisition**.

NOTE 35 - FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(EUR thousand)	31/12/2024	31/12/2023	Impact on Net Financial Indebtedness
Fair value Virtual Power Purchase Agreements	97.145	5.830	
Fair value derivatives hedging interest rates	1.959		
Total non-current portion	99.104	5.830	
Fair value of derivatives hedging exchange rate	-	2.349	
Fair value Virtual Power Purchase Agreements	6.767	530	
Fair value derivatives hedging electricity prices	3.065	3.030	
Total current portion	9.832	5.908	

The non-current portion, equal to EUR 99 million (EUR 6 million at 31 December 2023) includes the negative fair value of the VPPA in Spain, the USA and the UK, part of which was recognised at fair value as part of the related business combinations. These instruments were also designated as hedging instruments and therefore are not included in the financial liabilities of the Net Financial Indebtedness prepared in accordance with CONSOB Warning Notice no. 5/21 of 29 April 2021.

The current portion of EUR 10 million (EUR 6 million at 31 December 2023) consists of:

- the portion to be released in the short term of liabilities referring to the negative fair values recognised as part of the related VPPA business combinations in Spain and the US, equal to approximately EUR 7 million (EUR 0.5 million at 31 December 2023);
- liabilities related to the negative fair value of commodity price risk hedging instruments amounting to approximately EUR 3 million (EUR 3 million at 31 December 2023), which do not fall under the classification of financial liabilities and are therefore not included in the net financial indebtedness.

NOTE 36 - NET FINANCIAL INCOME (EXPENSE)

(EUR thousand)	2024			2023		
	Financial income	Financial expense	Net	Financial income	Financial expense	Net
Bank interest income (expense) on current accounts	2,064	(1)	2,064	171	(14)	156
Financial income (expense) on interest rate derivatives – differential	1,425	-	1,425	448	-	448
Financial income (expenses) from the parent company	100	(2)	98	217	(442)	(225)
Financial income (expenses) from associates	124	-	124	0	(0)	(0)
Interest expense on project financing	-	(7,508)	(7,508)	-	(6,948)	(6,948)
Liability management transactions	-	-	-	1,851	(6,650)	(4,799)
Liquidity management/Cost of debt	3,714	(7,510)	(3,796)	2,687	(14,055)	(11,368)
Other financial income (expense)	10,163	(513)	9,649	6,117	2,331	8,447
Derivative financial income (expenses) – change in fair value	15,216	(14,153)	1,063	158,297	(154,825)	3,473
Financial expense on US Tax Partner Liability	-	(8,099)	(8,099)	-	-	-
Loan renegotiations gain (loss)	-	-	-	-	(213)	(213)
Amortised cost on loans, borrowings and project financing	-	(69)	(69)	-	(41)	(41)
Interest expense on lease liabilities	-	(10,584)	(10,584)	-	(7,137)	(7,137)
Exchange gains (losses)	2,455	(1,535)	920	357	(378)	(21)
Other income (expense)	27,835	(34,954)	(7,119)	164,771	(160,262)	4,509
Total	31,548	(42,464)	(10,915)	167,457	(174,317)	(6,859)

The **Interest payable to third parties on loans/borrowings** and **Interest expense on project financing** included in the cost of debt represent the portion of financial charges relating to contractual interest, while their adjustment to the effective interest rate is represented by the items "Loan renegotiations – IFRS 9" and "Amortised cost on loans, borrowings and project financing".

The item **Liability management transactions** (EUR 5 million in 2023) includes the non-recurring expense linked to the closure, in the previous period, of some Project Financing of some operating wind and solar companies, including related renegotiation effects on loans in application of IFRS 9, as well as the partial extinguishment of the fair value related to derivative financial instruments, where applicable, hedging related interest rates.

Derivative financial income (expense) – change in fair value refers to the change in fair value of certain derivative financial instruments on interest rates and commodities. As for the latter, the gross values of income and expense represented reflect the technical purchase and sale transactions and in the 2023 financial year they amounted to a significant amount due to the significant variability of the energy scenario. It should be noted that the net result of the aforementioned transactions on commodities is not significant, in line with the objectives set in the policy and with previous years.

The item **Financial expense on US Tax Partner Liability** represents the financial expense deriving from the revaluation of the total amount due to the Partner at the expected internal rate of return.

Other financial income (expense) mainly includes capitalised financial interest for farms under construction, financial expenses on the decommissioning provision, and bank fees.

NOTE 37 - FINANCIAL INSTRUMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Derivative financial instruments

Derivative financial instruments, including embedded derivatives subject to separation from the host contract, are assets and liabilities recognised at fair value.

Derivative instruments, including forward transactions, are classified as follows:

- 1. derivative instruments that can be defined as hedges pursuant to IFRS 9:** this includes (i) cash flow hedges (CFH) on interest rates, exchange rates and commodities and (ii) fair value hedges (FVH) on commodities (price and exchange rate);
- 2. forward transactions and derivative instruments that cannot be defined as hedges pursuant to IFRS 9,** meeting the requirements of compliance with the company policies for the management of risk on exchange rates and energy commodities.

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements. For all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the year in the same year or in the same years in which the hedged expected future cash flows have an effect on profit or loss.

The Group analyses all contracts to buy or sell non-financial assets, with particular attention to forward purchases or sales of electricity

and energy commodities, in order to determine whether they should be classified and treated in accordance with IFRS 9 or whether they were entered into for "own use exemption".

Fair value hierarchy according to IFRS 13

In measuring the fair value of an asset or a liability, the Group uses, insofar as it is possible, observable market data. Fair values are categorised in various hierarchical levels according to the input data used in the measurement techniques, as illustrated below.

- *Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets.*
- *Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) and indirectly (derived from prices).*
- *Level 3: unobservable inputs for the asset or liability.*

The Group recognises the transfers between the various levels of the fair value hierarchy at the date of the event or of the change in the circumstances that determined the transfer in which the transfer took place.

Estimates and assumptions are revised periodically and the effects of each change are reflected in the Income Statement in the year in which the change took place.

The following graph shows, for each financial asset and liability, the carrying amount and the fair value. Information on the fair value of financial assets and liabilities not measured at fair value are excluded, when the carrying amount represents a reasonable approximation of fair value.



31/12/2024	Fair value – Hedging instruments	FVTPL instruments – other	Financial assets measured at amortised cost	Other financial liabilities	Total Carrying Amount	Fair value	Level 1	Level 2	Level 3
Equity investments									
Other non-current financial assets	-	-	46,654	-	46,654	46,654	-	46,654	-
Interest rate swap hedging	98	-	-	-	98	98	-	98	-
Commodity derivatives	7,705	-	-	-	7,705	7,705	7,705	-	-
Virtual Power Purchase Agreements	23,710	-	-	-	23,710	23,710	-	-	23,710
Other current financial assets	-	-	83,882	-	83,882	83,882	-	83,882	-
Trade receivables	-	-	135,630	-	135,630	135,630	-	-	-
Other assets	-	-	30,902	-	30,902	30,902	-	30,902	-
Cash and cash equivalents	-	-	85,714	-	85,714	85,714	-	-	-
Total assets	31,513	356	382,782	-	414,650	414,650			
Non-recourse Project Financing									
Bank borrowings to parent companies	-	-	-	143,643	143,643	150,689	-	150,689	-
Financial liabilities	-	-	-	6,201	6,201	6,201	-	6,201	-
Foreign exchange derivatives	2,349	-	-	-	2,349	2,349	-	2,349	-
Commodity derivatives	3,065	-	-	-	3,065	3,065	3,065	-	-
Virtual Power Purchase Agreements	103,912	-	-	-	103,912	103,912	-	-	103,912
Trade payables	-	-	-	114,528	114,528	114,528	-	-	-
Other liabilities	-	-	-	-	273,318	273,318	-	254,669	18,649
Total liabilities	109,326	-	-	271,187	653,830	660,875			

(*) the item also includes the fair value of the futures for which cash settlement of open positions is also envisaged (for which the relative fair value cannot be found in the statement of financial position as it has already been settled) amounting to approximately EUR 1 million.

To determine the market value of these instruments, ERG uses various models for measuring and valuation, as summarised below:

Type	Instrument	Pricing model	Calculation tool	Market data used	Data provider	IFRS 7 hierarchy
Commodity derivatives	Commodity Swap	Discounted Cash Flow	- MS Excel - FINCAD XL	- Official spot quotes on reference commodities	Refinitiv Eikon	Level 2
	Commodity Futures	Listed instrument		- Official settlement prices – Source: EEX	EEX via Refinitiv Eikon	Level 1
	Contract for Difference (CFD)	Discounted Cash Flow	- MS Excel	- Forward national single price quoted on the OTC market - Zero coupon curve on the Euro	EEX via Refinitiv Eikon Refinitiv Eikon	Level 2
	Virtual Power Purchase Agreement (VPPA)	Discounted Cash Flow Monte Carlo method (option measurement)	- MS Excel - FINCAD XL	- Official spot/forward prices of reference commodities - Historical volatility of the reference commodities - Zero coupon curve of the reference currency - ECB spot exchange rates	Refinitiv Eikon	Level 3
Foreign exchange derivatives	Forward purchase/sale (Outright, FX Forward)	Discounted Cash Flow	- MS Excel - FINCAD XL	- Short-term (deposit rates) and medium/long-term interest rates (swap rates) for both reference currencies. - ECB spot exchange rates	Refinitiv Eikon	Level 2

* Since these are instruments with average delivery terms of more than 10 years, if for long-term maturities there are no easily identifiable price quotations in the active market and therefore the price of the last available maturity date has to be replicated, the fair value at the date of initial recognition is estimated, with no accounting impact in the financial statements, and at each closing date the difference between the fair value at the valuation date and the estimated fair value at the date the contract was signed is recognised.

NOTE 38 - DISCLOSURE ON FINANCIAL RISKS

The main risks identified and actively managed by the Group include the following:

- the **Credit risk**, which highlights the possibility of default of a counterparty or any impairment of the assigned credit rating;
- the **Market risk**, deriving from exposure to interest rate and exchange rate fluctuations, and the change in the prices of the products sold and of the purchases of raw materials (commodity price volatility risk);
- the **Liquidity risk**, the risk of available financial resources being insufficient to fulfil payment commitments.

The ERG Group attaches great importance to identifying and measuring risks and to the related controls, in order to ensure efficient management of the risks it runs. Consistently with this objective, an advanced Risk Management system was adopted that assures, in compliance with the existing policies on the topic, the identification, measurement and central level control for the entire Group of the degree of exposure to individual risks.

The Group Risk Management & Corporate Finance function ensures consistency with the assigned risk limits and provides adequate support with its own analyses, both to individual subsidiaries and to the Risk Committee and Top Management of the Parent, for strategic decisions.

Credit risk

Exposure to credit risk, inherent in the probability that a given counterparty will not be able to fulfil its contractual obligations, is managed by means of appropriate analysis and evaluation, also supported by primary providers on the analysis of the credit risk, assigning each counterparty an internal rating (Internal Based Rating, summary indicator of creditworthiness assessment). The rating classes provide an estimation of the probability of default of a specific counterparty, on which the degree of creditworthiness assigned depends, which is accurately monitored and must not be overrun. The choice of counterparties both for the industrial business and financial negotiations underlies the decisions of the Credit Committee, whose choices are supported by creditworthiness analyses.

Concentration risk, in particular per customer, is also continuously monitored without ever having presented alert situations, also in view of the characteristics of the sector in which the Group operates.

At 31 December 2024, maximum exposure to credit risk on trade receivables, broken down by geographical region, is as follows:

(EUR thousand)	31/12/2024	31/12/2023
Italy	72,072	80,308
France	19,534	33,002
Germany	15,379	7,726
Bulgaria	7,565	1,944
Poland	5,813	6,541
Romania	5,299	20,310
UK	4,993	4,545
USA	3,265	-
Sweden	1,478	613
Spain	234	2,905
Total	135,630	157,894

The following graph provides information on the Group's exposure to credit risk at year-end, by classifying receivables (see **Note 6 – Trade receivables**) according to the credit rating corresponding to the ratings assigned by the information provider and assigned internally.

(EUR thousand)	31/12/2024	31/12/2023
AAA Rating	-	4,924
AA+/AA- Rating	5,845	8,108
A+/A- Rating	9,305	8,008
BBB+/BBB- Rating	93,231	64,803
BB+/BB- Rating	11,563	45,174
B+/B- Rating	11,727	18,226
CCC Rating	3,459	371
CC Rating	501	3,990
Total	135,630	153,605

In relation to receivables not subject to impairment, the Group assigns each exposure a credit rating class that provides a forecast of the risk of loss and takes into account the proven experience in evaluating receivables. The credit rating classes are defined using qualitative and quantitative factors indicating the risk of default.

The following graph shows the exposure to credit risk and the expected losses on trade receivables not past due at 31 December 2023 (with respect to the graph above, the carrying amount is recognised net of items included under liabilities as an adjustment to receivables and of receivables already collected at the date of this document).

(EUR thousand)	Carrying amount	Weighted average loss percentage*	Loss allowance
AAA Rating	-	-	-
AA+/AA- Rating	5,845	0,02%	1
A+/A- Rating	9,305	0,07%	6
BBB+/BBB- Rating	93,231	0,19%	174
BB+/BB- Rating	11,563	0,44%	51
B+/B- Rating	11,727	1,09%	128
CCC Rating	3,459	2,75%	95
CC Rating	501	5,60%	28
Total	135,630		484

* Parameter assessed for each country on the basis of the Probability of Default (PD) and the statistically recognised Loss Given Default (LGD).

Liquidity risk

Liquidity risk is the risk that financial resources may not be sufficient to cover all obligations falling due. To date, the ERG Group guarantees with the generation of cash flows and with the availability of credit facilities, made available by different counterparties, the adequate coverage of its financial requirements.

The following tables summarise the time profile of the financial liabilities of the Group, inclusive of interest, at 31 December 2023 and at 31 December 2022 on the basis of non-discounted contractual payments and the relative carrying amount.

31/12/2024

(EUR thousand)	Carrying amount	Maturity of liabilities					
		Total	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Non-recourse Project Financing	143,643	184,639	-	9,218	15,988	78,302	81,132
Amounts due to parent companies	6,115	6,115	6,115	-	-	-	-
Other liabilities	6,201	6,201	-	-	6,201	-	-
Trade payables	114,528	114,528	50,122	64,406	-	-	-
Total non-derivative financial liabilities	270,488	311,483	56,237	73,624	22,189	78,302	81,132
Virtual Power Purchase Agreements	103,912	103,912	-	1,692	5,075	49,462	47,683
Derivatives commodity price risk	3,065	3,065	-	-	3,065	-	-
Total derivative financial liabilities	106,977	106,977	-	1,692	8,140	49,462	47,683

31/12/2023

(EUR thousand)	Carrying amount	Maturity of liabilities					
		Total	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Non-recourse Project Financing	98,071	114,715	-	8,969	12,071	80,420	13,254
Amounts due to parent companies	34	34	34	-	-	-	-
Other liabilities	32,116	32,116	-	-	21,309	10,807	-
Trade payables	111,942	111,942	47,536	64,406	-	-	-
Total non-derivative financial liabilities	242,163	258,808	47,571	73,375	33,380	91,227	13,254
Virtual Power Purchase Agreements	6,360	6,360	-	133	398	2,120	3,710
Exchange rate risk derivatives	2,349	2,349	-	-	2,349	-	-
Derivatives commodity price risk	3,030	3,030	-	-	3,030	-	-
Total derivative financial liabilities	11,738	11,738	-	133	5,776	2,120	3,710

Market risk

This comprises currency risk, interest rate risk and commodity price risk. The management of these risks is regulated by the guidelines provided in the Group Policy and by internal procedures in the Finance area.

Moreover, specific risk management policies and procedures have been developed, based on industry best practices, for the continuous measurement of exposure levels with respect to a Risk Capital value allocated by the parent.

Market risk – interest rate

This risk identifies the change in future interest rate trends that may cause higher costs for the Group. Containment of the interest rate risk is generally pursued by using derivative contracts such as Interest Rate Swaps and Interest Rate Options (plain vanilla).

At 31 December 2024, there were no interest rate hedging derivatives with a significant impact on the Group.

Market risk – commodity

Commodity price risk consists in unexpected fluctuations in the prices of raw materials, of procurement of services, of finished products and services provided for sale on the open market.

The Group implements all risk management strategies necessary to avoid the economic damages deriving from the volatility of the price for the sale and purchase of Electricity and from fluctuations in the Clean Spark Spread.

thousands of MWh	2024		
	Hedge Nominal	Trading Nominal	Total
Future	1,373	-	1,373
CFD	1,130	-	1,130
VPPA	15,852	-	15,852
Totale	18,356	-	18,356

The following tables show the breakdown of the derivative financial instruments tied to different types of commodities and show in the case of reasonable changes in prices – while holding all other variables constant – the impact on variations in pre-tax profit (due to variations in the fair value of financial assets and liabilities) and equity attributable to the owners of the parent (due to variations in the fair value of cash flow derivatives) of a +/-25% change in the price of commodities.

Impact on profit or loss

(EUR million)	2024	2023
Shock-up (+25% change in commodities price)	(0.1)	(0.0)
Shock-down (-25% change in commodities price)	(0.0)	(0.0)

Impact on equity

(EUR million)	2024	2023
Shock-up (+25% change in commodities price)	(125.4)	(28.3)
Shock-down (-25% change in commodities price)	134.3	32.6

Market risk – exchange rate

It identifies the unexpected future change in exchange rates that could result in higher costs for the Group (transactional risk), or impacts on the consolidated financial statements due to the conversion of assets and liabilities of companies reporting in other currencies (translational risk). The management of currency risk consists mainly of its acceptance, given the small exposure the Group has as of the date of approval of this policy. Warning levels and the possible use of derivative financial instruments to hedge risk are in place. The Group also adopts a strategy based on pursuing a balance between assets and liabilities in foreign currencies, thus minimising net exposure, and financing M/L-term investments in local currencies, the profitability and cash flows of which are mainly expressed in that currency.

In the case of extraordinary transactions, it may be necessary to hedge against the variability of the exchange rate between the date of the decision to enter into a financial asset (coinciding with the trading of a derivative instrument) and the actual entering into of that financial asset, when deemed highly probable.

At 31 December 2024, there are no exchange rate hedging derivatives.

Derivative instruments used

The main types of derivative instruments adopted in the management of financial risks, solely for hedging purposes, are as follows:

Options: a contract whereby one of the parties, on payment of a sum to the other (premium), acquires the right to buy (call option) or sell (put option), at a future date, a certain quantity of financial instruments (underlying asset) at an established price (exercise or strike price).

Forward contracts: contracts for the purchase or sale between two parties of a certain financial instrument (the underlying asset) at a future date and at a price fixed at the time the contract is stipulated; this category also includes futures contracts, which unlike forward contracts are standardised, negotiated in lots and for predetermined maturity dates within regulated markets.

Swap/CfD (Contract for Difference): contract that determines, between two parties, the swap of flows of payments at certain dates. Payments can be expressed in the same currency or in different currencies and their amount is determined in relation to an underlying asset.

The derivatives entered into by ERG to hedge the exposure to financial risks existing at 31 December 2024 are:

Interest Rate derivatives

- Interest Rate Option instruments that make it possible to set upper limits (cap) and lower limits (floor) to interest rate fluctuations relating to loans indexed to a variable rate;
- Interest Rate Swap instruments, including Prehedge instruments, to bring bank loans with fixed and variable rate to the risk profile deemed most appropriate. IRS contracts provide that the counterparties, with reference to a defined notional value and to pre-set maturities, mutually exchange interest flows calculated in relation to fixed rates or to variable rate parameters agreed previously;

Commodity derivatives

- CfDs are used to hedge the risk of electricity price fluctuations; via this instrument it is possible to buy or sell block quantities of electricity by paying on maturity the difference between the price agreed to in the contract and the market price reported in the reference period;
- Futures instruments used to manage the volatility risk of electricity prices; this instrument makes it possible to purchase or sell a certain

amount of energy at a certain price in a pre-established future period. The futures used have both monthly and cascading maturities (annual, half-yearly, quarterly, etc.);

- electricity contracts with physical delivery are stipulated on the wholesale energy market and measured at fair value as part of sales transactions with derivative financial instruments as a counter-entry;
- financial or "virtual" Power Purchase Agreements (VPPAs), entered into in order to stabilise the revenue structure with counterparties whereby on delivery dates a payment based on the price defined in the agreement is exchanged for a variable price, without the physical transfer of the underlying electricity.

Foreign exchange derivatives

- outright forwards, which are used to hedge against exchange rate fluctuations between the date of the decision to enter into a financial asset (coinciding with the negotiation of the derivative that is the subject of this HDR) and the actual entering into that financial asset.

Hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks and commodity price risk. Furthermore, any derivative embedded in a hybrid contract is separated and measured at fair value, when the derivative contract meets the definition of a derivative and is not strictly related to the host contract.

At the start of the designated hedging relationship, the Group documents the risk management objectives and the strategy in implementing the hedge, as well as the economic relationship between the hedged item and the hedging instrument and it is expected that changes in cash on hand of the hedged element and in the hedging instrument will mutually offset.

When a derivative financial instrument is designated as an instrument to hedge the exposure to the variability of cash flows, the effective portion of the fair value gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve. The effective portion of the fair value gain or loss on the derivative financial instrument that is recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged instrument (at the present value) from the start of the hedge. The ineffective portion of the fair value gain or loss on the derivative financial instrument is recognised immediately in profit or loss for the year.

In a hedging relationship, the Group designates as a hedging instrument only the fair value change of the spot element of the forward contract as a hedging instrument in a cash flow hedging relationship.

If the hedge ceases to meet the qualifying criteria or the hedging instrument is sold, terminates or is exercised, hedge accounting is discontinued prospectively. When the cash flow hedge transactions cease being reported, the cumulative gain or loss in the hedging reserve remains in equity until, in the case of a hedge of a transaction that entails the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at initial recognition or, in the case of the other cash flow hedges, it is reclassified to profit or loss for the year in the same year or years in which the hedged expected future cash flows have an effect on profit or loss for the year.

Where cash flow hedges are no longer expected, the amount must be reclassified immediately from the hedging reserve and from the reserve for hedging costs to profit or loss for the year.

A hedging relationship is effective if and only if it meets the following requirements:

- existence of an economic relationship between the hedging instrument and the hedged item;
- the credit risk is not dominant with respect to the changes in value; and
- the hedge ratio is the same one used for risk management purposes, i.e. the hedged quantity of the hedged element and the quantity of the hedging instrument used to cover the hedged item.

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements.

However, for all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the year in the same year or in the same years in which the hedged expected future cash flows have an effect on profit or loss.



NOTE 39 - GUARANTEES, COMMITMENTS AND RISKS

Sureties given (EUR 10 million)

These refer to the guarantees issued in favour of companies of the wind group, particularly Government Agencies, for restoration of the wind farm areas at the end of the electricity generation activity. The item also includes commercial Parent Company guarantees issued in favour of subsidiaries for the benefit of third-party suppliers.

Other Guarantees and commitments made (EUR 3 million)

These are primarily commitments to suppliers, especially in the field of Information & Communication Technology for operating and capital account expenses to be incurred in the future already contracted for with the counterparty.

VI. TAXATION

NOTE 40 - INCOME TAXES

Current taxes are recognised based on an estimate of the liability for the year, taking into account the effects of participation in a tax consolidation scheme by most of the Group's companies.

The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they do not meet the definition of income taxes.

The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the period, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty.

The rate used to calculate current taxes for the Italian companies is the same as the nominal IRES (corporate income tax) rate (24%), increased, where so prescribed, by the IRAP (regional income tax) rate (3.90% - 4.82% - 5.57%).

The rates for foreign companies consolidated on a line-by-line basis are as follows:

France 25%;

Germany 26.6% - 32.2%;

United Kingdom 25%;

Romania 16%;

Poland 19%;

Bulgaria 10% (15% from 1 January 2024 for groups subject to Pillar 2);

Sweden 20.6%;

Spain 25%;

United States (Federal Tax + State Tax) 26.6% - 28.5%.

Global minimum top-up tax

On 22 December 2022, the text of Directive no. 2022/2523/EU was published in the Official Journal of the European Union, which provides for the transposition into EU legislation of the rules on the Global Minimum Tax envisaged by Pillar 2 prepared by OECD as part of Action 1 of the BEPS ("Base Erosion and Profit Shifting") project. The objective of the Directive is to limit harmful tax competition between States, setting the minimum level of effective taxation (Effective Tax Rate – ETR) at 15%, at the aggregate level for each individual State, through the application of a possible supplementary tax (Top-Up Tax – TUT). In Italy, Directive no. 2022/2523/EU was transposed into national law with Italian Legislative Decree no. 209 of 27 December 2023, which entered into force on 29 December 2023.

The Group adopted the document "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)" published on 23 May 2023. The exception provided for by IAS 12 applies retroactively.

The Group falls within the application of the "Global Minimum Tax". In 2024, this regulation had an impact on the tax rate of the subsidiaries in Bulgaria (since the ordinary and effective tax rates are lower than the minimum rate) and Romania (due to permanent tax decreases that brought the effective tax rate to a level lower than the minimum rate). In both cases, the tax was applied at the level of the individual subsidiaries and had an impact on group taxes for 2024 of EUR 0.5 million.

For details on **Deferred taxes**, reference is made to the comments in the following Notes.

(EUR thousand)	2024	2023
Current income taxes	51,578	51,258
Previous years taxes	1,675	(2,191)
Deferred tax assets and liabilities	15,198	31,285
Substitute tax	(27,511)	2,886
Total	40,941	80,352

The items Current income taxes and Deferred tax liabilities include, among others, the effects of the recognition of the substitute tax of 16% on the exemption of capital gains relating to the Siena and Donatello business combinations, which took place in 2022. The balance of the tax, equal to EUR 35 million, makes it possible to enjoy tax benefits from 2025 generated by the adjustment of the tax depreciation of goodwill subject to exemption. The recognition also had a positive impact on the Consolidated Financial Statements given the recognition of deferred tax assets and the release of deferred taxes, for EUR 64 million, on the various goodwill values subject to exemption at the time of purchase price allocation.

Lastly, it should be noted that deferred tax assets include the positive effect of the tax losses transferred to the US Partner as part of the Tax Equity Partnership agreements for EUR 15 million.

NOTE 41 - CURRENT TAX ASSETS AND LIABILITIES

Current tax assets refer mainly to advances on direct taxes for the year 2024.

Current tax liabilities refer mainly to tax liabilities on direct taxes for the year 2024.

NOTE 42 - DEFERRED TAXATION

Relevant information on the accounting standards adopted and recognition and measurement criteria

Pursuant to the accrual basis of accounting, the Consolidated Financial Statements include deferred tax assets and liabilities arising from temporary differences deriving from adjustments made to consolidated companies' financial statements to comply with the Group's accounting

policies, as well as from temporary differences between the carrying amounts and related tax bases, and on unused tax losses.

Deferred tax assets are allocated when their future recovery is probable. The recoverability of the temporary differences and of the tax losses is



contextualised within the various expiry dates of the tax consolidation agreements.

The quantitative limit of 80% does not apply for tax losses generated in the first three years from the incorporation of the company, provided that they refer to a new productive activity.

Deferred taxes are calculated on the basis of the tax rates expected to be in force in the periods in which the taxable and deductible temporary differences will be reversed.

Deferred tax assets

Deferred tax assets, amounting to EUR 121 million (EUR 75 million at 31 December 2023), are determined by temporary differences relating mainly to amortisation, depreciation and impairment losses and provisions for risks and charges, and the carry-forward of tax losses. The increase was mainly due to the impact on the consolidated financial statements of the redemption of the capital gains related to the Siena and Donatello business combinations in 2022 and merged by incorporation in 2023. The Group considers it reasonably certain that the deferred tax assets recognised at 31 December 2024 will be recovered.

Deferred tax liabilities

Deferred tax liabilities, amounting to EUR 278 million (EUR 214 million at 31 December 2023) refer in particular to temporary differences generated by Purchase Price Allocations of past and current acquisitions.

VII. OTHER NOTES

NOTE 43 - BUSINESS COMBINATIONS AND ASSET ACQUISITION

Relevant information on the accounting standards adopted and recognition and measurement criteria

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at fair value and includes all contingent considerations at the acquisition date. Subsequent changes in the fair value of contingent considerations are recognised in the income statement, in compliance with applicable standards.

Goodwill, recognised at the date of acquisition of control, is equal to the difference between:

- *the consideration transferred, the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3 (fair value of the pro-rata share of equity attributable to non-controlling interests);*
- *the net of the amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value.*

The costs related to the acquisitions are recognised as expenses in the years in which they are incurred.

In the case of acquisition of operational (wind or photovoltaic) farms, in order to identify whether the object of the acquisition is a business according to the definition provided by IFRS 3, it is necessary to determine whether substantial processes have been acquired.

As part of this consideration, in the view of the Group's management, O&M activities are a critical process for the functioning of the farms, as these could not produce output or maintain the level of production without continuous O&M activities.

In the case of acquisition of projects (e.g. objects that do not yet generate outputs), the Group deems that the conditions for considering these transactions as business combinations are not met.

Consequently, project acquisitions will be accounted for as asset acquisitions.

"Falcon" business combination

On 29 January 2024, ERG through its direct subsidiary ERG Eolienne France SAS completed the acquisition from QEnergy France SAS of 100% of **CEPE Renouvellement Haut Cabardès SAS**, a company that owns a 73.2-MW wind and solar portfolio in France. In particular, the portfolio of plants subject to the acquisition consists of two photovoltaic farms in operation, totalling 20.4 MW of capacity, one in an advanced stage of construction of approximately 28.8 MW, and a 24-MW wind farm that came into operation at the end of 2023 following a repowering operation. The total estimated output is around 125 GWh annually.

The electricity generated by the photovoltaic system being completed will benefit from a 15-year "pay as produced" Power Purchase Agreement (PPA) with a leading corporate counterparty.

As per the press release of 28 December 2023, the enterprise value of the transaction was approximately EUR 86 million, with an equity value of approximately EUR 17 million.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts, PPAs and CfDs, and land lease contracts. These contracts represent critical processes for the operation of the farms. The O&M contract, in particular, allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

This document reflects the impacts of the consolidation of the companies acquired as from 1 January 2024.

Determination of the total acquisition price

The acquisition consideration was EUR 6 million for the acquisition of 100% of the share capital of the target companies, including deferred components of the acquisition consideration (call options on third-party shareholders in the companies that own the photovoltaic plants in operation). It should also be noted that a net financial indebtedness totalling EUR 86 million was assumed, including the shareholder loan. It should be specified that the acquisition-related costs incurred by the Group amounted to EUR 0.4 million, related to legal fees and due diligence costs incurred in the period 2023. These costs were included in the Services and other operating costs item in the respective period.

Measurement of the assets and liabilities of the business combination at the acquisition date

The acquisition was recognised provisionally; the fair values of the acquired assets were determined on the basis of the best estimate available at the preparation date of these Consolidated Financial Statements and are shown in the table below:

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and concessions	-	22,823	22,823
Property, plant and equipment	86,621	(8,097)	78,524
Right-of-use assets	6,658		6,658
Other non-current financial assets	40		40
Deferred tax assets	-	8,798	8,798
Non-current assets	93,319	23,525	116,844
Inventories	143		143
Trade receivables	418		418
Other current assets	4,366	120	4,486
Cash and cash equivalents*	1,098		1,098
Current assets	6,025	120	6,145
TOTAL ASSETS	99,344	23,645	122,989
Equity attributable to the owners of the parent	8,310	(10,788)	(2,479)
Non-controlling interests	-	1,687	1,687
Total Equity	8,310	(9,101)	(792)
Deferred tax liabilities	-	5,765	5,765
Provision for dismantling expenses	2,426	(1,186)	1,241
Other non-current provisions	-	4,146	4,146
Instruments measured at fair value	-	1,556	1,556
Non-current financial liabilities*	65,270	-	65,270
Non-current lease liabilities*	6,449	-	6,449
Other non-current liabilities	-	18,649	18,649
Non-current liabilities	74,145	28,929	103,074
Trade payables	3,259	3,696	6,955
Current financial liabilities*	13,169		13,169
Current lease liabilities*	209		209
Other current liabilities	-	120	120
Current tax liabilities	253		253
Current liabilities	16,890	3,816	20,706
TOTAL EQUITY AND LIABILITIES	99,344	23,645	122,989
* Impact on Net Financial Indebtedness	(83,998)	(1,556)	(85,554)

The Acquisition figures column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (1 January 2024) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** wind farms and photovoltaic systems under construction, including those recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **cash and cash equivalents:** cash on hand held in current accounts;
- **provision for dismantling charges:** provisions for dismantling expenses accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **non-current financial liabilities:** medium-long term portion of bank borrowings for project financing and recording of accrued interest;
- **lease liabilities:** recognition of the present value of payments due for the right of use of land;
- **trade payables:** amounts due to suppliers in connection mainly with the construction of the photovoltaic system;
- **current financial liabilities:** Shareholder loan to ERG Eolienne France SAS.

the following fair values determined on a provisional basis were included in the column Adjustment to the acquisition figures:

- **intangible assets:** gain allocated upon recognition of the acquisition; this gain was posted to the item "Authorisations and concessions" taking into account a time horizon of future economic benefits of 40 years for the solar business and 35 years for the wind business;
- **property, plant and equipment:** the item specifically includes the fair value adjustment of certain property, plant and equipment related to the solar business;
- **instruments measured at fair value:** includes the positive fair value of the derivatives hedging the interest rate of the project financing;
- **other non-current liabilities:** related to the recognition of the estimated fair value at the date of initial recognition of long-term fixed-price energy sales contracts (PPAs and CfDs);
- **deferred tax assets and liabilities** related to the allocation referred to above;
- **other non-current provisions:** recognition of charges for contingent liabilities determined at the time of acquisition.

Determination of goodwill

The difference between the total acquisition price and the fair value of the acquired assets and liabilities was recognised as goodwill, as illustrated in the following table:

(EUR thousand)	
Acquisition consideration (including deferred components)	5,572
Fair value of the acquired net assets	(792)
Goodwill	6,364

Falcon contribution in 2024

The date of first consolidation (1 January 2024) corresponds to the opening date of these Consolidated Financial Statements; therefore, the acquired company fully contributed to the Group's Income Statement during the period with revenue of EUR 5 million, a gross operating profit (loss) of EUR 3 million, and a profit for the year attributable to the owners of the parent of EUR 2 million. It should be noted that the scope includes a 28.8 MW photovoltaic park in operation since the second half of the year, which did not make a full contribution to the Group's revenue and results during the year.

"Pinnacle" business combination

On **24 April 2024**, ERG through its subsidiary ERG USA Holding, Inc. completed the acquisition from Apex Clean Energy Holdings, LLC – a leading independent US developer of clean energy with which ERG has a strategic partnership – of 75% of **Project Pinnacle I, LLC**, a company that owns a portfolio consisting of a wind farm and a solar system in the USA, both in operation respectively from 2023 and the second half of 2022, for a total of 317 MW of installed capacity and an estimated production of approximately 1 TWh. Specifically, the portfolio includes a 224.4-MW onshore wind farm in Iowa, with an estimated annual output of over 800 GWh, and a 92.4-MW photovoltaic system in Illinois, expected to generate over 150 GWh annually, equivalent to a total of 387 kt of CO₂ avoided. Both plants are part of the Midcontinent Independent System Operator (MISO), the largest US electricity market in terms of geographical area and second largest in terms of installed capacity. The two plants benefit from Tax Equity agreements with financial counterparties and were debt-free at closing. Revenue is secured by long-term sales contracts (PPAs) signed with leading corporate counterparties.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts, PPAs, agreements with Tax Equity Partners within the incentive systems in place, and land lease contracts. These contracts represent critical processes for the operation of the farms. The O&M contract, in particular, allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

This document reflects the impacts of the consolidation of the companies acquired as from 1 April 2024.

Determination of the total acquisition price

The acquisition price was EUR 261 million for the acquisition of 75% of the share capital of the acquirees.

It should be noted that the consideration for the acquisition is composed as follows:

- EUR 251 million (approximately USD 268 million) referring to the original consideration net of the adjustments, provided for in the contract, between the Locked Box date and the Closing;
- EUR -6 million referring to the positive effect deriving from the hedging of the currency risk between the Signing of 21 December 2023 and the Closing of 24 April 2024;
- EUR 16 million of deferred consideration regarding the amount to be paid to the counterparty upon the occurrence of certain short-term conditions set forth in the contract. This liquidity was recorded as restricted cash and cash equivalents in the special purpose vehicle for the wind farm. These conditions were met by 31 December 2024 and therefore the amount was paid during the 2024 financial year.

Against the consideration paid, a net financial indebtedness was assumed consisting mainly of liquid assets for a net total of EUR 10 million. Finally, it is specified that the acquisition-related costs incurred by the Group totalled EUR 6.1 million, of which EUR 1.6 million incurred in financial year 2023, related to legal fees and due diligence costs. These costs were included in the Services and other operating costs item in the respective periods.

Measurement of the assets and liabilities of the business combination at the acquisition date

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and concessions	-	180,916	180,916
Other intangible assets	812	-	812
Property, plant and equipment	425,782	-	425,782
Right-of-use assets	34,367	-	34,367
Deferred tax assets	28,068	-	28,068
Non-current assets	489,030	180,916	669,945
Trade receivables	3,211	-	3,211
Other current assets	1,866	-	1,866
Cash and cash equivalents*	26,563	-	26,563
Current assets	31,640	-	31,640
TOTAL ASSETS	520,669	180,916	701,585
Equity attributable to the owners of the parent	172,628	54,562	227,190
Non-controlling interests	-	75,730	75,730
Total Equity	172,628	130,292	302,921
Deferred tax liabilities	20,725	50,624	71,348
Provision for dismantling expenses	6,153	-	6,153
Instruments measured at fair value	99,879	-	99,879
Non-current lease liabilities*	34,026	-	34,026
US Tax Partner Liability	184,871	-	184,871
Non-current liabilities	345,653	50,624	396,276
Trade payables	1,882	-	1,882
Current financial liabilities*	29	-	29
Current lease liabilities*	477	-	477
Current liabilities	2,388	-	2,388
TOTAL EQUITY AND LIABILITIES	520,669	180,916	701,585
*Impact on Net Financial Indebtedness	(7,969)	-	(7,969)

The Acquisition figures column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (1 April 2024) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** wind farms and photovoltaic systems recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **cash and cash equivalents:** cash on hand held in the current account as well as cash tied up upon the occurrence of certain short-term conditions stipulated in the contract;
- **provision for dismantling charges:** provisions for dismantling expenses accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **instruments measured at fair value:** includes the negative fair value of the VPPAs acquired;
- **US Tax Partner Liability:** liabilities measured at fair value mainly to the Tax Equity Partner of the wind project as part of the PTC incentive.
- **lease liabilities:** recognition of the present value of payments due for the right of use of land.

The following fair values determined on a provisional basis were included in the column Adjustment to the acquisition figures:

- **intangible assets:** gain allocated upon recognition of the acquisition; this gain was posted to the item "Authorisations and concessions" taking into account a time horizon of future economic benefits of 40 years for the photovoltaic system and 35 years for the wind farm;
- **non-controlling interests:** recognition of 25% of the Company Project Pinnacle I, LLC to the non-controlling shareholders;
- **deferred tax liabilities:** related to the allocation referred to above.

Determination of goodwill

The difference between the total acquisition consideration and the net value of the assets and liabilities acquired is recognised as goodwill as shown in the table below:

(EUR thousand)

Acquisition price	267,597
Currency risk hedging	(6,129)
Total Consideration	261,468
Fair value of the acquired net assets	227,190
Goodwill	34,278

Pinnacle contribution in 2024

From the date of first consolidation (1 April 2024) to the date of these Consolidated Financial Statements, the acquired companies contributed revenue, including income from Production Tax Credits, of EUR 36 million to the Group's income statement, with gross operating profit (loss) of EUR 32 million and a profit attributable to owners of the parent for the year of EUR 3 million. It should be noted that if the acquisition had taken place on 1 January 2024, the acquired companies would have contributed revenue, including income from Production Tax Credits, of EUR 50 million to the Group's income statement, with a gross operating profit (loss) of EUR 45 million and a net profit for the year of EUR 4 million.

NOTE 44 - NON-RECURRING ITEMS

As required by CONSOB resolution no. 15519 dated 27 July 2006, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented below. The aforesaid "Non-recurring items" are included among the special items indicated in the Directors' Report.

Also pursuant to the aforementioned CONSOB resolution, the amounts related to the positions and transactions with related parties are indicated separately in **Note 45 – Related parties**.

(EUR thousand)		2024		2023
Revenue		-		-
Other income		(441)		(1,045)
Purchases		-		-
Change in inventories		-		-
Services and other operating costs		(250)		(356)
Personnel expense		-		-
Amortisation, depreciation and impairment of non-current assets	1)	(14,371)	4)	(2,188)
Net financial income (expense)		-	5)	(4,799)
Net gains (losses) on equity investments	2)	(1,384)	6)	2,375
Income taxes	3)	31,823	7)	(4,226)
Profit (loss) generated by non-recurring items from continuing operations		15,377		(10,240)
Profit (loss) generated by non-recurring items from discontinued operations		-	8)	(42,930)
Profit (loss) generated by non-recurring items		15,377		(53,170)
Non-controlling interests		-		-
Profit (loss) generated by non-recurring items attributable to the owners of the parent		15,377		(53,170)

In 2024:

1. Mainly charges related to certain Repowering and Revamping projects in Italy already impaired in the previous period;
2. Losses on equity investments mainly refer to a price adjustment on the sale of equity investments related to discontinued businesses and to write-downs of equity investments not consolidated on a line-by-line basis.
3. The item includes the benefit arising from the redemption of the capital gains related to the Siena and Donatello Business Combinations occurred in 2022 and merged in 2023, as well as the tax effect of the items commented above.

In 2023:

4. Charges related to certain Repowering and Revamping projects in Italy already impaired in the previous period;
5. Charges related to the early termination of certain project financing of Italian and foreign wind and solar companies, including the related hedging derivatives and the related effects connected with the renegotiation of loans accounted for in accordance with IFRS 9, as part of Liability Management activities;
6. Gains on equity investments mainly refer to price adjustments on sales of equity investments related to discontinued businesses that took place in previous years;
7. The item mainly includes the tax effect of the items commented on above;
8. Profit (loss) from discontinued operations refers to:
 - a. the capital loss, net of related charges, from the sale of the CCGT in the amount of EUR 81 million;
 - b. positive items linked to working capital and tax assets for approximately EUR 38 million already envisaged in the Sale Agreement.

NOTE 45 - RELATED PARTIES

The transactions carried out by ERG Power Generation with related parties pertain mainly to:

- the exchange of goods, the performance of services, the provision and use of financing;
- the provision and use of financing with respect to the parent company ERG S.p.A.

	Other income	Services and other costs	Financial income	Financial expense
ERG S.p.A.	80	37,852	3,232	2
Other non-consolidated companies	19	-	4	-
Directors and statutory auditors	-	609	-	-
TOTAL	99	38,462	3,235	2

	Other current assets	Current financial assets	Current financial liabilities	Other current liabilities
ERG S.p.A.	12,332	98,263	-	23,522
Other non-consolidated companies	-	(6,155)	(121)	-
TOTAL	12,332	92,107	(121)	23,522

NOTE 46 - LIST OF GROUP COMPANIES AND TRANSACTIONS OF THE YEAR

The transactions that took place during the year regarding equity investments are reported below:

- on 2 January 2024, the USA company ERG USA Holding, Inc. was formed, with registered office at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 and issued share capital of USD 1.00, subscribed and paid-up by ERG Power Generation S.p.A.;
- on 4 March 2024, the change of the company name of two entities under Polish law was resolved as follows: Blachy Pruszyński-Energia sp. z o.o. to ERG Wind Słupia sp. z o.o., Hydro Inwestycje sp. z o.o. to ERG Wind Szydłowo sp. z o.o.
- On 23 April 2024, the German companies ERG Wind Beckedorf GmbH & Co. KG and ERG Wind Brunsbüttel GmbH & Co. KG were incorporated, both with registered office in Hamburg, Jungfernstieg 1 and share capital of EUR 5,000 each, fully subscribed and paid-in by ERG Windpark Beteiligungs GmbH;
- on 4 June 2024, the French companies Centrale Photovoltaïque des Grandes Bruyères SAS and Solaire ERG 1 SAS were established, both with share capital of EUR 7,500, fully subscribed by ERG Eolienne France SAS;
- on 30 May 2024, ERG Spain Holdco, S.L.U. acquired all the shares of the Spanish company REN BETA I, S.L.U. from RENERGETICA, S.L.U. The Company has procedures in place to obtain authorisations for the construction of a photovoltaic system;
- on 18 July 2024, the merger deed was executed, through which the German company ERG Wind Nack GmbH & Co. KG was merged by incorporation into ERG Wind Offenheim GmbH & Co. KG, effective from 22 July 2024. As a result, from the aforementioned date, ERG Wind Nack GmbH & Co. KG was dissolved, and ERG Wind Offenheim GmbH & Co. KG succeeded it in all legal rights and obligations, both assets and liabilities. Additionally, its share capital was increased from EUR 10,000 to EUR 20,000. The accounting and tax effects of the merger take effect on 1 January 2024.
- on 19 August 2024, the German company ERG Wind Offenheim GmbH & Co. changed its company name to ERG Wind Erbes Büdesheim GmbH & Co. KG;
- on 31 October 2024, the merger by incorporation of the French companies Société d'exploitation du Parc Eolien Le Marquay SARL, Société d'exploitation du Parc Eolien de Fond du Moulin SARL, Société d'exploitation du Parc Eolien Les Trente SARL, Société d'exploitation du Parc Eolien le Chemin Vert SARL, and Société d'exploitation du Parc Eolien de Sole de Bellevue SARL into Société d'exploitation du Parc Eolien de Mont Félix SARL (the "Merging Company") was completed. Also on 31 October 2024, the Merging Company changed its company name to PARCS EOLIENS DE FRUGES SARL. The merger took effect from 31 October 2024, while accounting and tax effects apply as from 1 January 2024;
- on 31 December 2024, the merger by incorporation of the German company Capenergie 3 Wind GmbH into Ominwatt SAS became effective. The accounting and tax effects of the merger take effect on 1 January 2024.

The following tables list the companies consolidated on a line-by-line basis, those measured using the equity method, and those measured at fair value, including the transactions detailed above.

List of companies consolidated **on a line-by-line basis**:



	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Power Generation S.p.A.						
Corni Eolian S.A.	Constanta (Romania)	100%	100%	RON	95,679	249,190
ERG Eolica Adriatica S.r.l.	Genoa (Italy)	100%	100%	EUR	10	75,048
ERG Eolica Campania S.r.l.	Genoa (Italy)	100%	100%	EUR	120	66,897
ERG Eolica Faeto S.r.l.	Genoa (Italy)	100%	100%	EUR	10	7,725
ERG Eolica Fossa del Lupo S.r.l.	Genoa (Italy)	100%	100%	EUR	50	95,835
ERG Eolica Ginestra S.r.l.	Genoa (Italy)	100%	100%	EUR	10	40,502
ERG Eolica San Vincenzo S.r.l.	Genoa (Italy)	100%	100%	EUR	3,500	27,569
ERG Eolica Tirreno S.r.l.	Genoa (Italy)	100%	100%	EUR	10	188
ERG Eolienne France S.a.s. ⁽²⁾	Paris (France)	100%	100%	EUR	209,551	231,824
ERG UK Holding Ltd ⁽²⁾	Edinburgh (UK)	100%	100%	GBP	0	16,636
ERG Wind Bulgaria S.p.A. ⁽²⁾	Genoa (Italy)	100%	100%	EUR	50	21,134
ERG Wind Investments S.r.l. ⁽²⁾	Genoa (Italy)	100%	100%	EUR	97,046	470,756
ERG Windpark Beteiligungs GmbH ⁽²⁾	Hamburg (Germany)	100%	100%	EUR	25	(10,193)
ERG Wind Neunte GmbH	Hamburg (Germany)	100%	100%	EUR	25	117
EW Ormeta 2 sp. z o.o. ⁽²⁾	Warsaw (Poland)	100%	100%	PLN	164,688	200,787
Green Vicari S.r.l.	Genoa (Italy)	100%	100%	EUR	119	14,206
ERG Solar Holding S.r.l. ⁽²⁾	Genoa (Italy)	100%	100%	EUR	20	121,485
ISAB Energy Solare S.r.l.	Genoa (Italy)	100%	100%	EUR	100	196
Andromeda PV S.r.l.	Genoa (Italy)	100%	79%	EUR	50	70,102
ERG Poland Holding Sp. z o.o. ⁽²⁾	Warsaw (Poland)	100%	100%	PLN	10	21,342
ERG Sweden Holding AB ⁽²⁾	Stockholm (Sweden)	100%	100%	SEK	50	88,592
ERG Spain Holco S.L.U. ⁽²⁾	Madrid (Spain)	100%	100%	EUR	4	89,559
Ginestra S.r.l.	Genoa (Italy)	100%	100%	EUR	20	71,508
Breva Wind S.r.l.	Genoa (Italy)	100%	100%	EUR	7,100	455,369
ERG Sviluppo Italia S.r.l.	Genoa (Italy)	100%	100%	EUR	20	(70)
ERG USA Holding, Inc. ⁽²⁾	Wilmington, DE (USA)	100%	100%	USD	0	0

(1) Data referring to the latest approved financial statements, unless otherwise indicated.

(2) The companies exercise the right not to prepare consolidated financial statements in accordance with local regulations in force.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Eolienne France S.a.s.						
Eoliennes du Vent Solaire S.a.s.	Paris (France)	100%	100%	EUR	37	1,500
Parc Eolien de Lihus S.a.s.	Paris (France)	100%	100%	EUR	1,114	2,497
Parc Eolien de Hetomesnil S.a.s.	Paris (France)	100%	100%	EUR	1,114	2,489
Parc Eolien de la Bruyère S.a.s.	Paris (France)	100%	100%	EUR	1,060	2,889
Parc Eolien du Carreau S.a.s.	Paris (France)	100%	100%	EUR	861	2,428
Parc Eolien les Mardeaux S.a.s.	Paris (France)	100%	100%	EUR	1,097	2,666
ERG Energies Renouvelables S.a.S.	Paris (France)	100%	100%	EUR	500	2,992
Parc Eolien de la vallée de Torfou S.a.s.	Paris (France)	100%	100%	EUR	8	2,606
Parc Eolien du Melier S.a.r.l.	Paris (France)	100%	100%	EUR	8	185
Parc Eolienne de la Voie Sacree S.a.s.	Paris (France)	100%	100%	EUR	74	3,829
Parc Eolienne d'Epense S.a.s.	Paris (France)	100%	100%	EUR	802	1,190
ERG Wind French Holdings S.a.s.	Paris (France)	100%	100%	EUR	1,410	3,476
ERG Wind France 1 S.a.s.	Paris (France)	100%	100%	EUR	1,097	14,261
WP France 10 S.a.s.	Paris (France)	100%	100%	EUR	6	(525)
WP France 6 S.a.s.	Paris (France)	100%	100%	EUR	6	2,910
ERG France S.a.r.l.	Paris (France)	100%	100%	EUR	2,000	(6,200)
Les Moulins de Fruges SAS	Paris (France)	100%	100%	EUR	42,100	23,412
Ferme Eolienne De Saint Pierre De Maillé 1 S.a.s.	Paris (France)	100%	100%	EUR	5,639	3,660
Parc Eolien de St Riquier 3 S.a.s.	Paris (France)	100%	100%	EUR	37	675
Parc Eolien de St Riquier 4 S.a.s.	Paris (France)	100%	100%	EUR	37	340
Holding Quesnoy 2 S.a.s.	Paris (France)	100%	100%	EUR	2,810	1,375
Holding Chery S.a.s.	Paris (France)	100%	100%	EUR	2,410	800
Omniwatt S.a.s.	Paris (France)	100%	100%	EUR	2,201	(5,223)
Ferme Eolienne de Moquepanier S.a.s.	Paris (France)	100%	100%	EUR	2,519	(4,110)
Ferme Eolienne de Clamecy S.a.s.	Paris (France)	100%	100%	EUR	2,000	2,542
Crampon Puchot Energies S.a.s.	Paris (France)	100%	100%	EUR	1,091	354
Solaires Sisteron S.a.s.	Paris (France)	100%	100%	EUR	334	(1,651)



Solaire Sénézergues S.a.s.	Paris (France)	100%	100%	EUR	0	1,243
Solaire Arpajon-sur-Cere S.a.s.	Paris (France)	100%	100%	EUR	451	(1,509)
Arsac 1 S.a.s.	Paris (France)	100%	100%	EUR	0	(1,397)
Arsac 3 S.a.s.	Paris (France)	100%	100%	EUR	1	(2,018)
Solaire Greoux S.a.s.	Paris (France)	100%	100%	EUR	0	(1,853)
Solaire Salaunes S.a.s.	Paris (France)	100%	100%	EUR	0	(1,661)
C.E.P.E. Renouvellement Haut Cabardès S.a.s.	Paris (France)	100%	100%	EUR	12,803	12,748

ERG Energies Renouvelables S.a.S.

ERG Developpement France S.a.s.	Paris (France)	100%	100%	EUR	100	(1,208)
Caen Renewables Energy Sas (en liquidation)	Paris (France)	100%	100%	EUR	0	-
Parc Eolien de la Charente Limousine S.a.r.l.	Paris (France)	100%	100%	EUR	8	(74)
Parc Eolien de la Boeme S.a.r.l.	Paris (France)	100%	100%	EUR	8	(98)
Parc Eolien du Moulin du Bois S.a.r.l.	Paris (France)	100%	100%	EUR	8	(431)
Parc Eolien des Bouchats S.a.r.l.	Paris (France)	100%	100%	EUR	8	(1,110)
Parc Eolien de Saint Maurice la Clouere S.a.r.l.	Paris (France)	100%	100%	EUR	8	(148)
Parc Eolien du Pays a Part S.a.r.l.	Paris (France)	100%	100%	EUR	8	(268)
Parc Eolien de Saint Sulpice S.a.r.l.	Paris (France)	100%	100%	EUR	8	(104)
Parc Eolien du Plateaux de l'Ajoux S.a.r.l.	Paris (France)	100%	100%	EUR	8	(51)
Parc Eolien des Terres et Vents de Ravieres S.a.r.l.	Paris (France)	100%	100%	EUR	8	(56)
Parc Eolien de Porspoder S.a.r.l.	Paris (France)	100%	100%	EUR	8	(73)

ERG Solar Holding S.r.l.

Calabria Solar S.r.l.	Genoa (Italy)	100%	100%	EUR	10	31,355
ERG Solar Piemonte 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	10	20,001

ERG UK Holding Ltd

Craiggoire Energy Limited	Belfast (UK)	100%	100%	GBP	0	2,095
Creag Riabhach Wind Farm Ltd	Edinburgh (UK)	100%	100%	GBP	50	(3,080)
Evisagaran Windfarm LTD	Belfast (UK)	100%	100%	GBP	0	6,634
Sandy Knowe Wind Farm LTD	London (UK)	100%	100%	GBP	0	(986)
Corlacky Energy LTD	Belfast (UK)	100%	100%	GBP	0	8

(1) Data referring to the latest approved financial statements.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Wind Bulgaria S.p.A.						
Globo Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,379	11,814
K&S Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,179	8,191
K&S Energy 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	10,655
K&S Energy 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,051	10,850
Mark 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	11,272
Mark 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	11,249
VG-1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	1,520	4,705
VG-2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,034	9,509
VG-3 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,057	9,686
VG-4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,955	11,761
VG-5 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,059	9,951
VG-6 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	9,376
Wind Park Kavarna East EOOD	Sofia (Bulgaria)	100%	100%	BGN	505	7,359
Wind Park Kavarna West EOOD	Sofia (Bulgaria)	100%	100%	BGN	175	7,608
WP Bulgaria 4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,157	5,946
ERG Wind France 1 S.a.s.						
Cepe de Montbeliard S.a.s.	Paris (France)	100%	100%	EUR	365	3,900
Cepe de Murat S.a.s.	Paris (France)	100%	100%	EUR	444	3,337
Cepe de Saint Florentin S.a.s.	Paris (France)	100%	100%	EUR	251	1,681
Ferme Eolienne de Teterchen S.a.s.	Paris (France)	100%	100%	EUR	100	2,153
Parc Eolien du Bois de l'Arche S.a.s.	Paris (France)	100%	100%	EUR	100	3,004
Parc Eolien du Bois de Bigot S.a.s.	Paris (France)	100%	100%	EUR	80	1,980



ERG Wind French Holdings S.a.s.

Parc Eolien de la Chaude Vallee S.a.r.l.	Paris (France)	100%	100%	EUR	8	1,099
Parc Eolien de Morvillers S.a.r.l.	Paris (France)	100%	100%	EUR	8	667
Parc Eolien de Garcelles-Sacqueville S.a.s.	Paris (France)	100%	100%	EUR	1,037	1,009
Parc Eolien du Patis S.a.s.	Paris (France)	100%	100%	EUR	1,164	2,452
Parc Eolien Hauts Moulins S.a.r.l.	Paris (France)	100%	100%	EUR	15	915
Parc Eolien Moulins des Champs S.a.r.l.	Paris (France)	100%	100%	EUR	15	824
Parc Eolien de St Riquier 1 S.a.s.	Paris (France)	100%	100%	EUR	37	692
SAS Société d'Exploitation du Parc Eolien de la Souterraine	Paris (France)	100%	100%	EUR	505	(38)
Parc Eolien de Oyré Saint Sauveur S.a.s.	Paris (France)	100%	100%	EUR	37	211
Société d'Exploitation du Parc Eolien Le Nouvion S.a.s.	Paris (France)	100%	100%	EUR	37	(3,966)

ERG Wind Investments S.r.l.

ERG Wind Holdings (Italy) S.r.l.	Genoa (Italy)	100%	100%	EUR	212	172,881
ERG Wind MEI 2-14-1 Limited	London (UK)	100%	100%	EUR	0	(1,827)
ERG Wind MEI 2-14-2 Limited	London (UK)	100%	100%	EUR	0	(625)

ERG Wind Holdings (Italy) S.r.l.

ERG Wind Energy S.r.l.	Genoa (Italy)	66%	100%	EUR	1,525	335,763
ERG Wind Sardegna S.r.l.	Genoa (Italy)	100%	100%	EUR	77	78,400
ERG Wind Sicilia 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	47,117

ERG Wind Sicilia 6 S.r.l.

ERG Wind 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	35,984
ERG Wind Sicilia 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	19,661

ERG Wind MEI 2-14-1 Limited

ERG Wind MEG 1 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	13,414
ERG Wind MEG 2 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	9,637
ERG Wind MEG 3 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	9,801
ERG Wind MEG 4 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	7,981

(1) Data referring to the latest approved financial statements.

(2) The remaining 20% is held by ERG Wind MEI 2-14-2.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Windpark Beteiligungs GmbH						
ERG Wind 117 GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(1,694)
Voltwerk Energy Park 8 GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(3,145)
Voltwerk Windpark Worbzig GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	0	4,815
Voltwerk Windpark Beesenstedt GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	7,421
Windpark Cottbuser Halde GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(4,711)
Windpark Achmer Vinte GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	7,500	10,388
RENDITEFONDS						
ERG Wind Weselberg GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	14	14,315
Windpark Linda GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	2	2,212
ERG Development Germany GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	3	606
UGE Barkow GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	(667)
UGE Barkow Zwei GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	(202)
UGE Barkow Drei GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	19
ERG Germany GmbH	Hamburg (Germany)	100%	100%	EUR	210	(4,961)
ERG Wind Ebersgrun GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(5,363)
ERG Wind Hollige GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(7,368)
ERG Wind Norath GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(5,401)
ERG Wind Erbes Büdesheim GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(6,553)
ERG Windpark Linda GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(498)
ERG Windpark Reinsdorf GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(12)
ERG Windpark Heyen GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(34)
ERG Windpark Bokel GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(102)
ERG Windpark Jeggeleben GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	5
ERG Wind Erbes Büdesheim GmbH & Co. KG						
Infrastrukturgesellschaft Erbes-Büdesheim GmbH & Co. KG	Hamburg (Germany)	43%	78%	EUR	3	(6)
EW Ornetta 2 sp z o.o.						
ERG Wind Stupia sp. z o.o.	Warsaw (PL)	100%	100%	PLN	7,100	89,525
ERG Wind Szydłowo sp. z o.o.	Warsaw (PL)	100%	100%	PLN	42	60,739



Les Moulins de Fruges SAS							
PARCS EOLIENS DE FRUGES SARL	Paris (France)	100%	100%	EUR	1,891	7,345	
Holding Chéry S.A.S.							
Ferme Eolienne De Chery S,a,a,	Paris (France)	100%	100%	EUR	37	675	
Holding Quesnoy 2 S,a,s,							
Ferme Eolienne De Quesnoy-Sur-Airaines 2 S,a,s,	Paris (France)	100%	100%	EUR	37	548	
ERG Poland Holding							
EW Piotrków Kujawski sp z o,o,	Varsavia (PL)	100%	100%	PLN	5	(6,461)	
Laszki Wind sp, z o,o	Varsavia (PL)	100%	100%	PLN	5	6,338	
ERG Sweden Holding AB							
Furukraft AB	Stoccolma (Sweden)	100%	100%	SEK	50	64,531	
Omniwatt S,a,s,							
Omnigreen S,a,s,							
Les Eoliennes De Saint Fraigne S,a,s,	Paris (France)	100%	100%	EUR	4,759	8,543	
Neully Saint Front Energies S,a,s,	Paris (France)	100%	100%	EUR	3,700	4,359	
Monnes Energies S,a,r,l,	Paris (France)	100%	100%	EUR	37	(871)	
Saint Congard Energies S,a,s,	Paris (France)	100%	100%	EUR	1	(962)	
					2	(1,332)	
Omnigreen S,a,s,							
Sainte Helene Energies S,a,r,l,	Paris (France)	100%	100%	EUR	1	(3,846)	
Iel Exploitation 12 S,a,r,l,	Paris (France)	100%	100%	EUR	1	(1,927)	
Reuilly et Diou Energies S,a,r,l,	Paris (France)	100%	100%	EUR	601	2,304	
Crampon Puchot Energies Sas							
Wkn Picardie Verte II S,a,s	Paris (France)	100%	100%	EUR	1	(4,980)	

(1) Data referring to the latest approved financial statements,

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	
C.E.P.E. Renouvellement Haut Cabardès S.a.s.							
C.E.P.E DU SOULEILLA S.a.r.l.	Paris (France)	100%	100%	EUR	8	2,847	
Chaume-Solar S.a.r.l.	Paris (France)	100%	100%	EUR	60	692	
C.P.E.S MAS D'EN RAMIS S.a.s.	Paris (France)	60%	60%	EUR	2,375	2,819	
C.P.E.S LA BREDE S.a.s.	Paris (France)	57%	57%	EUR	1,053	1,140	
ERG Spain Holco S.L.U.							
ERG Solar Almansa S.L.U.	Madrid (Spain)	100%	100%	EUR	3	25,037	
ERG Solar Tabernas S.L.U.	Madrid (Spain)	100%	100%	EUR	3	12,669	
ERG Solar Fregenal de la Sierra S.L.U.	Madrid (Spain)	100%	100%	EUR	3,000	2,854	
ERG Solar Montiel S.L.U.	Madrid (Spain)	100%	100%	EUR	3	136	
ERG Solar El Abuelito S.L.U.	Madrid (Spain)	100%	100%	EUR	3	180	
ERG Solar Buenaventura S.L.U.	Madrid (Spain)	100%	100%	EUR	3	227	
ERG Hamburg Holding GmbH	Hamburg (Germany)	100%	100%	EUR	25	56,925	
ERG Hamburg Holding GmbH							
Garnacha Solar S.L.U.	Madrid (Spain)	100%	100%	EUR	6	(3,478)	
ERG USA Holding, Inc.							
Project Pinnacle I, LLC	Wilmington, DE (USA)	75%	75%	USD	0	0	
Project Pinnacle I, LLC ⁽²⁾							
Apex Mulligan Solar Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Mulligan Solar Development, LLC	Wilmington, DE (USA)	100%	75%	USD	5,474	3,566	
Mulligan Solar Blocker, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Mulligan Solar Holdings II, LLC ⁽³⁾	Wilmington, DE (USA)	100%	75%	USD	0	0	
Mulligan Solar Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	4,592	4,757	
Mulligan Solar, LLC	Wilmington, DE (USA)	100%	75%	USD	102,989	72,303	
Great Pathfinder Wind Equity Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Great Pathfinder Intermediate Holdco 3, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Great Pathfinder Intermediate Holdco 2, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Great Pathfinder Intermediate Holdco 1, LLC	Wilmington, DE (USA)	100%	75%	USD	20,263	18,308	
Great Pathfinder Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0	
Great Pathfinder Wind, LLC	Wilmington, DE (USA)	100%	75%	USD	376,613	371,688	

(1) Data referring to the latest approved financial statements.

(2) The company Project Pinnacle I, LLC was incorporated in 2024 and holds, through the various equity investments listed, 100% of the operating companies Mulligan Solar, LLC and Great Pathfinder Wind, LLC.

(3) The company Mulligan Solar Holdings II, LLC is 99% owned by Mulligan Solar Development, LLC and 1% owned by Mulligan Solar Blocker, LLC, which in turn is 100% owned by Mulligan Solar Development, LLC.

**List of companies recognised using the equity method:**

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	Carrying amount 31/12/2024
Garnacha Solar S.L.U.							
Toro Renovables 400 KV S.L.U. ⁽²⁾	Madrid (Spain)	23.69%	23.69%	EUR	3	1,802	428
Associates							428

(1) Data referring to the latest approved financial statements.

(2) The Company is owned by 10 other shareholders, owners of other photovoltaic projects, with shareholdings ranging from 5.0% to 8.3%.

List of companies measured at cost:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	Carrying amount 31/12/2024
ERG Power Generation S.p.A.							
ERG Germany Verwaltungs GmbH ⁽³⁾	Hamburg (Ger)	100%	100%	EUR	25	25	25
Eolico Troina S.r.l. in liquidazione ⁽²⁾	Palermo (Italy)	99%	99%	EUR	20	250	25
Subsidiaries							50
ERG Eolienne France S.a.s.							
Parc Eolien de Saint-Loup sur Cher SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Puits Gergil SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Plateau de la Perche SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien des Boules SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Ferme Eolienne de la voie Sacree sud SAS ⁽³⁾	Paris (France)	100%	100%	EUR	10	(72)	10
Francese Parc Eolien Des Grandes Bornes Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien Des Jonquilles Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien De La Plaine De Burel Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Saint Priest en Murat Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Vent Communaux Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de la Foye SAS ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Photovoltaique de la Vallee de la Doulaye SAS ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien des Six Chemins S.a.s. ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Photovoltaique de la Vallee Brousse S.a.s. ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Central Photovoltaique des Grandes Bruyeres S.a.s. ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Solaires ERG 1 S.a.s ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Subsidiaries							130
ERG Wind Park Beteiligungs GmbH							
ERG Windpark Bischhausen GmbH & Co. KG ⁽³⁾	Hamburg (Ger)	100%	100%	EUR	5	5	5
ERG Wind Brunsbüttel GmbH & Co. KG ⁽³⁾	Hamburg (Ger)	100%	100%	EUR	5	5	-
ERG Wind Beckedorf GmbH & Co. KG ⁽³⁾	Hamburg (Ger)	100%	100%	EUR	5	5	-
Subsidiaries							5
Voltwerk Windpark Wörzburg GmbH & Co. KG							
Netzbetrieb Windpark Wörzburg GbR ⁽³⁾	Hamburg (Ger)	32%	32%	EUR	2	0	-
Subsidiaries							-
ERG Solar Holding S.r.l.							
Fattoria Solare Futurasun S.r.l. ⁽³⁾	Genoa (Italy)	100%	100%	EUR	10	104	90
Subsidiaries							90
ERG UK Holding Ltd							
High Cairn Wind Farm Limited ⁽³⁾	Edinburgh (UK)	100%	100%	GBP	0	0	-
Creggan Wind Farm Limited ⁽³⁾	London (UK)	100%	100%	GBP	0	0	-
Longburn Wind Farm LTD ⁽³⁾	London (UK)	100%	100%	GBP	0	0	-
Subsidiaries							-
ERG Spain Holco S.L.U.							
REN BETA I, S.L.U. ⁽³⁾	Madrid (Spain)	100%	100%	EUR	3	44	-
Subsidiaries							-

(1) Data referring to the latest approved financial statements.

(2) Company in liquidation

(3) Companies measured at cost as they are not yet operational

NOTE 47 - ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED STARTING ON 1 JANUARY 2024

As from 1 January 2024, the following standards, interpretations and amendments to existing standards, in relation to which no significant effects on these Consolidated Financial Statements are reported, have become applicable.

- Amendments to IFRS 16 "Leases" – Lease liabilities in a sale and leaseback;
- Amendment to IAS 1 "Presentation of financial statements" on the classification of non-current assets and liabilities with covenants;
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" on supplier finance agreements.

NOTE 48 - IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS, PUBLISHED BUT NOT YET ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2024

Below are the new standards or amendments to the standards, applicable, if approved by the European Union, for annual periods beginning on or after 1 January 2023 and for which earlier application is allowed. However, the Group has decided not to adopt them in advance for the preparation of these Consolidated Financial Statements.

Entry into force	Description	Issue date	Approved
1 January 2025	Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" on lack of exchangeability	15 August 2023	Yes
1 January 2026	<i>Amendments to IFRS 9 and IFRS 7 "Classification and measurement of financial investments"</i>	30 May 2024	No
	Volume 11 of the Project "Annual improvements to IFRS Accounting Standards" on improving the clarity and internal consistency of the adopted accounting standards	18 July 2024	No
1 January 2027	IFRS 18 "Presentation and disclosure on financial statements"	9 April 2024	No
	IFRS 19 "Subsidiaries without public accountability: disclosures"	9 May 2024	No

Any impacts of the aforesaid standards are currently being assessed. At the date of preparation of these Consolidated Financial Statements, no significant impacts have emerged.

NOTE 49 - OTHER INFORMATION

No atypical and/or unusual transactions took place during the year. Atypical and/or unusual transactions are those transactions that due to their significance/relevance, nature of the counterparties, subject of the transaction, procedures for determining the transfer price and timeframe of the event (proximity to the end of the year) can give rise to doubts with regard to: the correctness/completeness of the information in the Consolidated Financial Statements, conflicts of interest, wealth preservation and the protection of non-controlling interests. No advances were provided and there are no amounts due from directors and statutory auditors of the parent for the performance of their duties also in other companies included in the consolidation scope.

Disclosure obligations pertaining to Italian Law no. 124/2017 of 4 August 2017

Article 1, paragraphs 125-129 of Italian Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from public administrations to publish the amounts received in their Notes to the Separate Financial Statements and in the Consolidated Financial Statements, if these are drawn up. In view of the interpretation difficulties encountered in applying these provisions (Assonime – circular no. 5 of 22 February 2019) the legislator intervened, amending the said regulations several times. More specifically, the legal provisions of Italian Law no. 124/17 were most recently revised by Italian Decree Law no. 34 of 30 April 2019, which set forth urgent economic growth measures to resolve specific crisis situations, converted with Italian Law no. 58 of 28 June 2019, which provided responses to important topics in order to simplify and rationalise the regulations under consideration. The ERG Group has therefore decided to state in the separate financial statements of the companies belonging to the Group the grants received from public administrations for use by all the companies and that come under the general scheme of the reference system defined by the State (e.g. feed-in premium, energy efficiency certificates, etc.) with the exception of those belonging to the following categories:

- tax relief;
- training grants received from inter-professional funds (such as Fondimpresa), since such funds are a form of partnership governed by private law, financed with the contributions paid by the companies themselves.

(EUR million)	Revenue 2024	of which feed-in premium	of which guarantees of origin	of which RES
Wind Italy	54	41	10	3
Solar Italy	68	67	1	-
Total	122	108	11	3

(EUR million)	Receipts 2024	of which feed-in premium	of which guarantees of origin	of which RES
Wind Italy	41	33	6	3
Solar Italy	54	54	1	-
Total	96	87	7	3

The reference amounts indicated in the tables above are also reported in the Financial Statements of the Group companies concerned.

In accordance with the provisions of Article 3-quater of Italian Law no. 12 of 11 February 2019, for any funds received, please refer to the indications contained in the National Register of State Aid under Article 52 of Italian Law no. 234 of 24 December 2012.

It should be noted that with reference to the 2024 financial year, ERG Power Generation S.p.A. benefited from the contribution relief, recognised by INPS, pursuant to Article 1 paragraphs 161 to 168 of Italian Law no. 178 of 30 December 2020 ("Decontribuzione Sud") for an amount equal to EUR 0.7 million.

NOTE 50 - AUDIT FEES

Based on Article 149-duodecies of the Issuers' Regulation, the 2024 costs relating to the services performed by the independent auditors KPMG S.p.A., the main auditor of the ERG Group, and by the companies belonging to its related network, are shown below.

The preparation of the table is in line with the "Procedure for audit engagements in the companies of the ERG Group and monitoring of additional services".

Auditing services include the full audit of the annual separate and consolidated financial statements and review of the company's reporting package for the purposes of drawing up the consolidated financial statements of the parent company.

Type of service	Party that performed the service	Recipient	Fees 2024 (EUR million)
(EUR million)			
Statutory audit	Auditor of the parent	parent	306
	Auditor of the parent	subsidiaries	527
	Network of the parent's auditor	subsidiaries	271
Total audit services			1,105
Non-audit services	Auditor of the parent	parent	50
	Auditor of the parent	subsidiaries	54
Total non-audit services			104
Total			1,209

NOTE 51 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
16 January 2025	UK & Nordics	Wind	ERG, through its subsidiary ERG UK Holding Ltd, has today acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland

There are no significant events to report that may have an impact on the statement of financial position at 31 December 2024.



NOTE 52 - PUBLICATION DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 10 March 2025, the Board of Directors of ERG Power Generation S.p.A. authorised the publication of the Consolidated Financial Statements together with the reports of the Supervisory Bodies in compliance with the deadlines prescribed by current laws and regulations.

Genoa, 10 March 2025

on behalf of the Board of Directors
The Chief Executive Officer

Renato Sturani

AUDITORS' REPORT



KPMG S.p.A.
Revisione e organizzazione contabile
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Telefono +39 010 564992
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
ERG Power Generation S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the ERG Power Generation Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and the statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the ERG Power Generation Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of ERG Power Generation S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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20124 Milano MI ITALIA



ERG Power Generation Group
Independent auditors' report
31 December 2024

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



ERG Power Generation Group
Independent auditors' report
31 December 2024

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2024 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report with the consolidated financial statements;
- express an opinion on the compliance of the director's report with the applicable law;
- issue a statement of any material misstatements in the directors' report.

In our opinion, the directors' report is consistent with the consolidated financial statements of ERG Power Generation Group at 31 December 2024.

Moreover, in our opinion, the directors' report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 24 March 2025

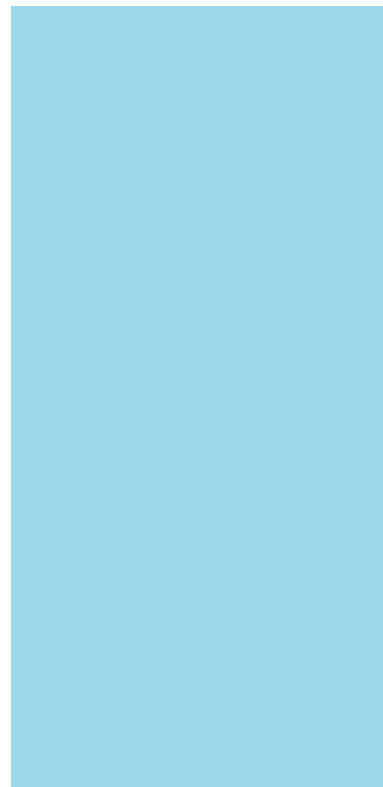
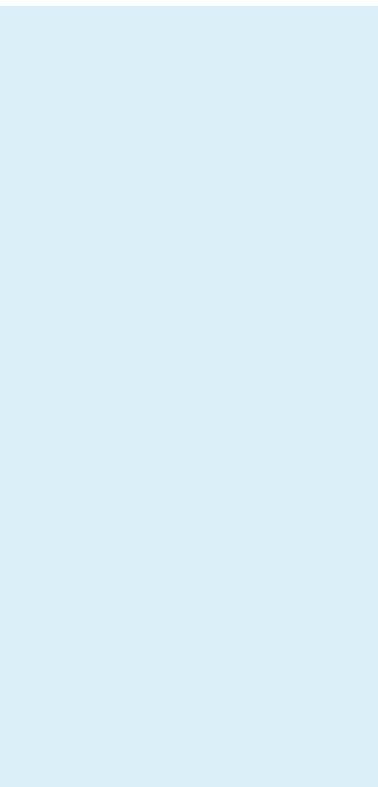
KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit



Separate Financial Statements





STATEMENT OF FINANCIAL POSITION

ASSETS

(EUR)	31/12/2024	31/12/2023
A) SUBSCRIBED CAPITAL, UNPAID	-	-
B) NON-CURRENT ASSETS		
I - Intangible assets		
1) Start-up and expansion costs	-	-
2) Development costs	-	-
3) Industrial patents and intellectual property rights	4,231,238	3,981,643
4) Concessions, licences, trademarks and similar rights	5,666	6,167
5) Goodwill	750,724	1,126,086
6) Assets under development and advances	1,860,439	1,867,119
7) Other	1,200	1,440
Total	6,849,267	6,982,455
II - Property, plant and equipment		
1) Land and buildings	183,586	186,365
2) Plant and machinery	123,906	134,301
3) Industrial and commercial equipment	1,619,659	1,517,318
4) Other assets	270,484	146,740
5) Assets under construction and advances	118,600	234,754
Total	2,316,235	2,219,478
III - Financial assets		
1) Equity investments in:		
a) subsidiaries	2,180,293,764	1,936,132,505
b) associates	-	-
c) parent companies	-	-
d) companies subject to control by parent companies	-	-
d-bis) other companies	6,316	5,666
	2,180,300,080	1,936,138,171
2) Receivables:		
a) amounts due from subsidiaries	1,533,625,020	1,478,906,055
b) amounts due from associates	-	-
c) amounts due from parent companies	-	-
d) amounts due from companies subject to control by the parent companies	-	-
d-bis) amounts due from others	1,020,203	1,108,006
	1,534,645,223	1,480,014,061
3) Other securities	-	-
4) Derivative financial instruments	-	-
Total	3,714,945,303	3,416,152,232
TOTAL NON-CURRENT ASSETS (B)	3,724,110,805	3,425,354,165

(EUR)		31/12/2024		31/12/2023
C) CURRENT ASSETS				
I - Inventories				
1) Raw, ancillary and consumable materials		15,156,337		11,527,697
2) Work in progress and semi-finished products		-		-
3) Contracts in progress		5,757,996		8,015,113
4) Finished products and goods		-		-
5) Advances		-		-
Total		20,914,333		19,542,810
	of which beyond 12 months:		of which beyond 12 months:	
II - Receivables				
1) amounts due from customers	-	45,477,049	-	55,171,631
2) amounts due from subsidiaries	-	12,181,062	-	8,892,896
3) amounts due from associates	-	-	-	-
4) amounts due from parent companies	-	6,971,165	-	11,432,147
4-quater) assets for substitute tax from realignment	-	-	-	-
5) amounts due from companies subject to control by parent companies	-	-	-	-
5-bis) tax assets	-	13,058,941	338,197	16,351,382
5-ter) deferred tax assets	3,971,392	4,314,856	25,577,162	26,242,519
5-quater) amounts due from others	25,274,859	68,883,714	16,743,606	32,330,818
Total		150,886,787		150,421,393
III - Current financial assets				
1) Equity investments in subsidiaries		-		-
2) Equity investments in associates		-		-
3) Equity investments in parent companies		-		-
3-bis) Equity investments in companies subject to control by parent companies		-		-
4) Other equity investments		-		-
5) Derivative financial instruments		34,187,121		35,978,928
6) Other securities		-		-
7) Financial assets for centralised treasury management in respect of parent company		95,372,866		291,511,370
8) Financial assets for centralised treasury management in respect of subsidiaries		2,769,653		24,231
Total		132,329,640		327,514,529
IV - Cash and cash equivalents				
1) Bank and postal deposits		12,337,948		4,185,463
2) Cheques		-		-
3) Cash and notes on hand		-		-
Total		12,337,948		4,185,463
TOTAL CURRENT ASSETS (C)		316,468,708		501,664,195
D) PREPAYMENTS AND ACCRUALS		6,756,155		4,586,319
TOTAL ASSETS		4,047,335,668		3,931,604,679

LIABILITIES

(Euro)	31/12/2024	31/12/2023
A) EQUITY		
I) Share capital	100,000,000	100,000,000
II) Share premium reserve	7,000,000	7,000,000
III) Revaluation reserves	2,221,445	2,221,445
IV) Legal reserve	20,000,000	20,000,000
V) Statutory reserves	-	-
VI) Other reserves, indicated separately	-	-
Reserves for shareholders contributions	1,858,732,646	1,858,732,646
Capital grants reserve	-	-
Extraordinary reserve	5,829,878	5,829,878
Legal reserve, additional VAT deductions	642	642
Reserve pursuant to Italian Law no. 308/82	363	363
Operating grants	861	861
Merger Surplus	5,855,286	5,855,286
Merger Surplus 2017	606,980,447	606,980,447
VII) Reserve for transactions to hedge expected cash flows	6,133,227	2,403,961
VIII) Retained earnings	866,097,176	772,429,200
IX) Profit (loss) for the year	109,858,972	153,667,976
X) Negative reserve for treasury shares in portfolio	-	-
Total	3,588,710,943	3,535,122,705
B) PROVISIONS FOR RISKS AND CHARGES		
1) for pensions and similar obligations	-	-
2) for taxes, including deferred	2,825,519	976,715
3) derivative financial instrument liabilities	10,751,370	17,373,647
4) other	3,915,766	10,017,365
Total	17,492,655	28,367,727
C) POST-EMPLOYMENT BENEFITS	1,580,390	1,805,646
D) PAYABLES		
	of which beyond 12 months:	of which beyond 12 months:
1) Bonds	-	-
2) Convertible bonds	-	-
3) Shareholder loan payables	-	14,366
4) Bank loans and borrowings	-	-
5) Amounts due to other lenders	-	-
6) Advances	-	359,058
7) Amounts due to suppliers	32,340,464	23,494,506
8) Payables represented by securities	-	-
9) Amounts due to subsidiaries	381,961,296	318,142,909
10) Amounts due to associates	-	-
11) Amounts due to parent companies	24,976	1,164,471
11-bis) Amounts due to companies subject to control by parent companies	-	-
12) Tax liabilities	861,007	4,126,104
13) Amounts due to pension and social security institutions	1,279,162	1,120,614
14) Other payables	9,125,003	3,507,538
Total	425,591,908	351,929,566
E) PREPAYMENTS AND ACCRUALS	13,959,770	14,379,036
TOTAL LIABILITIES	4,047,335,668	3,931,604,679



INCOME STATEMENT

(EUR)	2024	2023
A) VALUE OF PRODUCTION		
1) Revenue from sales and services	640,498,689	841,856,263
2) Changes in inventories of work in progress, semi-finished products and finished products	-	-
3) Changes in contracts in progress	(2,257,117)	3,945,419
4) Increases in non-current assets for internal work	-	-
5) Other revenue and income		
- other	7,479,604	1,820,434
- operating grants	-	-
Total	645,721,177	847,622,116
B) PRODUCTION COST		
6) For raw, ancillary and consumable materials and goods	(585,695,455)	(776,591,520)
7) For services	(60,303,408)	(72,677,701)
8) of third-party assets	(2,241,193)	(2,124,583)
9) For employees:		
a) salaries and wages	(13,686,945)	(12,765,086)
b) social security contributions	(3,657,150)	(3,206,889)
c) post-employment benefits	(814,634)	(832,811)
d) pensions and similar obligations	-	-
e) other costs	(537,734)	(430,143)
	(18,696,463)	(17,234,929)
10) Amortisation, depreciation and impairment losses:		
a) amortisation of intangible assets	(2,319,012)	(2,085,644)
b) depreciation of property, plant and equipment	(615,635)	(607,416)
c) other impairment losses of non-current assets	-	-
d) impairment of financial assets included in current assets and cash and cash equivalents	-	-
Total	(2,934,646)	(2,693,060)
11) Changes in inventories of raw, ancillary and consumable materials and goods	3,628,640	1,243,275
12) Provisions for risks	(400,742)	(1,631,854)
13) Other provisions	-	-
14) Other operating costs	(1,106,181)	(688,615)
Total	(667,749,448)	(872,398,987)
OPERATING PROFIT (LOSS) (A-B)	(22,028,271)	(24,776,871)

(Euro)	2024	2023
C) FINANCIAL INCOME AND EXPENSE		
15) Gains on equity investments:		
- from subsidiaries	57,162,080	160,452,268
- from associates	-	-
- from parent companies	-	-
- from companies subject to control by parent companies	-	-
- from others	-	2,374,957
	57,162,080	162,827,225
16) Other financial income:		
a) from receivables recorded under non-current assets		
- from subsidiaries	93,160,027	81,022,710
- from associates	-	-
- from parent companies	-	-
- from companies subject to control by parent companies	-	-
- from others	-	-
	93,160,027	81,022,710
b) from securities recorded under non-current assets that are not equity investments	-	-
c) from securities recorded under current assets that are not equity investments	-	-
d) other income		
- from subsidiaries	1,628,406	3,412,597
- from associates	-	-
- from parent companies	3,091,713	4,613,068
- from companies subject to control by parent companies	-	-
- from others	2,884,356	1,910,969
	7,604,475	9,936,634
	100,764,502	90,959,344
17) Interest and other financial expense		
- to subsidiaries	(6,811,142)	(35,363,281)
- to associates	-	-
- to parent companies	-	(441,231)
- to companies subject to control by parent companies	-	-
- to others	(1,147,831)	(1,738,739)
	(7,958,973)	(37,543,251)
17-bis) Exchange rate gains and losses	885,170	(8,037)
Total	150,852,779	216,235,281
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
18) Revaluations:		
a) of equity investments	-	-
b) of financial assets other than equity investments	-	-
c) of securities recorded under current assets that are not equity investments	-	-
d) of derivative financial instruments	21,485,747	254,252,474
	21,485,747	254,252,474
19) Impairment losses:		
a) of equity investments	-	(27,652,082)
b) of financial assets other than equity investments	-	-
c) of securities recorded under current assets that are not equity investments	-	-
d) of derivative financial instruments	(20,426,671)	(251,629,135)
	(20,426,671)	(279,281,217)
Total adjustments (18-19) (D)	1,059,076	(25,028,743)
PROFIT (LOSS) BEFORE TAXES (A - B +/- C +/- D)	129,883,583	166,429,667
20) Income taxes for the year: current, deferred and prepaid	(20,024,611)	(12,761,691)
21) PROFIT (LOSS) FOR THE YEAR	109,858,972	153,667,976



STATEMENT OF CASH FLOWS

(EUR	2024	2023
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	109,858,972	153,667,976
Income taxes	20,024,611	12,761,691
Interest expense/(interest income)	(91,455,529)	(22,294,147)
(Dividends)	(57,162,080)	(162,827,225)
(Capital gains)/capital losses from the disposal of assets	1,349,267	30,982,584
1. Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from transfers	(17,384,759)	12,290,879
Allocations to provisions	1,327,376	2,464,665
Amortisation/depreciation of non-current assets	2,934,647	2,693,060
Impairment losses	-	27,652,082
Other adjustments for non-monetary elements	(5,844,773)	(423,163)
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve financial transactions	(144,231)	90,825,190
2. Cash flow before changes in net working capital	(19,111,739)	135,502,712
Decreases/(increases) in inventories	(1,371,523)	(5,188,693)
Decreases/(increases) in trade receivables	6,105,072	97,805,140
Increases/(decreases) in trade payables	12,626,270	(80,018,971)
Decreases/(increases) in accrued income and prepaid expenses	(2,169,836)	(2,793,756)
Increases/(decreases) in accrued expenses and deferred income	-	(1)
Other changes in net working capital	(31,074,803)	(22,988,293)
3. Cash flow after changes in net working capital	(34,996,559)	122,318,139
Interest received/(paid)	91,455,529	22,294,147
Income taxes (paid)/collected for national tax consolidation scheme	4,330,592	16,063,566
Dividends received	57,162,080	162,827,225
(Use of post-employment benefits provision)	(1,039,890)	(966,189)
(Use of provisions)	(976,189)	(811,693)
4. Cash flow after other adjustments	115,935,563	321,725,195
CASH FLOW FROM OPERATING ACTIVITIES (A)	115,935,563	321,725,195



(EUR)	2024	2023
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
(Capital expenditure)	(713,060)	(777,368)
Divestments	667	289,205
Intangible assets		
(Capital expenditure)	(2,185,824)	(1,755,215)
Divestments	733	-
Financial assets		
(Capital expenditure)	(337,674,789)	(201,798,437)
Divestments	38,881,719	15,830,754
Current financial assets		
(Capital expenditure)	-	-
Divestments	(1,350,000)	3,338,917
CASH FLOWS FROM INVESTING ACTIVITIES (B)	(303,040,554)	(184,872,143)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings		
Increase (decrease) in short-term bank borrowings	-	-
Increase (decrease) of short-term financial liabilities/assets to/from group companies	255,123,225	(176,572,734)
Loans taken out	-	-
Repayment of loans	-	-
Equity		
Capital increase	-	-
(Repayment of capital)	-	-
Sale (purchase) of treasury shares	-	-
Changes in equity due to reserve for hedging futures (paid)/collected	134,251	92,491,889
Dividends (and advances on dividends) paid	(60,000,000)	(50,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	195,257,477	(134,080,846)
Increase (decrease) of cash and cash equivalents (A±B±C)	8,152,486	2,772,205
Opening cash and cash equivalents	4,185,463	1,413,256
CLOSING CASH AND CASH EQUIVALENTS	12,337,948	4,185,463

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2024

The financial statements of ERG Power Generation S.p.A. (hereinafter also "Company"), drawn up in accordance with the regulations contained in Articles 2423 et seq. of the Italian Civil Code, interpreted and added to the accounting standards issued by the Italian Accounting Body (the "OIC accounting standards"), comprise the following documents: Statement of Financial Position, Income Statement, Statement of Cash Flows and Notes to the Financial Statements.

For each item of the Statement of Financial Position, Income Statement and Statement of Cash Flows, the corresponding amounts at 31 December 2023 are also provided. If the items are not comparable, those of the prior year were adapted, providing the relative comments on the circumstances in question in the Notes to the Financial Statements.

The Statement of Cash Flows shows the positive or negative changes in cash and cash equivalents during the year and was drawn up using the indirect method, based on the format provided by OIC 10 accounting standard.

The Statement of Financial Position, Income Statement and Statement of Cash Flows were drawn up in Euro, without decimals, while the amounts in the Notes to the Financial Statements are expressed in thousands of Euro, unless otherwise specified.

In application of the principle of materiality, as set out in Article 2423, paragraph 4, of the Italian Civil Code, the Notes omit the comments on the items in the Financial Statements, even if specifically envisaged by Article 2427 of the Italian Civil Code or by other provisions, in cases where the amount of said items and the relative information are irrelevant in providing a true and accurate representation of the Company's economic and financial position and operating results.

If the information required by specific legal provisions is not sufficient in providing a true and accurate representation, the supplementary information deemed necessary for this purpose is provided.

With regard to the Company's activities and transactions with subsidiaries, associates, parent companies and companies subject to joint control, please refer to the Directors' Report, drawn up by the Directors and included with these Financial Statements.

It is noted that on 17 October 2023, ERG Power Generation S.p.A. finalised the closing with a third party for the sale of the entire share capital of ERG Power S.r.l.

The significant events after year-end, the proposal for allocation of the profit for the year and the total amount of commitments, guarantees and contingent liabilities not indicated in the statement of financial position are stated in the relative paragraphs of these Notes to the Financial Statements.

Note that, pursuant to Articles 2497 et seq. of the Italian Civil Code, the Company is subject to management and coordination by ERG S.p.A.; therefore, the Notes to the Financial Statements include a summary statement of the key data from the latest financial statements of said company.

ERG Power Generation S.p.A. is controlled directly by ERG S.p.A., with registered office at Via De Marini 1, in Genoa, and indirectly by San Quirico S.p.A., with registered office in Via Martin Piaggio 17/4, in Genoa, which respectively draw up the consolidated financial statements of the smallest group of companies and the largest group of companies to which the Company belongs as subsidiary. The consolidated financial statements of ERG S.p.A. are available on the internet site of ERG S.p.A., at www.erg.eu/en, while the consolidated financial statements of San Quirico S.p.A. are available at the company's registered office.

THE COMPANY

The company is currently a wholly-owned subsidiary of ERG S.p.A.

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

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

The ERG Group, with generation facilities of 3,845-MW installed renewable capacity (3,184 MW wind, 661 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

Italy

In Italy, ERG Power Generation S.p.A., through its direct and indirect subsidiaries, has a total installed capacity of 1,644 MW in the sector of electricity generation from wind and solar sources.

Specifically, ERG is the leading operator in the wind power sector in Italy with 1,468 MW of installed capacity, and a leading operator in solar power generation with 175 MW of installed capacity.

Abroad

Outside Italy, ERG has a total installed capacity of 2,202 MW.

In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,491 MW operational), particularly in France (587 MW), Germany (327 MW), the UK (249 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW). ERG operates in France and Spain in the generation of electricity from solar sources with 393 MW of installed capacity, of which 128 MW in France and 266 MW in Spain.

In addition, since April 2024 the Group, through the acquisition finalised by ERG Power Generation S.p.A., has been present in the United States with 317 MW of installed capacity, of which 224 MW in wind power and 92 MW in photovoltaic power.

Therefore, at 31 December 2024 ERG Power Generation S.p.A. ensures the management of the engineering and construction activities and the industrial and commercial processes of the Group, also through personnel belonging to other subsidiaries, organised as part of the "Generation & Market" department in:

- Wind & Solar generation units, which in turn are organised on a geographical basis;
- an Energy Management & Sales structure, as a single entry point to organised markets and the main clients/counterparties;
- a centre of expertise that ensures the efficiency of the operating model and the related global standardisation of processes;
- a structure dedicated to managing health, safety, quality and environmental protection topics for the entire Group;
- an area dedicated to the development and digitalisation of business systems.

The Company's corporate purpose is to develop business both in Italy and abroad:

- a) in the electricity sector, including the purchase, generation, import, export and sale (including to end customers) of electricity and related products such as, for example, securities and instruments related to those activities;
- b) in the energy sector in general, including the purchase, import and sale (including to end customers) of fuels, the use of biomass, solid urban waste or related fuels for their waste to energy conversion in electricity generation plants, the generation and sale of steam, industrial wastewater and related products such as, by way of example, securities and instruments related to the aforementioned activities, as well as in the area of environmental protection;
- c) in other sectors that are related or close to the activities carried out in the above-mentioned sectors which allow for better use of the structures, resources and skills used in the above-mentioned sectors such as, for example, energy efficiency improvement activities allowing the goods produced and services provided in the above-mentioned sectors to be used more effectively.

The following activities form also part of the Company business purposes (i) the design, construction, maintenance and management of plants; (ii) production and sale of equipment; (iii) research, consultancy services and assistance; and (iv) the purchase, sale and marketing of goods and services referred to in the sectors described under letters a), b) and c) of the preceding paragraph (including, by way of example, marketing and management services, as well as performance monitoring).

Scenario

In view of the war that broke in Ukraine at the end of February 2022, management is monitoring any critical issues and impacts that the conflict could have on the ERG Group and therefore on ERG Power Generation S.p.A. and its direct and indirect subsidiaries, in particular with reference to credit risk and plant security.

As regards credit risk, there are no positions opened directly with Russian and Ukrainian counterparties.

In relation to plant safety, note the position of some of the Group's wind farms in Eastern Europe (Poland and Romania) close to the Ukrainian border: since these are countries that are part of NATO, there are currently no risks directly linked to the conflict.

Continuing geopolitical tensions are still holding back global production and trade. High energy costs, the war in Ukraine and the ongoing automotive crisis are particularly hurting industrial activity in Europe, with Germany being hit the hardest. Geopolitical risk remains high, especially due to ongoing logistical challenges in international transport, largely caused by the continued tensions in the Red Sea.

In December 2024, the ECB decided on its fourth interest rate cut, following the previous reductions in June, September and October, thanks to the recent decline in inflation across the Eurozone. This was supported by the recent stability of inflation expectations in the Eurozone, thanks to the return of energy prices from the peaks of 2022 and the sluggish dynamics of the European economy. This stability, which the ECB has always considered crucial, still seems fragile, given the recent rise in gas prices in Europe, as well as the fallout from a potential "tariff/duty war", which could impact inflation expectations among markets, households and businesses in the coming months. This presents the risk of a halt or delay in further interest rate cuts.

GENERAL PRINCIPLES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Items in the financial statements were valued based on the general criteria of prudence and accrual, on a going concern basis; the items were recognised and stated by taking into account the substance of the transaction or contract, where compatible with the provisions of the Italian Civil Code and of the OIC accounting standards.

Application of the principle of prudence resulted in individual valuation of the items making up the individual assets or liabilities, in order to

avoid offsetting between losses that should have been recognised and income that should not be recognised since it has not been realised. In particular, profits were included only if they were realised by year end, while the risks and losses pertaining to the year were taken into account even if they were recorded after the end of the financial year.

In accordance with the accrual principle, transactions were recorded in and assigned to the year to which such transactions refer, and not to the year in which the relative collections and payments were made.

The measurement criteria did not change with respect to the prior year, in order to enable comparability of the Company's financial statements over time.

No exceptional cases occurred during the year, which required recourse to derogation from the valuation criteria, pursuant to Article 2423, paragraph 5, of the Italian Civil Code, as a result of being incompatible with a true and fair view of the Company's economic and financial position and operating results. No revaluations of assets were carried out during the year pursuant to special laws on the subject.

Preparation of the financial statements requires estimates that affect the values of assets and liabilities and the relative financial statements. The final results may differ from these estimates. Estimates are reviewed periodically, and the effects of changes in estimates, where not arising from errors in the estimates, are stated in the income statement in the year in which the changes occur, if they only affect that year, and even in subsequent years if the changes impact both the current year as well as later years.

The main estimates for which the use of subjective assessments is more heavily required were used, inter alia, for:

- allocations to provisions for risks of liabilities related to legal and tax disputes for which a financial outlay is deemed likely and the amount of the resulting charges can be reasonably estimated;
- deferred tax assets, recognised on the basis of the future taxability of expected profits generated in accordance with business plans as well as of the expected renewal of tax consolidation regimes;
- the procedure for verifying equity investments, described in more detail in the sections "Impairment" and "Equity investments" which involves – in estimating the value in use – the use of the investees' business plans, based on a set of assumptions regarding inflation, discount rates, expected energy prices, availability of renewable resources, changes to the regulatory framework.
- The fair value calculation for derivatives, performed on the basis of the estimate of future cash flows, discounted at the measurement date. The estimate of variable future prices is carried out on the basis of forward prices of the commodities. The measurement techniques used are based exclusively on parameters such as spot and forward price, interest rates and commodity price directly observable on the market.

For clearer disclosure, it was deemed preferable to show all amounts rounded off to the nearest EUR thousand in the Notes to the Financial Statements; consequently, in some statements, total amounts may differ slightly from the sum of the amounts that comprise them.

APPLICATION OF THE NEW OIC ACCOUNTING STANDARDS

Starting from the beginning of the current financial year, the Company has applied the new accounting standard OIC 34 "Revenues," issued in April 2023 by the Italian Accounting Standards Board (Organismo Italiano di Contabilità) and effective for financial statements relating to financial years beginning on or after 1 January 2024. The standard applies to all transactions that involve the recognition of revenues from the sale of goods and the provision of services, regardless of their classification in the income statement. However, contracts in progress and certain specific types of revenue are excluded from its scope.

For a description of the new accounting standard, please refer to the section "Revenues and Costs" within "Accounting policies" in this these Notes to the Financial Statements. The following section provides the disclosures required under the Italian Civil Code, OIC 29 and OIC 34 regarding the first-time adoption provisions. For a description of the main types of contracts used by the Company, please refer to the "Revenue from sales and services" section of these Notes to the Financial Statements.

Considering the nature and content of the contracts entered into with customers, the analysis conducted on the impact of applying the new accounting standard OIC 34 has not highlighted any significant effects on the initial recognition of revenues or subsequent valuations. The revenue recognition criteria already adopted by the Company were found to be substantially aligned with the requirements of the new standard.

ACCOUNTING POLICIES

INTANGIBLE ASSETS

Intangible assets are recognised, upon approval by the Board of Statutory Auditors where envisaged, at their historic acquisition cost, net of amortisation applied over the years and of any impairment losses attributed directly to the individual items. The cost includes ancillary charges and direct and indirect costs for the portion reasonably attributable to the asset, with respect to the period of construction and up until the moment in which the asset may be used, and the financial expense incurred to finance construction (internal or through third parties) until use of the asset is possible.

Amortisation begins at the moment in which the asset is available and ready for use.

These amounts are reduced on an annual basis and recognised in the income statement using an amortisation process, on a straight-line basis in accordance with their useful lives and also considering any residual possibility of use. The systematic nature of amortisation is linked to the correlation of the expected benefits.

The start-up and expansion costs are amortised on a straight-line basis over five years.

Leasehold improvements are capitalised and recognised under "other intangible assets" if they cannot be separated from the assets themselves (otherwise they are recognised under the specific item of "property, plant and equipment"), and amortised on a straight-line basis at the lower of the period of expected future utility and the residual lease, taking into account any renewal period, if dependent on the Company.

If, regardless of any amortisation already recognised, there proves to be impairment, the asset is written off accordingly. If in later years the reason for the write-off no longer applies, the original value is restored to the extent of the value the asset would have had if the write-down had never been made, with the exception of the goodwill item and "Deferred charges" pursuant to number 5 under Article 2426 of the Italian Civil Code.

The amortisation rate applied to software and leasehold improvements is 20%.

In general, intangible assets are amortised over a maximum period of five years.

Goodwill includes amounts paid with regard to company purchase transactions or other corporate transactions and is amortised based on useful life. The useful life is estimated upon initial recognition of goodwill and is not changed in subsequent years. If it is not possible to estimate useful life, goodwill is amortised over a period of 10 years.

Intangible assets are revalued, up to their recoverable amount, only in cases envisaged or permitted by law.

PROPERTY, PLANT AND EQUIPMENT

In accordance with the provisions of the OIC 16 Italian accounting standard, non-current assets are initially recognised on the date in which the risks and benefits connected with the acquired asset are transferred, which usually occurs when the ownership title is transferred. In any case, if, by virtue of specific contractual clauses, the date on which the transfer of risks and benefits takes place and the date on which the title is transferred do not match, the date on which the transfer of risks and benefits takes place prevails. In any case, in carrying out this analysis, all the contractual clauses are analysed.

These are recognised at purchase cost, including directly attributable ancillary charges and costs incurred to use the asset, net of any commercial discounts and cash discounts of a significant amount.

The amounts recorded are adjusted annually based on the corresponding accumulated depreciation. The depreciation amounts recognised in the income statement are calculated on a straight-line basis, using rates considered to be representative of the estimated economic-technical useful life of the assets to which they refer.

Depreciation begins at the moment in which the asset is available and ready for use. In application of the principle of materiality, pursuant to Article 2423, paragraph 4, of the Italian Civil Code and the provisions of the relative accounting standard, the depreciation rates were reduced by half during the first year of depreciation.

Property, plant and equipment recorded in the financial statements were revalued exclusively in accordance with the legal provisions and within the limits of the higher of current value and value in use.

Depreciation rates are determined in accordance with prudential criteria and the estimated residual possibility of use of each asset in accordance with rates of use in previous years.

If, at year-end, regardless of the depreciation already recognised, impairment occurs, the non-current asset is written down accordingly. If the reasons for impairment cease to exist in subsequent years, the original value is restored, adjusted solely based on the depreciation.

Impairment losses of property, plant and equipment and intangible assets ("Impairment")

On the basis of OIC 9, the Company subjects its property, plant and equipment and intangible assets to impairment testing to determine whether there are indications that they may have suffered impairment at the dates of the financial statements. If such an indication exists, the Company estimates the recoverable amount of the asset to determine the amount of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use, determined as the present value of expected future cash flows.

Future cash flows are estimated with reference to the current conditions of non-current assets and therefore do not include cash inflows or outflows that are expected to arise from future restructuring to which the Company has not yet committed, or from improvement or optimisation of return on the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. Should the impairment of an asset, other than goodwill and deferred charges, subsequently no longer apply or be reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of the recoverable amount, without exceeding the value that would have been determined if no impairment had been recognised. At each reporting date, the Company assesses the existence of any indication that an asset may have undergone impairment. Were such an indication to exist, the Company would estimate the recoverable amount of the asset and write it off only if the latter were lower than the corresponding carrying amount.

EQUITY INVESTMENTS, LOAN ASSETS AND SECURITIES

Financial assets include equity investments, loan assets and securities.

Equity investments and debt securities recognised as non-current assets are due to be held permanently among the Company's assets. Equity

investments are measured using the cost method, adjusted for impairment losses. The cost method assumes that the recognition value is calculated on the basis of the purchase or subscription price, including ancillary costs. When impairment is detected, the carrying amount of the investment is written off to its lowest recoverable amount, calculated on the basis of future benefits expected as inflows by the investor. The original value of the equity investment is written back in later years if the reasons for the write-off should no longer apply.

For the 2024 financial statements, as in previous years, the recoverability of the carrying amounts of the equity investments in subsidiaries and in joint ventures was tested.

Note that no impairment was identified with regard to the equity investments of ERG Power Generation S.p.A. at 31 December 2024, following the Group's impairment tests.

INVENTORIES

Inventories of ancillary and consumable materials and spare parts are recognised using the weighted average cost method per period on an annual basis. These are measured at the lower between the cost and estimated realisable amount as deduced from market trends (Article 2426, paragraph 9, of the Italian Civil Code).

To determine the estimated realisable amount from market trends, the replacement cost is normally taken as reference or, where available, the net realisable value of the assets.

In the event of obsolescence or slow turnover of the materials, the carrying amount is written down accordingly with a provision used to directly cut the inventories value.

Contracts in progress reflect the actual progress of the works and services performed by the Company in favour of its subsidiaries in projects regarding Repowering and Reblading, in accordance with the provisions of OIC 23.

Contracts in progress, with duration of less than 12 months, include contracts in progress and are evaluated using the completed contract criterion, at the lower of the cost incurred and the presumed realisable value based on market conditions. The revenue and contract margin are recognised upon completion of the contract, i.e. on the date on which the transfer of risks and benefits related to the asset produced occurs or the services are rendered.

RECEIVABLES

Receivables are recorded in the financial statements according to the amortised cost method, taking into account the time factor and the estimated realisable value. The amortised cost method is not applied when the effects are immaterial, or when the transaction costs, commissions paid by the parties and any other difference between initial and final value are of limited significance, or if the receivables are short term (with maturity of less than 12 months).

Moreover, pursuant to Article 12, paragraph 2, of Italian Legislative Decree no. 139/2015, the Company exercised the option not to apply the amortised cost criterion and discount all receivables that arose prior to 1 January 2016.

Trade receivables with expiry beyond 12 months from initial recognition, without payment of interest, or with interest significantly different from the market interest rates, and the relative revenue, are initially recognised at the value determined by discounting the future cash flows at the market interest rate. The difference between initial recognition value of the receivable determined in this manner and the final value is recorded in the income statement as financial income throughout the duration of the receivable, using the effective interest rate method.

All the trade receivables in the financial statements have expiries of less than 12 months and are therefore recognised at nominal amount.

Moreover, the receivables are recognised at estimated realisable value. The value of receivables is adjusted to the estimated realisable value through the allocation of an appropriate loss allowance, established by taking into account the country risk and the economic conditions in general and within the specific sector. The loss allowance is estimated through an analysis of the significant receivables individually and at the portfolio level for the remaining ones, calculating the presumed losses on receivables at the reporting date.

Receivable operations carried in foreign currencies are converted into Euro at the exchange rate on the date of the operation, and the difference between the amount and the amount actually received is recognised under the income statement under financial income and expense.

The exchange rate differences resulting from adjustment of the receivables in foreign currency to the exchange rate at year-end with respect to the date of the operation are recognised in the income statement.

FINANCIAL ASSETS

The item Current financial assets under current assets includes equity investments not held as non-current assets which are valued on the basis of the lower of the purchase cost and the realisable value that can be deduced from market performance.

The item typically includes equity investments previously included in the non-current financial assets of the Company subsequently reclassified as current financial assets following changes in the corporate strategy, and this new allocation is based on decision-making processes already completed at the end of the year and consistent with corporate objectives and strategies.

The Company participates in the centralised treasury management programme (cash pooling) carried out by the parent company ERG S.p.A., which in turn has a centralised treasury management programme for the subsidiaries.

Withdrawals from the common current account (pool account) constitute a payable to the company that administers the cash pooling, while payments into the common current account constitute a receivable from the company.

As indicated in OIC 14, receivables generated by centralised management of treasury (i.e. cash pooling) are recognised, if permitted by the terms of collection, under "Current financial assets", as "Financial assets for centralised treasury management", indicating the counterparty (for example, parent company or subsidiary). If the short-term collection terms are not satisfied, these receivables are recorded under financial assets.

CASH AND CASH EQUIVALENTS

These are recorded at estimated realisable value, which generally coincides with the nominal amount, with a separate indication for bank and postal deposits and cash and notes on hand.

PREPAYMENTS AND ACCRUALS

The prepayments and accruals item includes the portions of costs and revenues accrued during the year but collectible in subsequent years, and the portions of costs and revenue incurred within the end of the year but relating to subsequent years, based on the accrual principle. At the end of each year, the conditions that determined initial recognition are verified and, if necessary, the required value adjustments are made. In particular, in addition to the passage of time, the estimated realisable value is considered for accrued income, while for prepaid expenses the existence of a future economic benefit related to deferred costs is considered.

EQUITY

Transactions between the Company and shareholders (acting as shareholders) may give rise to amounts due from or to shareholders. The Company recognises a receivable from shareholders when the shareholders take on a commitment with respect to the Company, and it recognises a payable when it takes on a commitment with respect to shareholders.

Payments made by shareholders that do not envisage a repayment obligation are recorded under the relevant item of equity, while loans received from shareholders that envisage a repayment obligation are recorded under payables.

Treasury shares are recorded at a value corresponding to their purchase cost in a negative shareholders' reserve, upon purchase of the shares themselves.

The negative reserve is reversed, following a shareholders' resolution to cancel treasury shares, and the share capital is simultaneously reduced by the nominal amount of the shares cancelled. Any difference between the carrying amount of the reserve and the nominal amount of the cancelled shares is recognised as an increase or decrease to equity.

In the event of disposal of treasury shares, any difference between the carrying amount of the negative reserve and the realisable value of the disposed shares is recognised as an increase or decrease to another item of equity.

Should the company purchase shares from the parent company, within the limits set out by Article 2359-bis, paragraph 3, of the Italian Civil Code, a specific unavailable reserve is created under equity for an equal amount.

The effects on equity of application of the other accounting standards are commented on in the respective sections.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are allocated against liabilities of a calculable nature, certain or probable, for which nevertheless at year end the total or contingency date is not yet known.

Contingent liabilities are recognised in the financial statements and registered under the provisions when their realisation has become probable and when the amount of the relative charge can be reasonably estimated.

Measurement of the charge complies with the general prudence and accrual principles, which, vice versa, do not allow the allocation of provisions that are generic or without economic justification.

Any risks for which a liability is only possible are indicated in the Notes to the Financial Statements without the allocation of provisions for risks and charges.

If the possibility of realisation of a risk is considered to be remote, it will not be taken into account.

Allocations to provisions for risks and charges are recognised as a priority in the income statement items of the relevant classes, with the criteria of classification of costs by nature prevailing. The amount of allocation to the provisions is determined based on the best estimate of costs, including legal fees, at each reporting date. Moreover, if there is a provision for charges, the estimate may also take into consideration the time horizon in question, if it is possible to make a reasonably reliable estimate of the outlay connected to the obligation and the date of occurrence, and if the latter is so far ahead in time as to make the present value of the obligation and the estimated liability at the moment of outlay significantly different.

DERIVATIVE INSTRUMENTS

Derivative financial instruments are financial assets and liabilities recognised at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators at the valuation date and, in the case of unlisted derivatives, is determined by the Company using the appropriate valuation techniques, through assumptions, parameters and fair value hierarchy levels envisaged by the reference accounting standard.

Derivatives are classified as hedging instruments only when, at the beginning of the hedge, there is a close and documented correlation between the characteristics of the hedged asset and those of the derivative, and the hedge itself is formally documented and its effectiveness, verified periodically, is high.

Derivative financial instruments may be designated as hedging transactions when:

- a) the hedging relationship solely consists of allowable hedging instruments and allowable hedged items;
- b) at the beginning of the hedging relationship, there is a designation and formal documentation on the hedging relationship, of the objectives of the Company with regard to risk management and of the hedging strategy;
- c) the hedging relationship satisfies the qualitative and quantitative requirements of effectiveness of the hedge.

When derivatives hedge against the risk of changes in future cash flows of the hedged asset, the effective portion of profits or losses on the derivative instrument is suspended in equity. The profits and losses associated with a hedge are recognised in the income statement as regards the ineffective portion. Cumulative profits and losses recognised in equity up to that moment are recognised in the income statement when the

relative transaction occurs (adjusting or integrating the income statement items impacted by the hedged cash flows).

Therefore, the changes in fair value of hedging derivatives are recognised:

- in the income statement under items D18 or D19 in the event of fair value hedging of an asset or liability recognised in the financial statements, as well as changes in the fair value of hedged items (if the change in fair value of the hedged asset is higher in absolute terms than the change in fair value of the hedging instrument, the difference is recognised under the relative income statement item of the hedged item);
- in a specific equity reserve (under the item AVII "Cash flow hedging reserve") in the event of hedging of cash flows using methods to offset the effects of the hedged flows (the ineffective component, as well as the change in time value of the options and forwards, is classified under items D18 and D19).

For derivative financial instruments classified as trading, which do not satisfy the requirements to be handled in hedge accounting, the changes in fair value are recognised in the statement of financial position and posted to the income statement under items D18 and D19 upon subsequent measurement and when the derivative is eliminated from the accounts.

POST-EMPLOYMENT BENEFITS

Recorded within the item post-employment benefits are the amounts that employees would be entitled to receive in the event of termination of the employment relationship at the reporting date. The seniority indemnities comprising this item, namely the provisions allocated for the year and the annual revaluation of the pre-existing fund, are calculated in accordance with the regulations in effect. The Post-employment benefits are recognised under item C of liabilities and the relative provision under item B9 of the income statement.

Following the introduction of the provisions of the 2007 Italian Budget Law and relative implementation decrees, starting from 1 January 2007, the accrued post-employment benefits have been designated to pension funds or to the treasury fund established with INPS (the Italian National Social Security Institute). The accounting treatment of amounts accrued from 1 January 2007 is therefore considered as equivalent to contributions of other nature, with regard to the supplementary pension option as well as in the case of designation to the Treasury Fund established with INPS. The item therefore includes contributions accrued by employees prior to the date indicated and not yet paid, net of any advances received in accordance with the regulations in effect.

PAYABLES

Payables are liabilities of a specified nature and certain existence that represent obligations to pay fixed or determinable amounts of cash to lenders, suppliers and other parties. The classification of payables among the various debt items is made on the basis of their nature (or origin) with respect to ordinary operations, regardless of the period of time within which the liabilities must be settled.

Payables arising from the purchase of assets are recognised when the production process for the assets has been completed and the ownership has been transferred, using the transfer of risks and benefits as the reference parameter. Payables for services are recognised when the services have been received.

Payables are recorded based on the amortised cost method, taking into account the time factor. The amortised cost method is not applicable to payables if its effects are irrelevant. The effects are considered irrelevant for current payables (namely those due in less than 12 months).

For the amortised cost method, see the description for receivables. Payable transactions in foreign currency carried out during the year are converted into Euro at the exchange rate in effect on the date of the transaction, and the difference between this amount and the amount actually paid is recognised in the income statement under financial expense and income.

The exchange rate differences resulting from alignment of the payables in foreign currency to the exchange rate at year-end with respect to the date of the transaction are recognised in the income statement.

STATEMENT OF CASH FLOWS

The statement of cash flows includes all cash inflows and outflows during the year.

The single cash flows are presented individually in the following categories of the statement of cash flows:

- a. operating activities;
- b. investing activities;
- c. financing activities.

The categories of cash flows are presented in the order shown above.

The cash flow from operating activities is calculated using the indirect method, i.e. by adjusting the profit or loss for the year shown in the income statement.

The algebraic sum of the cash flows of each category mentioned above represents the net change (increase or decrease) of the cash and cash equivalents during the year.

The statement of cash flows is presented in scaled format.

The OIC 10 accounting standard provides also that:

- interest paid and collected is presented separately among cash flows from operating activities, except for specific cases in which it refers directly to investments (investing activities) or financing (financing activities);
- dividends received and paid are presented separately, respectively, under operating activities or financing activities, respectively;
- cash flows relating to income tax are presented separately and classified under operating activities.

REVENUE AND COSTS FOR THE YEAR

Revenue from the sale of goods and the provision of services relating to both core and ancillary operations are recognised according to the accounting model introduced by the new OIC 34 standard, which is divided into the following phases:

- a) determination of the total price of the agreement;

- b) identification of the basic accounting unit;
- c) valuation of the basic accounting units;
- d) revenue recognition.

The total price of the agreement can be deduced from the contractual clauses. Discounts, rebates, penalties and returns are accounted for as a reduction in revenue based on the best estimate of the consideration, taking into account historical experience and/or statistical calculations. The Company analyses sales agreements in order to establish what the basic accounting units are, i.e. whether a single sales agreement can give rise to more than one right and obligation to be accounted for separately in relation to the individual goods, services or other benefits promised to the customer (OIC 34.16). Separation of the individual accounting units is not carried out when the goods and services covered by the agreement are integrated or interdependent, the services covered by the agreement do not fall within the characteristic activities, each of the services covered by the sales agreement is carried out in the same financial year and when, in the presence of agreements that are not particularly complex, the separation of the individual elementary accounting units would produce irrelevant effects on the total amount of revenues.

After having determined the value of the individual elementary accounting units, the Company proceeds to record the revenues in the financial statements on an accrual basis.

For elementary accounting units that represent the sale of goods, revenues are recognised when both of the following conditions are met:

- a) the substantial transfer of the risks and benefits associated with the sale has taken place; and
- b) the amount of revenue can be reliably determined.

In assessing whether the substantial transfer of risks has taken place, the Company takes into account both qualitative and quantitative factors, without considering credit risk.

The substantial transfer of benefits takes place when the Company transfers to the counterparty the ability to decide on the use of the asset and to obtain the related benefits definitively.

Revenue from the provision of services is recognised in the income statement on the basis of the stage of completion if both of the following conditions are met:

- a) the agreement between the parties establishes that the Company is entitled to the consideration as the service is performed; and
- b) the amount of revenue earned can be reliably determined.

The stage of completion is determined using the method of proportion between the services rendered as at the reporting date and the total services provided for in the agreement.

If the Company is unable to recognise revenue based on the percentage of completion method, revenue for the service provided is recognised in the income statement when the service has been fully completed.

If the Company subsequently revises its estimates underlying the initial recognition of revenue, it updates the value to reflect any additional information obtained over time regarding the assumptions or facts on which the original estimate was based (OIC 34.34). If a contractual modification introduces an additional service for an additional fee, it is accounted for separately. In cases where only the consideration or only the services to be performed are modified, the effects of the change are accounted for by allocating the remaining contract value to the outstanding services.

Revenue, income, costs and expenses related to foreign currency transactions are determined using the spot exchange rate on the date the transaction is carried out.

Additional consideration (such as incentives and performance bonuses) is included in the total contract price only when it becomes reasonably certain. Reasonable certainty is assessed based on the Company's historical experience, forecasted data and contractual elements.

Transactions with the parent company and other ERG group companies are carried out on an arm's length basis.

Costs are accounted for based on the accrual principle, regardless of the date of collection and payment, net of returns, discounts, rebates and premiums.

Financial expense is recognised for an amount equal to the amount accrued during the year.

In the event of application of the amortised cost method, interest is recognised using the effective interest method.

DIVIDENDS

Dividends are recorded in the year in which they are resolved by the Shareholders' Meeting. Dividends are recognised as financial income regardless of the nature of the reserves to be distributed.

FINANCIAL INCOME AND EXPENSE

Financial income and expense are recognised on an accrual basis. Costs relating to receivables factoring transactions for any reason (with or without recourse) and of any nature (trade, financial or other) are recognised in the year in which they arose.

Financial expense is recognised for an amount equal to the amount accrued during the year.

FOREIGN CURRENCY ITEMS

Non-monetary assets and liabilities originally stated in foreign currency are recognised in the statement of financial position at the exchange rate in effect upon their purchase, or at the initial recognition cost.

Monetary assets and liabilities originally stated in foreign currency are converted in the financial statements at the spot exchange rate at

the end of the year; the relative exchange rate gains and losses are recognised in the income statement and any net income is allocated to a specific non-distributable reserve until realisation.

CURRENT, PREPAID AND DEFERRED TAXES

Current taxes are calculated on the basis of a realistic forecast of taxable income for the year, determined in accordance with tax legislation and by applying the tax rates in effect at the reporting date. The relative tax payable is recorded in the statement of financial position net of advances paid, withholdings and tax credits that can be offset and not requested as reimbursement; if the advances paid, withholdings and credits exceed the taxes due, the related tax credit is recorded.

The Company participates in the national tax consolidation scheme of the parent ERG S.p.A. for IRES purposes. The tax consolidation agreement requires each company adopting the tax consolidation to transfer its taxable income (or tax loss) to the consolidating company. The consolidating company then records a credit in respect of the consolidated company equal to the IRES payable (the consolidated company instead records a payable due to the consolidating company). Conversely, for companies recording a tax loss, the consolidating company recognises an IRES tax payable on the portion of the loss actually offset at group level (the consolidated entity records a tax receivable due from the consolidating company).

Furthermore, in the case of companies recording excess interest expense, excess interest income or excess ROL, the consolidating company recognises a payable equal to 24% of 50% of the excess interest expense or the excess interest income or the excess ROL transferred and offset at group level (in these cases, the consolidated company recognises a receivable from the consolidating company). With effect from 1 January 2024, the legislation relating to the ACE (Aid to Economic Growth) deduction was repealed.

The statement of financial position therefore includes the amounts due from and to the consolidator as a result of quantification of the tax advantages granted and received.

Tax payments are arranged by the Consolidator.

Deferred tax assets and liabilities are calculated and allocated on the basis of temporary differences between the value assigned to a given asset or liability in accordance with statutory provisions and the value assigned for tax purposes, in compliance with the principles of prudence and accrual accounting. They are measured by taking into account the presumed tax rate that the Company expects to apply in the year in which the differences will be considered in forming the tax result, considering the rates in force or already confirmed at the reporting date and allocated respectively to the "deferred tax provision" as part of the provisions for risks and charges under liabilities and item 5-ter) "deferred tax assets" under current assets.

Deferred tax assets are recognised for all deductible temporary differences in compliance with the principle of prudent accounting, if there is reasonable certainty of taxable income not less than the total differences to be offset in the year in which they will be reversed.

Vice versa, deferred tax liabilities are recognised on all taxable temporary differences.

In compliance with the provisions of Article 2424 of the Italian Civil Code, deferred tax assets are indicated in the Statement of Financial Position in the item "Deferred tax assets" under current assets, whilst deferred tax liabilities are indicated under "Provisions for risks and charges" in the item "Deferred tax provision". The Notes to the Financial Statements include a statement of the temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the rate applied and the changes compared to the previous year, the amounts debited or credited to the income statement or to equity and the items excluded from the calculation, as well as the amount of deferred tax assets recorded in the financial statements relating to losses for the year or previous years and the amount of taxes not yet recorded.

The rate used to calculate deferred taxes is the nominal IRES (corporate tax) rate of 24% and the IRAP, where envisaged under the regulations in force.

On 22 December 2022, the text of Directive no. 2022/2523/EU was published in the Official Journal of the European Union, which provides for the transposition into EU legislation of the rules on the Global Minimum Tax envisaged by Pillar 2 prepared by OECD as part of Action 1 of the BEPS ("Base Erosion and Profit Shifting") project. This Directive was transposed into Italian law by Legislative Decree no. 209 of 27 December 2023, which entered into force on 29 December 2023. The aim is to limit harmful tax competition between countries by setting the minimum level of effective taxation at an aggregate level per country to 15% from 2024.

The ERG Group falls within the scope of application of the standard. The global minimum tax regime had an impact in 2024 on the tax rate of some countries in which the Company operates through its Subsidiaries (Bulgaria and Romania) but had no impact on the average effective tax rate of ERG Power Generation S.p.A. as the tax was applied at the level of the subsidiaries.

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

Please refer to the relevant section at the end of these Notes to the Financial Statements for the disclosure relating to intra-group relations and relations with related parties.

Transactions with the parent company and other ERG group companies are carried out on an arm's length basis.

It is noted that on 17 October 2023, the closing with a third party was finalised for the sale of the entire share capital of ERG Power S.r.l. Consequently, the economic and equity transactions between the Company and ERG Power S.r.l. were shown in the separate financial statements and in the corresponding analysis tables in relations with subsidiaries until the date of sale of the shareholding previously mentioned.

In April 2024, ERG Power Generation S.p.A. finalised the closing of a major agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent US clean energy developer, to create a strategic partnership with the mission of managing a portfolio of wind and solar power



plants already in operation and potentially develop it. The transaction led to the acquisition, in the United States of America, through the newly established sub-holding ERG USA Holding Inc, of two renewable wind and solar energy production plants.

COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The total amount of commitments, guarantees and contingent liabilities not indicated in the statement of financial position are stated in the relative paragraphs of these Notes to the Financial Statements.

Commitments represent obligations undertaken by the Company towards third parties that originate from legal transactions with certain obligatory effects that have not yet been executed by either of the two parties. The 'commitments' category includes both commitments whose fulfilment and relative amount are certain, and commitments whose fulfilment is certain but whose relative amount is not. The amount of the commitments is the par value that can be deduced from the relative documentation. If the commitment is not quantifiable, it is reported in the notes to the financial statements.

Guarantees include both real and personal guarantees provided by the Company. These guarantees are those issued by the Company with reference to its own or others' obligations. The relative value corresponds to the value of the guarantee provided or, if this is not determined, to the best estimate of the risk assumed in light of the situation existing at that time.

The contingent liabilities not included in the statement of financial position include those deemed probable, but whose amount can only be determined in a random and arbitrary way, and those deemed possible. Similarly, the specific paragraph indicates the assets and potential profits deemed probable that have not been recorded in the financial statements due to compliance with the principle of prudence.

EVENTS AFTER THE REPORTING DATE

Events occurring after the financial year-end that highlight conditions already existing at the balance sheet date and that require adjustments to asset and liability amounts, in accordance with the relevant accounting standard, are recognised in the financial statements. This is done in compliance with the accrual principle to reflect the impact of such events on the financial position and performance at the financial year-end.

Events occurring after the financial year-end that indicate situations arising after the reporting date and that do not require changes to the financial statement amounts, as stipulated by the relevant accounting standard, since they pertain to the following financial year, are not recognised in the financial statements. However, if deemed significant for a more comprehensive understanding of the company's situation, they are disclosed in the notes to the financial statements.

The cut-off date for considering such events is the date on which the draft financial statements are prepared by the Directors, unless events occur between that date and the date scheduled for the approval of the financial statements by the Shareholders' Meeting that have a material impact on the financial statements.

COMPANY DRAWING UP THE CONSOLIDATED FINANCIAL STATEMENTS

Starting from 2017, the Company opted to prepare IAS consolidated financial statements, drawn up in compliance with the international accounting standards issued by the International Accounting Standards Board (IASB) and regulated by the European Union.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS (EUR 3,724,111 THOUSAND)

Intangible assets (EUR 6,849 thousand)

(EUR thousand)	Start-up and expansion costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Assets under development and advances	Other	Total
Historical cost	22	13,089	616	3,754	1,867	6,002	25,350
Accumulated amortisation	(22)	(9,107)	(610)	(2,628)	-	(6,000)	(18,367)
BALANCE AT 31/12/2023	-	3,982	6	1,126	1,867	1	6,982
Changes in the year:							
Acquisitions	-	670	-	-	1,516	-	2,186
Capitalisations/reclassifications	-	1,523	-	-	(1,523)	-	-
Disposals and divestments	-	-	-	-	-	-	-
Amortisation	-	(1,943)	(1)	(375)	-	-	(2,319)
Impairment losses	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Historical cost	22	14,752	615	3,754	1,860	3,610	24,613
Accumulated amortisation	(22)	(10,520)	(610)	(3,003)	-	(3,609)	(17,764)
BALANCE AT 31/12/2024	-	4,231	6	751	1,860	1	6,849

At 31 December 2024, intangible assets totalled EUR 6,849 thousand. They mainly refer to software relating to electricity marketing activities and the monitoring and control of power generation, consumption and transmission intended for long-term use and currently in use.

The item also includes EUR 751 thousand regarding the residual value at 31 December 2024 of the goodwill generated by the merger, effective 1 January 2017, with ERG Renew S.p.A.

Assets under development, totalling EUR 1,860 thousand, mainly refer to the development of and integration with management systems and software, wireless networks and park networks.

For greater comprehension, changes during the period relating to reclassifications, disposals and divestments are shown in the table net of the related accumulated amortisation.

Property, plant and equipment (EUR 2,316 thousand)

(EUR thousand)	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost	1,199	322	5,849	2,710	235	10,315
Revaluations	-	-	-	-	-	-
Accumulated depreciation	(126)	(137)	(4,331)	(2,563)	-	(7,157)
Loss allowance	(887)	(51)	-	-	-	(938)
BALANCE AT 31/12/2023	186	134	1,517	147	235	2,219
Changes in the year:						
Acquisitions	3	-	376	216	117	712
Capitalisations/reclassifications	24	-	203	6	(233)	-
Disposals and divestments	-	-	(1)	-	-	(1)
Depreciation	(31)	(10)	(476)	(99)	-	(616)
Impairment losses	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Historical cost	1,227	322	6,332	2,928	119	10,928
Accumulated depreciation	(156)	(147)	(4,712)	(2,657)	-	(7,672)
Loss allowance	(887)	(51)	-	-	-	(938)
BALANCE AT 31/12/2024	184	124	1,620	270	119	2,316

At 31 December 2024, property, plant and equipment amounted to EUR 2,316 thousand.

The item "Industrial and commercial equipment" includes the metallic structures used in the work warehouses and various equipment for maintenance of the wind farms of subsidiaries.

The item "Other assets" mainly refers to furniture, fittings, electronic machinery and light vehicles, as well as hardware (videowall) installed in the Energy Management Control and Bidding Centre for electricity sales activities, integrated and dynamic management of the electricity portfolio and implementation of dispatching.

For greater comprehension, changes during the period relating to reclassifications, disposals and divestments are shown net of the related accumulated depreciation.

Financial assets (EUR 3,714,945 thousand)

Equity investments (EUR 2,180,300 thousand)

The item includes mainly equity investments in subsidiaries detailed in the following graph:

	Registered office	Direct investment	Group's investment	Share capital (1) (2)	Equity (1) (2) (3)	Carrying amount
ERG Eolica Adriatica S.r.l.	Genoa (Italy)	100%	100%	10	78,191	69,817
ERG Eolica Campania S.r.l.	Genoa (Italy)	100%	100%	120	62,844	100,104
ERG Eolica Faeto S.r.l.	Genoa (Italy)	100%	100%	10	10,418	5,322
ERG Eolica Fossa del Lupo S.r.l.	Genoa (Italy)	100%	100%	50	114,234	46,019
ERG Eolica Ginestra S.r.l.	Genoa (Italy)	100%	100%	10	43,008	46,728
ERG Eolica San Vincenzo S.r.l.	Genoa (Italy)	100%	100%	3,500	28,057	20,875
ERG Wind Bulgaria S.p.A.	Genoa (Italy)	100%	100%	50	21,077	32,178
ERG Wind Investments S.r.l.	Genoa (Italy)	100%	100%	97,046	475,204	364,755
ERG Eolica Tirreno S.r.l.	Genoa (Italy)	100%	100%	10	216	406
Green Vicari S.r.l.	Genoa (Italy)	100%	100%	119	16,793	18,570
Breva Wind S.r.l.	Genoa (Italy)	100%	100%	7,100	449,420	438,160
Andromeda PV S.r.l.	Genoa (Italy)	78,5%	78,5%	50	64,385	96,519
ERG Solar Holding S.r.l.	Genoa (Italy)	100%	100%	20	122,351	171,677
ISAB Energy Solare S.r.l.	Genoa (Italy)	100%	100%	100	150	-
Ginestra S.r.l.	Genoa (Italy)	100%	100%	20	45,436	51,242
ERG Sviluppo Italia S.r.l.	Genoa (Italy)	100%	100%	20	177	320
Eolico Troina S.r.l. in liquidazione	Palermo (Italy)	99%	99%	20	250	25
ERG France Holding S.a.s.	Paris (France)	100%	100%	209,551	231,824	241,095
ERG Wind Neunte GmbH	Hamburg (Germany)	100%	100%	25	98	88
ERG Wind Park Beteiligungs GmbH	Hamburg (Germany)	100%	100%	25	6,659	12,169
ERG Germany Verwaltungs GmbH	Hamburg (Germany)	100%	100%	25	33	25
ERG Spain Holdco S.L.U.	Madrid (Spain)	100%	100%	4	89,559	91,179
ERG UK Holding Ltd	Edinburgh (UK)	100%	100%	0	16,636	25,914
ERG Sweden Holding AB	Stockholm (Sweden)	100%	100%	50	88,592	13,005
ERG Poland Holding Sp. Z.O.O.	Warsaw (Poland)	100%	100%	10	21,342	1,133
EW Orneta 2 sp Z.O.O.	Warsaw (Poland)	100%	100%	164,688	200,787	35,720
Corni Eolian SA	Constanta (Romania)	100%	100%	95,679	249,190	52,202
ERG USA Holding Inc	Wilmington, DE (USA)	100%	100%	0	275,392	245,045
TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES						2,180,294

(1) Amounts are reported in EUR thousand

(2) The Share Capital and Equity of the companies ERG UK Holding Ltd, ERG Sweden Holding AB, ERG Poland Holding Sp. Z.O.O., EW Orneta 2 sp Z.O.O., Laski Wind Sp. Z.O.O., Corni Eolian SA and ERG USA Holding Inc are in the local currency

(3) The company ERG USA Holding Inc was established on 2 January 2024, the table shows Equity resulting from the reporting package at 31 December 2024.

With regard to transactions involving the equity investments held directly by the Company and recorded under financial fixed assets, on 2 January 2024, the incorporation of ERG USA Holding, Inc. was completed; on 24 April 2024, a capital contribution of EUR 245 million was made to ERG USA Holding, Inc.

The following transactions to streamline the Group's corporate structure took place in 2024 in the companies directly and indirectly controlled by ERG Power Generation S.p.A:

- on 18 July 2024, the merger deed was executed, through which the German company ERG Wind Nack GmbH & Co. KG was merged by incorporation into ERG Wind Offenheim GmbH & Co. KG, effective from 22 July 2024;
- On 31 October 2024, the merger by incorporation of the French companies Société d'exploitation du Parc Eolien Le Marquay SARL, Société d'exploitation du Parc Eolien de Fond du Moulin SARL, Société d'exploitation du Parc Eolien Les Trente SARL, Société d'exploitation du Parc Eolien le Chemin Vert SARL, and Société d'exploitation du Parc Eolien de Sole de Bellevue SARL into Société d'exploitation du Parc Eolien de Mont Félix SARL (the "Merging Company") was completed. The Merging Company subsequently changed its company name to Parc Eolien de Fruges SARL;
- on 31 December 2024, the merger by incorporation of the German company Capenergie 3 Wind GmbH into Ominwatt SAS became effective. The accounting and tax effects of the merger take effect on 1 January 2024.

For the purposes of the 2024 Financial Statements, the Company verified the presence of any indicators of impairment of the equity investments.

To this end, the following were considered:

- both internal and external sources of information, including indicators of physical obsolescence and accident rates, changes in the estimated residual useful life of the plants, actual trends with respect to forecasts, technological, economic or market penalties, regulatory penalties, increase in rates;
- the dividends paid in 2024 by the subsidiaries to ERG Power Generation S.p.A. and, more generally, the change in respective net financial positions compared to the prior year.

Note that no impairment was identified with regard to the equity investments of ERG Power Generation S.p.A. at 31 December 2024, following the Group's impairment tests.

Any higher carrying amounts according to the historical cost criterion with respect to the equity belonging to the Company are justified by the future income expectations of the investees, which confirm their recoverability, even taking into account the uncertainties indicated in the section on the use of estimates in the "General principles in the preparation of the Financial Statements" paragraph.

Receivables (EUR 1,534,645 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Non-current loan assets due from subsidiaries	1,533,625	1,478,906
Non-current loan assets due from others	1,020	1,108
Total	1,534,645	1,480,014

The item "Non-current loan assets from subsidiaries" includes loans receivable from directly and indirectly controlled Group companies. The item "Non-current receivables from others" mainly comprises amounts due from ECC (European Commodity Clearing) relating to the margin deposit on the fair value of the contracts stipulated (Futures) for EUR 712 thousand and, residually, security deposits paid to suppliers. In detail, a summary of the loan assets by Country of the subsidiaries is provided below.

(EUR thousand)	31/12/2024	31/12/2023
Poland	106,728	110,243
France	382,032	343,636
Germany	125,558	140,517
UK	367,558	360,566
Italy	293,791	283,467
Sweden	83,441	80,681
Spain	174,458	159,797
United States	57	-
Total	1,533,625	1,478,906

All loans are interest-bearing, and the following graph summarises the rates applied for each company (in line with market rates):

Company	Country	Rate applied
EW Ornetà 2	Poland	12-month Euribor plus 305 basis points
ERG Poland Holding sp. z o.o.	Poland	12-month Euribor plus 305 basis points
ERG France Holding S.a.s.	France	6-month Euribor plus 260 basis points
Wind Park Linda GmbH & Co. KG	Germany	12-month Euribor plus 200 basis points
Voltwerk Energy Park 8 GmbH & Co. KG	Germany	12-month Euribor plus 305 basis points
ERG Windpark Beteiligungs GmbH	Germany	12-month Euribor plus 305 basis points
ERG UK Holding Ltd	Great Britain	12-month Euribor plus 250 basis points
ERG Sweden Holding AB	Sweden	12-month Euribor plus 260 basis points
ERG Spain Holdco S.L.U.	Spain	12-month Euribor plus 260 basis points
ERG USA Holding Inc	USA	12-month Euribor plus 215 basis points
Andromeda PV S.r.l.	Italy	Fixed rate 6.8%
ERG Eolica Tirreno S.r.l.	Italy	12-month Euribor plus 260 basis points
Isab Energy Solare S.r.l.	Italy	12-month Euribor plus 260 basis points
ERG Solar Piemonte 3 S.r.l.	Italy	12-month Euribor plus 305 basis points
Ginestra S.r.l.	Italy	12-month Euribor plus 305 basis points
ERG Sviluppo Italia S.r.l.	Italy	12-month Euribor plus 260 basis points
ERG Wind Energy S.r.l.	Italy	12-month Euribor plus 260 basis points
ERG Wind Holdings (Italy) S.r.l.	Italy	12-month Euribor plus 270 basis points
ERG Wind Sicilia 6 S.r.l.	Italy	12-month Euribor plus 260 basis points



During the 2024 financial year, new loans were granted to the companies ERG USA Holding Inc, ERG Wind Holdings (Italy) S.r.l. and ERG Sviluppo Italia S.r.l.

The amounts of the following main loans were increased in favour of:

- ERG France Holding S.a.s. for around EUR 46 million, mainly to finalise the acquisition of a 73.2 MW wind and solar portfolio in France;
- ERG Wind Energy S.r.l., for approximately EUR 41 million, for the completion of wind repowering projects;
- ERG Spain Holdco S.L.U. for approximately EUR 25 million, mainly for the deferred payment of the investment in Garnacha Solar S.L. acquired in 2023;
- ERG Eolica Tirreno S.r.l. for approximately EUR 12 million for the completion of the Roccapalumba wind farm;
- ERG UK Holding Ltd for around EUR 4 million for the completion of a park under construction.

The following loans were closed with the following companies:

- ERG Eolica Fossa del Lupo S.r.l.;
- ERG Solar Holding S.r.l.

CURRENT ASSETS (EUR 316,469 THOUSAND)

INVENTORIES (EUR 20,914 THOUSAND)

(EUR thousand)	31/12/2024	31/12/2023
Inventories of spare parts	16,874	13,240
Inventory write-down provision	(1,717)	(1,712)
Total	15,156	11,528
Inventories of contracts in progress	5,758	8,015
Total	20,914	19,543

The item "Spare parts inventories", net of the inventory write-down provision, is equal to EUR 15,156 thousand at 31 December 2024 and reflects the value of the spare parts necessary to conduct maintenance work on the aerogenerators, wind turbines and photovoltaic systems. The increase in this item at 31 December 2024 compared to 31 December 2023 is mainly due to the supply of spare parts for WTGs due to breakages, obsolescence and long delivery times. The inventory write-down provision at 31 December 2024 is deemed to express the decrease in functionality of a part of the spare parts inventory.

The item "Inventories of contracts in progress" in the 2024 Financial Statements includes the works relating to the "Repowering & Reblading" project and, in particular, the change in the period in engineering costs, purchase of wind blades and ancillary charges, including internal personnel costs sustained for the Repowering & Reblading projects, net of chargebacks made to the subsidiaries owning the wind farms. The item decreased compared to 2023 mainly due to the charge-back to the subsidiary ERG Wind Energy S.r.l. of all suspended costs relating to the reblading of the Panni wind farm for EUR 2.9 million.

Receivables (EUR 150,887 thousand)

Receivables can be summarised as follows:

(EUR thousand)	31/12/2024	31/12/2023
Amounts due from customers	45,477	55,172
Amounts due from subsidiaries	12,181	8,893
Amounts due from parent companies	6,971	11,432
Tax assets	13,059	16,351
Deferred tax assets	4,315	26,243
Amounts due from others	68,884	32,331
Total	150,887	150,421

Amounts due from customers (EUR 45,477 thousand)

Amounts due from customers comprise mainly:

- receivables relating to the sale of electricity produced by the Italian wind farms and photovoltaic systems of its subsidiaries to GME for EUR 16,817 thousand;
- receivables relating to the sale of electricity pertaining to Power Purchase Agreements for EUR 6,519 thousand;
- receivables relating to the sale of electricity to wholesale customers (EUR 22,141 thousand).

The amounts due from customers at 31 December 2024 are mostly from Italian customers and are due for payment within the following year.

Note that amounts due from customers are stated net of the loss allowance for EUR 2,928 thousand, allocated in order to cover any doubtful receivables.

Amounts due from subsidiaries (EUR 12,181 thousand)

This item is mainly broken down as follows:

- trade receivables for EUR 11,961 thousand, mainly attributable to the services rendered and not yet collected under the Operation & Maintenance and B.o.P. contracts on wind and solar farms of the Italian subsidiaries. The item also includes services charged to all subsidiaries under the administrative and corporate service agreement.
- other assets for EUR 220 thousand, relating to various charge-backs (EUR 78 thousand) and amounts due from subsidiaries for group VAT (EUR 142 thousand). Note that with effect from 1 January 2022, ERG Power Generation S.p.A. operates as parent company within the scope of the group VAT settlement procedure pursuant to Article 73 of Italian Presidential Decree no. 633 of 26/10/1972 and to the Italian Ministerial Decree of 13 December 1979.

Amounts due from parent companies (EUR 6,971 thousand)

This item mainly refers to the IRES receivable from the direct parent company ERG S.p.A. for the remuneration of prior tax losses and interest income transferred to the ERG Group's Tax Consolidation (for Euro 6,695 thousand).

Tax assets (EUR 13,059 thousand)

This item mainly includes:

- the receivable from the tax authorities for group VAT of EUR 6,813 thousand;
- the advance on electricity and gas excise duties for EUR 375 thousand;
- the amount requested for reimbursement relating to the tax inspection for 2004 for EUR 55 thousand.

The amount also includes taxes paid pending a ruling by the merged company ISAB Energy Services S.p.A. (EUR 171 thousand). The decrease in this item is mainly due to the reduction, compared to last year, of the receivable from the tax authorities for VAT as a result of the factoring of receivables carried out in December 2024.

Deferred tax assets (EUR 4,315 thousand)

The deferred tax assets relate to the tax effect of the deductible temporary differences that will be repaid in future years. The breakdown of the main temporary differences and related tax effects are presented below.

	31/12/2024		31/12/2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Write-down of inventory	1,717	495	1,712	493
Other provisions	4,271	1,147	6,100	1,676
IRES losses	-	(0)	91,224	21,894
Other changes in IRES (Corporate tax)	8,960	2,331	8,381	2,176
Derivative instruments	1,186	342	11	3
TOTAL		4,315		26,243

Maintenance of the deferred tax assets in the financial statements for the year ended on 31 December 2024 is supported by reasonable elements of certainty regarding their recoverability in the years in which they are expected to be repaid.

This assumption is mainly based on the fact that the company forms part of the tax consolidation regime with the parent company ERG S.p.A., in view of the expected Group taxable amounts.

The zeroing of deferred tax assets calculated on the tax loss accrued in 2022 is due to their use within the ERG tax unit to reduce the group's taxable income in 2024.

Amounts due from others (EUR 68,884 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Amounts due from GME	40	40
Receivables under Italian Law no. 488/1992	25,233	16,704
Other assets	43,611	15,587
Total	68,884	32,331

The item "Receivables under Italian Law no. 488/1992" also includes receivables of EUR 25,233 thousand from Engie, referring to recovery of the revaluation and interest on the disbursements of Italian Law no. 488/1992, arising from the company ERG Renew S.p.A. merged from 1 January 2017. The increase of EUR 8.5 million relates to the adjustment of the receivable for the amounts relating to interest pertaining to disputes involving the subsidiaries (EUR 1.1 million) and the payment to IPCHL of the amounts released from year 2021 in favour of ERG Wind Sicilia 2 (incorporated into the company ERG Wind Sardegna in 2022) and ERG Wind Sicilia 3 for a total amount of EUR 7.4 million.

The item "other assets" in 2023 mainly included investments in time deposits for EUR 15,206 thousand. In 2024, the item mainly includes investments in time deposits for EUR 25,798 thousand, the receivable relating to overnight deposit accounts for EUR 16,856 thousand.

Current financial assets (EUR 132,330 thousand)

Derivative financial instruments (EUR 34,187 thousand)

The item includes derivative financial instruments with a positive fair value at the measurement date, generated in particular by the positive net impact of the measurement at 31 December 2024 of the hedging derivatives and the Virtual Power Purchase Agreement with positive fair value. The positive fair value is shown below broken down by delivery date:

(EUR thousand)	within 12 months	within 5 years	after 5 years
Derivative financial instrument assets	8,705	1,772	23,710

Financial assets for centralised treasury management in respect of parent company (EUR 95,373 thousand)

The item, equal to EUR 95,373 thousand, expresses the balance, at 31 December 2024, of the financial position towards the direct parent company ERG SpA in the "zero balance" cash pooling ratio. The Company has granted ERG S.p.A. an exclusive mandate with representation to enter into a "zero balance" cash pooling system with Unicredit S.p.A. bank in the name and on behalf of the principal. Through cash pooling, the transfer of each transaction recorded on the bank accounts of the principal company to the current account in the name of the principal at the same bank is carried out on a daily basis and with the same value, thus zeroing the balance of the current account of the principal company at the end of the day.

The decrease in the item compared to the previous year is mainly related to the acquisitions of wind and solar plants in the United States and France.

Financial assets for centralised treasury management in respect of subsidiaries (EUR 2,770 thousand)

The item mainly refers to the financial receivable and the interest accrued as at 31 December 2024 from the subsidiaries ERG France Holding S.a.s. and ERG Sweden Holding AB for EUR 1,996 thousand and EUR 446 thousand, respectively.

Cash and cash equivalents (EUR 12,338 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Bank and postal deposits	12,338	4,185
Total	12,338	4,185

The item includes the credit balances on bank current accounts, the carrying amount of which represents the estimated realisable value.

Prepayments and accruals (EUR 6,756 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Other prepaid expenses	6,714	4,499
Prepaid expenses - insurance premiums	23	31
Prepaid expenses - other premiums	1	57
Other accrued income	19	-
Total	6,756	4,586

In the 2024 financial year, the item "Other prepaid expenses" mainly includes costs for guarantees of origin purchased by the wind and solar subsidiaries and not yet resold at 31 December 2024 and costs for maintenance and other services paid in the year and pertaining to the following year.

The estimated classification by expiry of the items registered under assets is presented below:

	within 12 months	within 5 years	after 5 years	Total
Receivables under financial assets				
- amounts due from subsidiaries		1,533,625		1,533,625
- amounts due from others	712	309		1,020
Receivables under current assets				
- amounts due from customers	45,477			45,477
- amounts due from subsidiaries	12,181			12,181
- amounts due from parent companies	6,971			6,971
- deferred tax assets	343	3,591	381	4,315
- tax assets	13,059			13,059
- amounts due from others	43,609	25,275		68,884
TOTAL	122,352	1,562,799	381	1,685,532

Liabilities

EQUITY (EUR 3,588,711 THOUSAND)

Share Capital (EUR 100,000 thousand)

The share capital at 31 December 2016, fully paid in, comprised 600,000 shares with a nominal amount of EUR 10 each for a total of EUR 6,000 thousand, and was fully held by ERG S.p.A.

The merger deed of 21 December 2016 in particular had provided full execution of the resolution of the Shareholders' Meeting of 18 November 2016 which had envisaged, effective 1 January 2017, a share capital increase of the merging entity ERG Power Generation S.p.A. for a total of EUR 94,000,000, with the issue of 9,400,000 new shares with a par value of EUR 10 each, assigned to the company ERG S.p.A., sole shareholder of the merging entity.

As a result of the above, the share capital at 31 December 2024, as well as at 31 December 2023, amounted to EUR 100,000 thousand.

Share premium reserve (EUR 7,000 thousand)

The Company's Shareholders' Meeting of 20 June 2014 had decided to increase the share capital from EUR 5,000 thousand to EUR 6,000 thousand, i.e. by EUR 1,000 thousand, by issuing 100,000 shares with a par value of EUR 10 each and a share premium of EUR 7,000 thousand as payment for the "Power Business Unit", which took place on 1 July 2014.

Revaluation reserve (EUR 2,221 thousand)

The revaluation reserves, in the amount of EUR 37 thousand, had been transferred following the merger of ISAB Energy Services S.r.l. on 1 January 2015, which in turn derived from the spin-off from ERG Nuove Centrali S.p.A. on 1 July 2007 in proportion with its equity at 30 June 2007, transferred with the spin-off.

Italian Decree Law no. 104/2020 ("Decreto Agosto" – August Decree) reintroduced the possibility of revaluing company assets and carrying out the so-called "realignment" of misalignments between the statutory and tax reporting values. Subsequently, the 2021 Budget Law extended the possibility of realigning tax values to the statutory values, including for goodwill and other intangible assets. The Company decided to realign the goodwill recognised in the 2020 financial statements and consequently placed a portion of the retained earnings reserves in a special provision, in the amount of EUR 2,185 thousand, corresponding to the value of the realignment made net of the substitute tax due. The amount of the revaluation reserves is fully subject to tax suspension.

Legal reserve (EUR 20,000 thousand)

The legal reserve was established in 2012 following the decision by the ordinary Shareholders' Meeting of 16 April 2012, which approved the financial statements for 2011.

The Shareholders' Meeting held on 22 April 2015 had approved the financial statements for 2014 and voted to allocate 5% of the total profit for the period, amounting to EUR 632 thousand, to the reserve.

The Shareholders' Meeting held on 21 April 2016 had approved the financial statements for 2015 and voted to allocate EUR 507 thousand to the reserve.

The Shareholders' Meeting held on 19 April 2017 resolved to allocate EUR 3,838 thousand to the reserve.

The Shareholders' Meeting held on 19 April 2018 resolved to allocate EUR 3,924 thousand to the reserve.

The Shareholders' Meeting held on 16 April 2019 resolved to allocate EUR 3,034 thousand to the reserve.

The Shareholders' Meeting held on 20 April 2020 resolved to allocate EUR 5,829 thousand to the reserve.

The Shareholders' Meeting held on 22 April 2021 resolved to allocate EUR 2,174 thousand to the reserve.

The legal reserve is therefore equivalent to a total amount of one-fifth of the share capital.

Other reserves (EUR 2,477,400 thousand)

The item "Other reserves" comprises the capital account payment by parent company ERG S.p.A. for a total amount of EUR 1,858,733 thousand, of which EUR 261,733 thousand in 2015 and EUR 700,000 thousand in July 2016, following the decision by ERG S.p.A. to make a capital contribution in favour of ERG Power Generation S.p.A. and extinguish the existing loan between ERG S.p.A. and ERG Power Generation S.p.A. via offsetting.

The item also consists of the capital contribution made by the parent company ERG S.p.A. for a total amount of EUR 350 million, resolved on 15 October 2020.

In order to strengthen the equity/financial structure of ERG Power Generation S.p.A., the Board of Directors of ERG S.p.A. had resolved, on 11 November 2022, to waive a portion of the receivable deriving from the Credit Line equal to EUR 517 million, and convert it into a capital payment of the same amount.

In order to further strengthen the equity and financial structure of ERG Power Generation S.p.A., on 30 March 2023 the parent company ERG S.p.A. had decided to waive part of the receivable deriving from the existing line of credit, amounting to EUR 30 million, and to convert it into a capital injection in favour of ERG Power Generation S.p.A.

Other reserves also include the extraordinary reserve to which EUR 5,830 was allocated, as a result of the share capital reduction in financial year 2011, and the merger surplus amounting to EUR 5,855 thousand, relative to the merger by incorporation of ISAB Energy Services S.r.l. on 1 January 2015.



The subject item includes also an amount equal to EUR 606,980 thousand, of which EUR 607,050 thousand referring to the equity of companies ERG Renew S.p.A. and ERG Renew Operation & Maintenance S.r.l., incorporated into ERG Power Generation S.p.A. as from 1 January 2017, and EUR 70 thousand related to reclassification of the item Retained earnings of profit and loss carried forward of the branches eliminated from the Company as from 1 January 2018.

The remaining portion consists of sundry reserves of insignificant amount (EUR 2 thousand) transferred to the company following the merger through incorporation of ISAB Energy Services S.r.l. on 1 January 2015. This amount is subject to tax suspension.

Cash flow hedging reserve (EUR 6,133 thousand)

This item comprises the fair value changes of the effective component of the hedging derivatives open at the reporting date, net of deferred taxes.

Retained earnings (EUR 866,097 thousand)

This item includes the profits and losses carried forward from previous years.

Note that on 11 December 2024, the Shareholders' Meeting resolved the distribution of EUR 60,000 thousand in retained earnings in favour of the sole shareholder ERG S.p.A.

The graph showing the changes in the equity items of the Company over the past three years is shown below:

(Euro)

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Other reserves	Hedging reserve	Retained earnings (Accumulated losses)	Profit (loss) for the period	Total Equity
Balance at 31.12.2021	100,000	7,000	2,221	20,000	1,930,400	(295,976)	261,651	242,449	2,267,746
Distribution of dividends	-	-	-	-	-	-	(50,000)	-	(50,000)
Allocation of previous year's profit (loss)	-	-	-	-	-	-	242,449	(242,449)	-
Capital account payments	-	-	-	-	517,000	-	-	-	517,000
Other changes	-	-	-	-	-	175,083	-	-	175,083
Profit (loss) for the year	-	-	-	-	-	-	-	368,329	368,329
Balance at 31.12.2022	100,000	7,000	2,221	20,000	2,447,400	(120,893)	454,100	368,329	3,278,158
Distribution of dividends	-	-	-	-	-	-	(50,000)	-	(50,000)
Allocation of previous year's profit (loss)	-	-	-	-	-	-	368,329	(368,329)	-
Capital account payments	-	-	-	-	30,000	-	-	-	30,000
Other changes	-	-	-	-	-	123,297	-	-	123,297
Profit (loss) for the year	-	-	-	-	-	-	-	153,668	153,668
Balance at 31.12.2023	100,000	7,000	2,221	20,000	2,477,400	2,404	772,429	153,668	3,535,123
Distribution of dividends	-	-	-	-	-	-	(60,000)	-	(60,000)
Allocation of previous year's profit (loss)	-	-	-	-	-	-	153,668	(153,668)	-
Capital account payments	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	3,729	-	-	3,729
Profit (loss) for the year	-	-	-	-	-	-	-	109,859	109,859
Balance at 31.12.2024	100,000	7,000	2,221	20,000	2,477,400	6,133	866,097	109,859	3,588,711

The following graph lists equity items, indicating the possible utilisation for each of them, as well as any tax restrictions.

(EUR thousand)	Amount	Possibility of utilisation	Amount available	Amount subject to tax suspension
Share capital	100,000	-	-	3,009
Revaluation reserves	2,221	A,B,C	2,221	2,221
Share premium reserve	7,000	A,B,C	7,000	-
Legal reserve	20,000	B	20,000	-
Other reserves/Capital account payment	1,858,733	A,B,C	1,858,733	-
Other reserves	11,687	A,B,C	11,687	2
Other reserves/Merger reserve 2017	606,980	A,B,C	606,980	-
Cash flow hedging reserve	6,133	-	-	-
Retained earnings	866,097	A,B,C	866,097	-
Profit (loss) for the year	109,859	-	-	-
TOTAL	3,588,711		3,372,719	5,232

Key:

A - for share capital increase

B - for loss coverage

C - for distribution to shareholders

The Company did not allocate deferred tax liabilities on the capital portion related to operations subject to tax on distribution (for EUR 3,009 thousand) or on the revaluation reserves (for EUR 2,221 thousand) since no utilisation that could generate taxation is expected.

Provisions for risks and charges (EUR 17,493 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Tax provision, also deferred	2,826	977
Derivative financial instrument liabilities	10,751	17,374
Other provisions	3,916	10,017
Total	17,493	28,368

The breakdown of deferred taxes is shown in the following graph:

	31/12/2024		31/12/2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Derivative instruments	9,804	2,826	3,389	977
TOTAL		2,826		977

The item derivative financial instrument liabilities, equal to EUR 10,751 thousand, includes derivative financial instruments with negative fair value at the measurement date, generated in particular by the net negative impact of the measurement at 31 December 2024 of the "Contracts for Difference".

The negative fair value is shown below broken down by delivery date:

	within 12 months	within 5 years	after 5 years
Derivative financial instrument liabilities	9,351	1,401	-

A summary of the item "Other provisions" is provided below:

(EUR thousand)	31.12.2023	Increases	Decreases	31.12.2024
Provision to cover losses of investees	127	423	-	550
Other current provisions	1,878	513	(1,518)	872
Provisions for current environmental risks	6	-	-	6
Other non-current provisions for charges	8,006	-	(5,519)	2,487
Total	10,017	936	(7,037)	3,916

The item "other provisions for current charges" is composed partly of potential charges relating to the evolution of risks connected with the electricity business and partly of charges relating to the judgment brought by Gepafin S.p.A., as commented on in the following paragraph "Other liabilities".

The item "other provisions for non-current charges" is mainly composed of probable future outlays related to discontinued businesses and the redefinition of the Group's strategic structure.

The transactions in the provisions for risks in 2024 are outlined below:

- an increase in the item Provision to cover losses in investees for EUR 423 thousand relating to potential charges deriving from a dispute with a developer of a wind subsidiary;
- a provision under Other provisions for current charges of EUR 513 thousand, mainly referring to probable risks relating to the energy business and charges relating to the proceedings brought by Gepafin S.p.A.;
- a decrease in the item Other provisions for current charges mainly related to the use of the provision for the occurrence of risks connected to the electricity business (for an amount equal to EUR 682 thousand) and to the release of provisions for risks also connected to the electricity business due to the non-existence of the conditions for which they had been recognised (for an amount of some EUR 837 thousand);
- a decrease in the item Other provisions for non-current charges against a release of EUR 5,224 thousand due to the non-existence of the conditions for the recognition of a part of the potential future disbursements connected to discontinued businesses and against a use of EUR 295 thousand of the provision to cover the expenses incurred in relation to the redefinition of the group's corporate structure.

Post-employment benefits (EUR 1,580 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Opening balance	1,806	1,939
Increases	893	930
Decreases	(1,118)	(1,063)
Closing balance	1,580	1,806

This item includes the liabilities related to the post-employment benefits due to employees.

The provision increased by the amounts allocated in favour of employees for post-employment benefits and for revaluation, and decreased mainly due to payments to Supplementary Funds and to the Treasury Fund and due to requests for advances and settlements.

Payables (EUR 425,592 thousand)

The payables can be summarised as follows:

(EUR thousand)	31/12/2024	31/12/2023
Shareholder loan payables	-	14
Advances	-	359
Amounts due to suppliers	32,340	23,495
Amounts due to subsidiaries	381,961	318,143
Amounts due to parent companies	25	1,164
Tax liabilities	861	4,126
Amounts due to pension and social security institutions	1,279	1,121
Other liabilities	9,125	3,508
Total	425,592	351,930

Amounts due to suppliers (EUR 32,340 thousand)

Amounts due to suppliers stem from commercial transactions.

The amounts due to suppliers at 31 December 2024 were mostly to Italian counterparties.

The breakdown of trade payables is mainly as follows:

- payable to GME, for an amount of EUR 10,838 thousand, relating to the purchase of electricity;
- amounts due to other counterparties such as TERNA S.p.A. for EUR 795 thousand;
- amounts due to wholesale counterparties for EUR 6,449 thousand;
- trade payables to other counterparties relating to the provision of various services such as engineering services, legal services, consultancy and other minor supplies for EUR 14,258 thousand. The item also comprises trade payables to third parties for services connected to maintenance of the wind and solar farms.

Amounts due to subsidiaries (EUR 381,961 thousand)

The subject item consists mainly of the following:

- trade payables to group companies, amounting to EUR 70,905 thousand, which mainly refer to payables to wind and solar subsidiaries for the purchase of electricity and guarantee of origin (GO) certificates;
- other amounts due to subsidiaries, equal to EUR 14,296 thousand, relate to the amount due to subsidiaries as part of the settlement of group VAT (EUR 13,925 thousand) and other amounts due for the recognition of penalties (EUR 371 thousand);
- financial payables to subsidiaries, for a total of EUR 297 million, mainly relating to zero balance cash pooling relationships with Brevia Wind S.r.l. (EUR 64.18 million), ERG Wind Bulgaria S.p.A. (EUR 41.49 million), ERG Eolica Campania S.r.l. (EUR 30.52 million), Corni Eolian S.A. (EUR 25.03 million), ERG Eolica San Vincenzo S.r.l. (EUR 23.41 million), ERG Poland Holding sp. z.o.o. (EUR 19.04 million), ERG Eolica Adriatica S.r.l. (EUR 17.58 million), ERG Wind Investments S.r.l. (EUR 17.10 million) and ERG Solar Holding S.r.l. (EUR 16.73 million).

It should be noted that during the 2024 financial year, the following new cash pooling agreements were entered into with the subsidiaries ERG Sviluppato Italia S.r.l., ERG UK Holding Ltd, ERG Spain Holdco SLU, ERG Sweden Holding AB and ERG Poland Holding s.p. z.o.o.

Amounts to parent companies (EUR 25 thousand)

The item, equal to EUR 25 thousand, includes charge-backs by the direct parent company ERG S.p.A. of expenses incurred on behalf of the company.

Tax payables (EUR 861 thousand)

This item mainly refers to amounts due to the tax authorities for IRAP amounting to EUR 333 thousand and payables for withholding taxes amounting to EUR 504 thousand.

Amounts due to pension and social security institutions (EUR 1,279 thousand)

This refers mainly to what is due in salaries and wages for December for social security, pension and insurance obligations.

Other payables (EUR 9,125 thousand)

(EUR thousand)	31/12/2024	31/12/2023
Amounts due to employees	1,780	1,607
Amounts due to third parties for equity investments	1,844	1,844
Other liabilities	5,501	56
Total	9,125	3,508

The item "Amounts due to employees" relates to wages for the period not yet settled and comprises holidays, unused time off "in lieu" and the estimated productivity bonus and variable remuneration linked to company objectives.

"Amounts due to third parties for equity investments" mainly refer to the payable, equal to EUR 1,844 thousand, deriving from the merger of ERG Renew S.p.A. The latter relates to the valuation of a put option on 0.69% of Ansaldo Fuel Cells S.p.A. granted by ERG Renew S.p.A. to Gepafin S.p.A. expiring on 29 January 2009. Gepafin S.p.A. had notified exercising of its put option; ERG Renew S.p.A. did not consider the right on said shares of Ansaldo Fuel Cells S.p.A. to be valid and informed Gepafin S.p.A. that it would not purchase the shares that were the subject of the option. Consequently, Gepafin filed proceedings to obtain payment of the debt and, at present, the proceedings in question are pending before the Court of Cassation.

"Other payables" mainly refer to the VAT charged by a supplier who in 2024 made a settlement with the Revenue Agency and which will be deducted by ERG Power Generation S.p.A. only after payment of the invoice received.

The classification by expiry of the main items registered under the liabilities is shown below:

	within 12 months	within 5 years	after 5 years	Total
Payables				
- amounts due to suppliers	32,340	-	-	32,340
- amounts due to subsidiaries	381,961	-	-	381,961
- amounts due to parent companies	25	-	-	25
- tax payables	861	-	-	861
- amounts due to pension and social security institutions	1,279	-	-	1,279
- other liabilities	9,125	-	-	9,125
TOTAL	425,592	-	-	425,592

PREPAYMENTS AND ACCRUALS (EUR 13,960 THOUSAND)

(EUR thousand)	31/12/2024	31/12/2023
Other deferred income	13,960	14,379
Total	13,960	14,379

The item, recorded in 2023 and equal to EUR 14.4 million, refers to the difference in the fair value of a Virtual PPA at the subscription date compared to the transaction price. The deferral is reversed starting from the effective date of the contract, i.e. from 1 June 2024, throughout the duration of the contract.

INCOME STATEMENT ANALYSIS

VALUE OF PRODUCTION (EUR 645,721 THOUSAND)

Revenue from sales and services (EUR 640,499 thousand)

(EUR thousand)	2024	2023
Revenue from sales	582,139	789,483
Revenue from services	58,360	52,373
Total	640,499	841,856

For complete disclosure, we provide below a breakdown of the revenue from sales and services:

(EUR thousand)	2024	2023
Sales		
Electricity	573,744	518,543
GO	8,394	4,785
Flow Utilities and gas	-	266,156
Total sales	582,139	789,483
Services		
Service contract in respect of wind subsidiaries	12,186	9,957
O&M for wind subsidiaries	38,309	36,400
Other from subsidiaries	4,025	1,024
O&M and services	-	1,244
Other	3,840	3,748
Total services	58,360	52,373
total revenue from sales and services	640,499	841,856

Note that ERG Power Generation S.p.A. manages the ERG Group's electricity sales, performed in Italy through the Energy Management department, which refer to the electricity generated by its wind and solar plants, as well as purchases on organised markets and through physical bilateral agreements, with the exception of the energy produced by some wind and solar plants for which dispatching has been outsourced to third parties. It should also be noted that in 2023 revenue from sales also included the sale of natural gas and CO₂ quotas to ERG Power S.r.l. (whose investment was sold in October 2023) as well as revenue from gas sales to third parties (relating to gas balancing), therefore the decrease in "Revenues from sales" in 2024 is attributable to this phenomenon.

The energy, mainly produced by the wind and solar plants of its Italian subsidiaries, is sold through the wholesale channels and to customers through bilateral agreements. Specifically, electricity sold wholesale includes sales on the IPEX electricity exchange, both on the "day-ahead market" (MGP) and on the "intraday market" (MI), in addition to sales to the main operators of the sector on the "over the counter" (OTC) platform and Power Purchase Agreements (PPAs), long-term energy sale contracts at pre-established prices.

The above-mentioned sales and hedging, as a result of which the price scenario only partly affected revenue, were realised by Energy Management in order to develop forward contracts, also with the objective of hedging the generation, in accordance with the Group's risk policy. With regard to the topic in question, it should be noted that the formula for the energy sale price for electricity supply contracts from the SPVs to the Company includes the value of hedging transactions carried out by the Company for its subsidiaries.

Revenues from services consist of the provision of technical services by central staff and Information Communication Technology services charged back to subsidiaries. Revenue from services also includes services rendered to the Italian wind and solar subsidiaries for Operation & Maintenance, i.e., management and maintenance of the wind aerogenerators and photovoltaic systems. This item also includes BoP services, relating to the electricity maintenance of wind farms, in respect of wind subsidiaries. The item "Other to subsidiaries" includes the chargeback to the subsidiary ERG Wind Energy S.r.l. of the costs incurred for the reblading of the Panni wind farm and the revenue for services relating to service repowering contracts for the Partinico/Monreale and Camporeale (until 31 March 2024), Mineo/Militello/Vizzini, and Salemi/Castelvetrano wind farms.

In 2024, revenue from the sale of electricity includes the slightly positive impact of the hedging transactions concluded in the period for an amount of EUR 623 thousand, for which a detailed graph is shown below.

(EUR thousand)	2024	2023
Gains on Power sales cash flow hedges	2,290	52,873
Losses on Power sales cash flow hedges	(1,668)	(65,328)
Total revenue	623	(12,455)

Changes in contracts in progress (EUR -2,257 thousand)

This item reflects the costs of engineering, purchase of the blades and ancillary costs, including internal personnel costs sustained in 2024 by ERG Power Generation S.p.A. for the Repowering & Reblading projects on the plants of a number of wind subsidiaries, as commented in the "Inventories" paragraph of these Notes.

It should be noted that during the 2024 financial year, the Company charged back to the subsidiary ERG Wind Energy S.r.l. all costs relating to the reblading of Panni.

Other revenue and income (EUR 7,480 thousand)

(EUR thousand)	2024	2023
Other revenue and income from group companies	504	526
Feed-In Premium	23	16
Recovery of expenses	482	483
Ordinary capital gains	1	139
Revenue other than the above	6,470	655
Total	7,480	1,820

"Other revenue from Group companies" regards essentially charge-backs to parent companies and subsidiaries for costs incurred and sale of spare parts, the services of company employees and the recovery of sundry expenses.

The item "Revenue other than the above" mainly includes the release of provisions for charges due to the non-existence of the conditions for their recognition relating to a part of the potential risks estimated in previous years and other minor items.

PRODUCTION COST (EUR 667,749 THOUSAND)

Production cost is broken down as per the table below.

(EUR thousand)	2024	2023
Costs for raw, ancillary and consumable materials	585,695	776,592
Services	60,303	72,678
Use of third-party assets	2,241	2,125
Employee costs	18,696	17,235
Amortisation, depreciation and impairment losses	2,935	2,693
Changes in inventories of raw, ancillary and consumable materials and goods	(3,629)	(1,243)
Provisions for risks	401	1,632
Other operating costs	1,106	689
Total	667,749	872,399

Costs for raw, ancillary and consumable materials and goods (EUR 585,695 thousand)

Electricity purchase costs, which represent the most significant item of raw material costs, mainly relate to purchases from the GME and the wind and solar subsidiaries.

In 2024 the item is decreasing because for the first nine months of 2023 the item also included the purchase costs of gas and environmental certificates intended for resale to ERG Power S.r.l.

Costs for raw materials also include disbursements to third parties and group companies for the purchase of spare parts for the maintenance of wind turbines and photovoltaic systems for subsidiaries.

Services (EUR 60,303 thousand)

(EUR thousand)	2024	2023
Costs for services from third parties	23,302	37,565
Costs for services from subsidiaries	22	1
Costs for services from parent companies	36,980	35,112
Total	60,303	72,678

"Services from parent companies" reflect essentially the costs for staff services rendered by the company ERG S.p.A. and include charge-backs for administrators' fees.

"Services from third parties" comprise mainly the following:

(EUR thousand)	2024	2023
Maintenance costs	11,356	9,783
Technical, legal and other consulting services	1,594	1,701
Payments to statutory auditors	73	73
Utilities and consumption	211	126
Insurance costs	312	218
Other services	9,756	25,664
Total	23,302	37,565

"Maintenance costs" refer to the costs incurred in 2024 for the assistance, management and maintenance activities for the wind and solar farms of subsidiaries.

The item "Technical, legal and other consulting services" mainly includes EUR 319 thousand for technical professional consultancy costs, EUR 400 thousand for legal fees and tax consultancy, EUR 285 thousand for assessments and testing, EUR 50 thousand for feasibility studies and other minor costs for services.

The item "Technical, legal and other consulting services" also includes payment to the independent auditors KPMG S.p.A.,¹ of which EUR 306 thousand related to the audit services provided and EUR 17 thousand for non-audit services.

"Insurance expenses" includes the premiums paid during the financial year and previous financial years.

Note that the items "Services from parent companies" and "Other services" include directors' fees for a total of EUR 1,205 thousand.

The graph below shows the main breakdown of the item "Other services", which includes:

(EUR thousand)	2024	2023
Costs for electricity transport, gas and other capacity charges	406	16,361
Other personnel services	2,461	2,299
Italian and foreign bank fees	679	709
Other TERNA and IPEX fees	215	174
Other services	5,995	6,121
Total	9,756	25,664

- transport costs in 2024 are mainly related to the transport of spare parts and components, in 2023 the item included the transport of gas for EUR 15,780 thousand;
- the slight increase in other personnel services is attributable to the higher travel expenses incurred in 2024;
- other charges to Terna and IPEX charges amounted to EUR 215 thousand in 2024;
- the item "Other sundry services" includes IT services for EUR 0.8 million, hot rentals (i.e., equipment supply services with specialised personnel for operation) for EUR 2 million, engineering services for EUR 0.5 million Euro and Health, Safety, Quality and Environment services for EUR 0.8 million, along with other minor services.

Use of third-party assets (EUR 2,241 thousand)

(EUR thousand)	2024	2023
Rent expense	396	413
Fees	694	650
Hires and leases	1,151	1,062
Total	2,241	2,125

Use of third-party assets refers mainly to rent expense on warehouses, fees and costs for leased autos and trucks and are largely in line with 2023.

Employee costs (EUR 18,696 thousand)

Personnel costs refer to the cost incurred during the year for an average of 264 employees (270 at year-end).

(EUR thousand)	2024	2023
Salaries and wages	13,687	12,765
Social security contributions	3,657	3,207
Post-employment benefits	815	833
Other costs	538	430
Total	18,696	17,235

The average annual composition of the Company's workforce is shown below:

	2024	2023
Executives	7	8
Middle managers	46	41
White-collar workers	86	76
Blue-collar workers – Intermediate	125	126
TOTAL	264	251

¹ Amounts not including expenses and CONSOB supervisory contribution.

Amortisation, depreciation and impairment losses (EUR 2,935 thousand)

(EUR thousand)	2024	2023
Amortisation of intangible assets	2,319	2,086
Depreciation of property, plant and equipment	616	607
Total	2,935	2,693

Amortisation of the intangible assets refers to the other intangible assets, especially the software used to carry out the activities and the goodwill generated by the merger.

It should be noted that, due to the changes introduced by the 2022 Budget Law, the goodwill subject to tax realignment in 2021 is tax deductible over 50 years.

Change in inventories of raw, ancillary and consumable materials and goods (EUR -3,629 thousand)

The item refers to the change in inventories of spare parts, acquired in order to conduct maintenance activities on the wind turbines and some photovoltaic systems owned by the subsidiaries that produce energy from wind and solar.

Provisions for risks (EUR 401 thousand)

This item mainly includes a provision of EUR 300 thousand for a contingency fund relating to potential risks in the energy business and the provision of charges and expenses regarding the legal dispute brought by Gepafin, as commented on in the paragraph "Other payables" for EUR 101 thousand.

Other operating costs (EUR 1,106 thousand)

(EUR thousand)	2024	2023
Municipal property tax	5	5
Other duties and taxes	177	88
Other sundry expenses	924	596
Totale	1,106	689

The item mainly includes membership fees paid in the amount of EUR 466 thousand.

The increase in the item other sundry charges is attributable to higher charges from subsidiaries, ERG Eolica San Vincenzo and ERG Eolica Campania, linked to the maintenance activities managed by the Company.

FINANCIAL INCOME AND EXPENSE (EUR 150,853 THOUSAND)

(EUR thousand)	2024	2023
Gains on equity investments	57,162	162,827
Other financial income	100,765	90,959
Interests and other financial expense	(7,959)	(37,543)
Gains and losses on foreign exchange	885	(8)
Total	150,853	216,235

Gains on equity investments (EUR 57,162 thousand)

The item mainly refers to the collection deriving from the distribution of dividends, profit reserves and other reserves from subsidiaries for EUR 57,162 thousand.

The following graph summarises the receipts of dividends, profit reserve distributions and other reserves from subsidiaries in financial year 2024:

(EUR thousand)	2024	2023
Distribution of dividends		
ERG Eolica San Vincenzo S.r.l.	6,313	-
ERG Eolica Campania S.r.l.	15,206	14,879
ERG Eolica Adriatica S.r.l.	11,624	-
Green Vicari S.r.l.	-	3,380
ERG Eolica Faeto S.r.l.	-	3,726
Corni Eolian S.A.	-	33,936
Andromeda PV S.r.l.	5,948	13,192
ERG Power S.r.l.	-	88,113
Breva Wind S.r.l.	14,833	-
	53,924	157,227
Distribution of reserves		
Andromeda PV S.r.l.	3,238	3,226
	3,238	3,238
Total	57,162	160,452

Note that in 2023, the item "Gains on equity investments" also included the price adjustment for the sale of an equity investment sold in the 2022 financial year for EUR 2 million.

Other income (EUR 100,765 thousand)

The item comprises mainly the following:

- financial income of EUR 93,160 thousand for interest income on loans granted to subsidiaries;
- financial income of EUR 1,628 thousand for interest income from subsidiaries relating to zero balance cash pooling, cash advance and centralised treasury agreements;
- financial income of EUR 3,092 thousand for interest income from ERG S.p.A. relating to the zero balance cash pooling agreement;
- interest income from third parties due to payment extensions, from the Tax Authorities and from third-party customers on payment deferrals for EUR 1,066 thousand;
- interest income from banks for EUR 1,671 thousand.

Interest and other financial expense (EUR -7,959 thousand)

(EUR thousand)	2024	2023
Financial expense due to subsidiaries	6,811	35,363
Financial expense due to parent companies	-	441
Other expense	1,148	1,739
Total	7,959	37,543

In 2023, "financial charges to parent companies" referred to interest on the financial payable to the parent company ERG S.p.A., which was closed at the end of the 2023 financial year mainly thanks to a credit waiver made by the shareholder in favour of the Company for EUR 30 million.

A more detailed graph of the item "financial expense due to subsidiaries" is provided below:

(EUR thousand)	2024	2023
Financial expense due to subsidiaries - Interest	5,461	4,241
Financial expense due to subsidiaries - Capital loss on disposal of equity investment	1,350	31,122
Total	6,811	35,363

The items includes the interest expense on zero balance cash pooling, cash advance and centralised treasury agreements with wind and solar subsidiaries.

The item also includes a price adjustment, for an amount equal to EUR 1,350 thousand, for the sale of the shareholding in ERG Power S.r.l. In 2023, this item included the capital loss deriving from the sale of the equity investment in ERG Power S.r.l. (for an amount of EUR 31,122 thousand).

Gains and losses on foreign exchange (EUR 885 thousand)

This item mainly includes the impact of exchange rate differences recognised during the period.

VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES (EUR 1,059 THOUSAND)

(EUR thousand)	2024	2023
Revaluations of derivative financial instruments	21,486	254,252
Impairment of derivative financial instruments	(20,427)	(251,629)
Total revaluations and impairment of derivative financial instruments	1,059	2,623
Revaluations of equity investments	-	-
Impairment of equity investments	-	(27,652)
Total revaluations and impairment of equity investments	-	(27,652)
Total	1,059	(25,029)

The items "Revaluation of derivative financial instruments" and "Impairment of derivative financial instruments" include the allocation to the income statement of the changes in fair value of the derivative instruments open at 31 December 2024, as well as the changes in fair value achieved during 2024 with regard to the financial derivatives that do not fully correlate with the physical underlying.

The item relating to revaluations and impairment of derivative financial instruments mainly reflects the reversal of the effects on foreign subsidiaries. Indeed, since 2021 the Company operates under a mandate from the foreign subsidiaries to enter into and manage derivative contracts to hedge the electricity price risk for a part of their electricity generation. The revaluations and impairment in question therefore include the accounting of the hedging instruments stipulated for the foreign subsidiaries and are down compared to last year mainly due to the price effect and, to a lesser extent, lower volumes.

In 2023, the item "Impairment losses on equity investments" mainly included the impairment loss on the equity investment in Ginestra S.r.l.

INCOME TAXES FOR THE YEAR (EUR -20,025 THOUSAND)

(EUR thousand)	2024	2023
IRES current income taxes	6,654	11,405
IRAP current income taxes	(3,773)	(3,449)
Deferred tax assets	(22,803)	(20,951)
Previous year taxes	(103)	232
Total	(20,025)	(12,762)

Current IRES taxes were positive in the amount of EUR 6,654 thousand due to the remuneration of the 2022 tax loss utilised in the tax consolidation in the present year and interest income, which was also transferred to the ERG tax consolidation.

Current IRAP taxes amounted to EUR 3,773 thousand. In 2024, as part of ERG's tax consolidation, the use of the 2022 tax loss generated the write-off of the related deferred tax assets for EUR 22,379 thousand.

For the changes in deferred taxes, please refer to the corresponding sections of the statement of financial position.

The tables below show the reconciliation between the effective and theoretical tax expense.

**Reconciliation between effective and theoretical tax expense**

IRES	IRES 24%	
Profit (loss) before taxes	129,884	
Theoretical tax charge (24%)		31,172
temporary differences taxable in subsequent years		
total	-	
temporary differences deductible in subsequent years		
allocation to provisions	406	
amortisation/depreciation exceeding the tax limit	572	
other increases	31	
total temporary differences deductible in subsequent years	1,009	242
reversal of temporary differences from previous years		
release of provisions taxed in previous years	(2,229)	
return of exchange rate differences taxed in previous years	(211)	
reversal tax depreciation not deducted	(17)	
other decreases	(6)	
total reversal of temporary differences from previous years	(2,463)	(591)
differences that will not be reversed in subsequent years		
dividend income collected during the year	(54,466)	
capital losses from disposal of equity investments	1,350	
use of provision without deferred taxation	(4,808)	
costs for cars	293	
other increases	83	
other decreases	(1,002)	
differences that will not be reversed in subsequent years	(58,550)	(14,052)
consolidation adjustments		
income from tax losses from previous years transferred to the consolidated accounts	(93,247)	
income from consolidation for the transfer of interest income to the consolidated company	(4,360)	
total tax consolidation adjustments	(97,607)	(23,426)
IRES taxable amount/current IRES	(27,727)	(6,654)



IRAP	IRAP 5,57%	
Difference between production costs and revenue	(22,028)	
Costs and revenue not relevant for IRAP purposes	18,696	
Total theoretical taxable income for IRAP purposes	(3,332)	
theoretical tax charge (5.57% rate)		(186)
temporary differences deductible in subsequent years		
amortisation of goodwill	330	
allocation to provisions	360	
total temporary differences deductible in subsequent years	690	38
reversal of temporary differences from previous years		
release of provisions taxed in previous years	(2,229)	
total reversal of temporary differences from previous years	(2,229)	(124)
differences that will not be reversed in subsequent years		
interest income	100,764	
deductible interest expense	(6,344)	
use of provision without deferred taxation	(4,808)	
deduction of personnel expense	(18,587)	
directors' remuneration	1,204	
other increases	381	
differences that will not be reversed in subsequent years	72,610	4,044
IRAP taxable amount/current IRAP	67,739	3,773



COMMITMENTS AND GUARANTEES AND CONTINGENT LIABILITIES NOT INDICATED IN THE STATEMENT OF FINANCIAL POSITION

Sureties to third parties in favour of group companies (EUR 10,137 thousand)

These refer to the guarantees issued in favour of companies of the wind group, particularly Government Agencies, for restoration of the wind farm areas at the end of the electricity generation activity. The item also includes commercial Parent Company guarantees issued in favour of subsidiaries for the benefit of third-party suppliers.

Sureties in favour of third parties issued on credit lines of the parent company (EUR 23,767 thousand)

These regard sureties issued by ERG Power Generation S.p.A. in favour of third parties, guaranteed by the direct parent ERG S.p.A. through its credit lines.

These are mainly counterparties with which commercial dealings were carried out, as well as a guarantee in favour of the Italian electricity market operator (GME) directed at allowing operations on said market.

Sureties in favour of third parties issued by the parent company (EUR 278,147 thousand)

These regard sureties issued by ERG Power Generation S.p.A. in favour of third parties, guaranteed by the direct parent company ERG S.p.A. These are mainly commercial guarantees.

Commitments to suppliers (EUR 1,317 thousand)

These are commitments to suppliers in the field of information & communication technology for operating and capital account expenses to be incurred in the future already contracted for with the counterparty.

DISCLOSURE ON THE FAIR VALUE OF THE FINANCIAL INSTRUMENTS IN ACCORDANCE WITH ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE

The Company uses certain derivative instruments as part of Group policy to minimise the risks relating mainly to credit, market, liquidity and operational risks.

The following table shows the fair value of the derivative financial instruments used by the Company at 31 December 2024.

(EUR thousand)		31.12.2024		
Type of contract		Underlying financial risk	Volumes (GWh)	FV
Contract for Difference	Thousands of MWh	Electricity purchase price risk	190	(274)
of which effect on income statement			33	240
of which effect on equity			158	(514)
Commodities Futures	Thousands of MWh	Electricity sale price risk	1,373	(907)
of which effect on income statement			734	(289)
of which effect on equity			639	(618)
Commodities VPPA	Thousands of MWh	Electricity sale price risk	1,958	23,710
of which effect on income statement			-	-
of which effect on equity			1,958	9,750
Deferred income				13,960
Total				22,528

Electricity price risk hedging CfD

CfD (Contract for Difference) transactions to hedge the risk of fluctuation in the price of electricity with respect to forward agreements for the purchase and sale of electricity. These are contracts whereby the parties undertake to liquidate, at a certain date, the difference between the price agreed and the market price of the reference period.

Futures

Futures transactions are fixed-term, standardised contracts. These are contracts whereby two parties agree to exchange, at a future date, a certain asset at a price determined upon stipulation of the contract.

Virtual PPA

Financial or "virtual" Power Purchase Agreements (VPPAs), entered into in order to stabilise the revenue structure with counterparties whereby on delivery dates a payment based on the price defined in the agreement is exchanged for a variable price, without the physical transfer of the underlying electricity.

Since these are instruments with average delivery periods of more than 10 years, if no price quotations are readily available in the active market for long-term maturities and therefore the price of the last available maturity date has to be replicated, the fair value is estimated at the date of initial recognition, and at each subsequent closing date.

Currencies Forward

Currency Forward Transactions are private agreements between two parties to exchange a certain amount of currency at an agreed exchange rate on a specific future date.

The fair value is calculated based on the estimate of future cash flows, discounted at the measurement date (Discounted Cash Flow Model). The estimate of variable future prices is carried out on the basis of forward prices of the commodities.

The measurement techniques used are based exclusively on parameters such as spot and forward price, interest rates and commodity price directly observable on the market.

OTHER INFORMATION REQUIRED BY ARTICLES 2427 AND 2427-BIS OF THE ITALIAN CIVIL CODE

- No transactions subject to the obligation of retrocession upon completion were carried out (Article 2427, no. 6-ter);
- No financial expenses were posted to the asset values of the Statement of Financial Position during the year (Article 2427, no. 8);
- As regards 2427, there are no significant revenue or costs of an exceptional nature, other than those described in other revenue and income (Article 2427, no. 13);
- No bonus shares, bonds convertible into shares or securities or other similar instruments were issued (Article 2427, no. 18);
- No assets were allocated to a specific business (Article 2427, no. 20), and no loans were granted or stipulated with regard to a specific business (Article 2427, no. 21);
- No finance lease transactions involving the transfer to the lessee of the predominant portion of risks and benefits of the underlying asset were carried out (Article 2427, no. 22);

- Transactions with related parties (Article 2427, no. 22-bis) are illustrated in the next paragraph;
- There are no known agreements whose effects are not mentioned in the Statement of Financial Position (Article 2427, no. 22-ter).

OTHER INFORMATION - DISCLOSURE OBLIGATIONS PERTAINING TO ITALIAN LAW NO. 124/2017 OF 4 AUGUST 2017

Article 1, paragraphs 125-129 of Italian Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from public administrations to publish the amounts received in their Notes to the Separate Financial Statements and in the Consolidated Financial Statements, if these are drawn up. In view of the interpretation difficulties encountered in applying these provisions (Assonime – circular no. 5 of 22 February 2019) the legislator intervened, amending the said regulations several times. More specifically, the legal provisions of Italian Law no. 124/17 were most recently revised by Italian Decree Law no. 34 of 30 April 2019, which set forth urgent economic growth measures to resolve specific crisis situations, converted with Italian Law no. 58 of 28 June 2019, which provided responses to important topics in order to simplify and rationalise the regulations under consideration. The ERG Group has therefore decided to state in the separate financial statements of the companies belonging to the Group the grants received from public administrations for use by all the companies and that come under the general scheme of the reference system defined by the State (e.g. feed-in premium, energy efficiency certificates, etc.) with the exception of those belonging to the following categories:

- tax relief;
- training grants received from inter-professional funds (e.g. Fondi impresa), since such funds are a form of partnership governed by private law, financed with the contributions paid by the companies themselves.

In accordance with the provisions of Article 3-quater of Italian Law no. 12 of 11 February 2019, for any funds received, please refer to the indications contained in the National Register of State Aid under Article 52 of Italian Law no. 234 of 24 December 2012.

It should be noted that with reference to the 2024 financial year, ERG Power Generation S.p.A. has benefited from the contribution relief, recognised by INPS, pursuant to Article 1 paragraphs 161 to 168 of Italian Law no. 178 of 30 December 2020 ("Decontribuzione Sud") for an amount equal to EUR 0.7 million.

RELATIONS WITH PARENT COMPANIES, SUBSIDIARIES, ASSOCIATES, COMPANIES CONTROLLED BY THE PARENT COMPANIES AND OTHER RELATED PARTIES

The main relations between the Company and the companies that form part of the ERG Group are set out below, with transactions settled on an arm's length basis.

Intra-group relations in 2024 refer to Company operations.

The trade receivables mainly relate to:

- service, O&M and BoP contracts with the wind and solar companies;
- repowering service contracts with the subsidiary ERG Wind Energy S.r.l.;
- service contracts with the wind and solar companies.

Trade payables mainly relate to:

- charge-backs by the parent company ERG S.p.A. relating to services and remuneration to Directors who are employees of the parent company;
- contracts for the purchase of electricity and guarantees of origin produced by SPVs.

Financial assets and liabilities refer to loan, zero balance cash pooling, cash advance and centralised treasury agreements in place between ERG Power Generation S.p.A. and Group companies.

It should be noted that starting from November 2021, the Company acts as an agent for the German subsidiaries for the stipulation and management of derivative contracts hedging the price risk of electricity for part of their electricity production. From 2022 to 2024, the company also received a mandate from the French (2022), Spanish (2022), British (2023) and Polish (2024) subsidiaries.

The Company has therefore finalised hedging contracts (futures and CfDs) to hedge the price of electricity, reversing the effects on the subsidiaries (CfDs).

Lastly, it should be noted that the Company participates in the tax consolidation scheme of the direct parent ERG S.p.A. for IRES purposes and adheres as parent company to the group VAT payment procedure pursuant to Article 73 of Italian Presidential Decree no. 633 of 26/10/1972 and Italian Ministerial Decree of 13 December 1979.

The graph below summarises the financial and equity items for the year 2024 with group companies.



	Revenue			Costs		
	Sales and services	Other revenue	Financial income	Purchases	Services and other costs	Financial expense
Subsidiaries						
ERG Wind Investments S.r.l.	22	-	-	-	-	(221)
ERG Wind Holdings (Italy) S.r.l.	19,561	104	-	(85)	-	-
ERG Wind Sicilia 6 S.r.l.	-	-	1,098	-	-	-
ERG Wind MEG 1 LLP	1	-	83	-	-	(358)
ERG Wind MEG 2 LLP	1	-	52	-	-	(92)
ERG Wind MEG 3 LLP	1	-	76	-	-	(283)
ERG Wind MEG 4 LLP	-	-	169	-	-	-
ERG Wind Energy S.r.l.	5,125	-	7,975	(112,152)	-	-
ERG Wind Park Beteiligungs Gmbh	-	-	7,936	-	-	(81)
ERG Germany GMBH	864	102	-	-	-	-
ERG France S.a.r.l.	1,249	109	-	(110)	(22)	-
Voltwerk Energy Park 8 Gmbh	-	-	228	-	-	-
Voltwerk Windpark Worbzig Gmbh	-	-	5	-	-	-
Voltwerk Windpark Beesenstedt Gmbh	-	-	8	-	-	-
Parc Eolien de Garcelles-Sacqueville SAS	1	-	47	-	-	(290)
Ferme Eolienne de Teterchen	1	-	47	-	-	(233)
C.P. de St Florentine	-	-	-	-	-	(465)
C.P. de Murat	1	-	98	-	-	(139)
ERG Eolica San Vincenzo S.r.l.	2,743	-	-	(13,682)	(81)	(478)
ERG Eolica Faeto S.r.l.	1,104	-	-	(4,386)	-	(59)
ERG Eolica Ginestra S.r.l.	1,331	-	-	(5,623)	-	(139)
ERG Eolica Tirreno S.r.l.	348	-	3,945	(6,739)	-	(17)
Green Vicari S.r.l.	1,300	-	26	(6,811)	-	(41)
ERG Eolica Fossa del Lupo S.r.l.	5,446	-	328	(31,354)	-	(132)
ERG Eolica Adriatica S.r.l.	3,594	-	-	(23,144)	-	(242)
ERG Eolica Campania S.r.l.	3,751	-	-	(24,707)	(290)	(620)
EW Orneta 2 Sp. z.o.o.	0	-	1,544	-	-	(192)
ERG Wind Szydłowo sp. z o.o	0	-	98	-	-	(64)
ERG Wind Słupia sp. z o.o	0	-	194	-	-	(128)
Corni Eolian	30	-	-	-	-	(312)
Globo Energy EOOD	3	-	-	-	-	-
K&S Energy EOOD	3	-	-	-	-	-
K&S Energy 1 EOOD	6	-	-	-	-	-
K&S Energy 2 EOOD	6	-	-	-	-	-
Mark 1 EOOD	4	-	-	-	-	(154)
Mark 2 EOOD	4	-	-	-	-	-
VG 1 EOOD	3	-	-	-	-	-
VG 2 EOOD	6	-	-	-	-	-
VG 3 EOOD	6	-	-	-	-	-
VG 4 EOOD	6	-	-	-	-	-
VG 5 EOOD	6	-	-	-	-	-
VG 6 EOOD	6	-	-	-	-	-
Wind Park Kavarna Est	6	-	-	-	-	-
Wind Park Kavarna Ovest	6	-	-	-	-	-
WP Bulgaria 4 EOOD	4	-	-	-	-	-
ERG Wind Bulgaria S.p.A.	25	-	-	-	-	(886)
ERG France Holding S.a.s	-	-	23,687	-	-	(98)
Parc Eolienne de la Voie Sacrée	1	-	13	-	-	(603)
Parc Eolienne d'Epense	-	-	-	-	-	(90)
ERG Solar Holding S.r.l.	32	-	385	-	-	(132)
Calabria Solar S.r.l.	2,186	-	-	(12,001)	-	-
ERG Solar Piemonte 3 S.r.l.	645	-	1,337	(3,335)	-	(45)
ISAB Energy Solare	4	-	104	-	-	(6)
ERG Wind Park Linda GmbH	-	-	307	-	-	-
Creagg Riabhach	1	-	2,208	-	-	(1,598)
Parcs Eoliens de Fruges SARL	2	-	156	-	-	(1,454)
ERG Sweden Holding AB	-	-	4,929	-	-	(9)
ERG Spain HoldCo	120	190	10,843	-	-	-
Almansol	1	-	1,348	-	-	(1,712)
Tabernas	1	-	691	-	-	(1,250)
Ginestra S.r.l.	1,037	-	3,220	(2,933)	-	(10)
Breva	2,456	-	-	(37,850)	-	(1,550)
Fregenal	0	-	398	-	-	(167)
ERG Sviluppo Italia	500	-	22	-	-	(3)
ERG USA Holding Inc	-	-	2	-	-	-
Andromeda S.r.l.	444	-	282	-	-	-
ERG UK Holding	295	-	21,368	-	(7)	(106)
Sandy Knowe	0	-	255	-	-	(189)
ERG Poland Holding	144	-	5,551	-	-	(122)



	Revenue			Costs		
	Sales and services	Other revenue	Financial income	Purchases	Services and other costs	Financial expense
Parent companies						
ERG S.p.A.	80	-	3,092	-	(36,980)	-
Subsidiaries						
	Receivables			Payables		
	Trade	Other	Financial	Trade	Other	Financial
ERG Wind Park Beteiligungs Gmbh	-	-	116,808	-	-	(281)
ERG Germany GMBH	408	-	-	(3)	-	-
ERG France Sarl	351	13	-	(25)	-	-
Voltwerk Energy Park 8 Gmbh	-	-	3,509	-	-	-
Voltwerk Windpark Worbzig Gmbh	-	-	-	-	-	(70)
Voltwerk Windpark Beesenstedt Gmbh	0	-	-	-	-	(105)
ERG Wind 117 (Frehne) Gmbh	0	0	-	-	-	-
Parc Eolien de Garcelles-Sacqueville SAS	13	0	34	-	-	(529)
Parc Eolien du Patis SAS (Jallais)	0	0	-	-	-	-
Parc Eolien de St Riquier 1 SAS	-	0	-	-	-	-
Parc Eolien de la Souterraine	0	0	-	-	-	-
Parc Eolien de Oyre Saint Sauveur	0	-	-	-	-	-
ERG Wind Norath GmbH & Co. KG	0	-	-	-	-	-
Omniwatt	0	0	-	-	-	-
ERG Wind France 1	0	0	-	-	-	-
Ferme Eolienne de Teterchen	13	0	34	-	-	(442)
C.P. de Montbeliard	-	0	-	-	-	-
C.P. de St Florentine	-	0	-	-	-	(666)
C.P. de Murat	13	-	85	-	-	(102)
ERG Eolica San Vincenzo S.r.l.	978	-	-	(2,879)	(483)	(23,410)
ERG Eolica Faeto S.r.l.	203	-	-	(1,240)	(80)	(4,220)
ERG Eolica Ginestra S.r.l.	307	-	-	(1,792)	(232)	(8,470)
ERG Eolica Tirreno S.r.l.	137	-	68,058	(1,877)	(554)	(468)
Parc Eolien du Carreau S.a.s.	-	0	-	-	-	-
Parc Eolien de la Bruyère S.a.s.	-	0	-	-	-	-
Parc Eolien les Mardeaux S.a.s.	-	0	-	-	-	-
Parc Eolien de Lihus S.a.s.	-	0	-	-	-	-
Parc Eolien de Hetomesnil S.a.s.	-	0	-	-	-	-
Green Vicari S.r.l.	250	7	26	(1,741)	(132)	(1,105)
ERG Eolica Fossa del Lupo S.r.l.	1,017	-	-	(6,114)	(754)	(16,159)
ERG Eolica Adriatica S.r.l.	600	-	-	(6,011)	(447)	(17,580)
ERG Eolica Campania S.r.l.	657	-	-	(6,054)	(743)	(30,518)
EW Orneta 2 Sp. z.o.o.	46	-	19,110	-	-	(132)
ERG Wind Szydłowo sp. z o.o	16	-	26	-	-	(44)
ERG Wind Słupia sp. z o.o	30	-	61	-	-	(88)
Corni Eolian	22	-	-	-	-	(25,030)
Globo Energy EOOD	5	-	-	-	-	-
K&S Energy EOOD	5	0	-	-	-	-
K&S Energy 1 EOOD	11	-	-	-	-	-
K&S Energy 2 EOOD	11	-	-	-	-	-
Mark 1 EOOD	9	-	-	-	-	(9,130)
Mark 2 EOOD	7	-	-	-	-	-
VG 1 EOOD	5	-	-	-	-	-
VG 2 EOOD	11	-	-	-	-	-
VG 3 EOOD	11	-	-	-	-	-
VG 4 EOOD	11	-	-	-	-	-
VG 5 EOOD	11	-	-	-	-	-
VG 6 EOOD	11	-	-	-	-	-
Wind Park Kavarna Est	11	-	-	-	-	-
Wind Park Kavarna Ovest	11	-	-	-	-	-
WP Bulgaria 4 EOOD	8	-	-	-	-	-
ERG Wind Bulgaria S.p.A.	5	-	-	-	-	(41,492)
Weselberg GmbH	0	0	-	-	-	-
ERG France Holding S.a.s	-	-	384,028	-	-	-
Parc Eolienne de la Voie Sacrée	13	0	-	-	-	(835)
Parc Eolienne d'Epense	-	0	-	-	-	(183)
ERG Solar Holding S.r.l.	14	10	0	-	(0)	(16,726)
Calabria Solar S.r.l.	352	173	-	(1,510)	(723)	-
ERG Solar Piemonte 3 S.r.l.	106	-	14,632	(409)	(99)	(359)
Epuron Sas	0	-	-	-	-	-
ISAB Energy Solare	6	-	1,770	-	(6)	(375)

	Receivables			Payables		
	Trade	Other	Financial	Trade	Other	Financial
Subsidiaries						
ERG Wind Park Linda GmbH	-	-	5,262	-	-	-
Creagg Riabhach	100	-	329	-	-	(246)
Le Moulin de Frouges	0	0	-	-	-	-
Parcs Eoliens de Fruges SARL	40	1	118	-	-	(2,560)
Laszki Wind sp. zo.o	-	-	0	-	-	-
ERG Sweden Holding AB	-	-	83,888	-	-	(9)
ERG Spain HoldCo	148	73	174,458	-	-	-
Almansol	1	0	810	(88)	-	(422)
Tabernas	1	0	428	(39)	-	(376)
Ginestra S.r.l.	177	-	51,719	(590)	(961)	(524)
Breva	566	-	-	(9,227)	(897)	(64,185)
Corlacky Energy Ltd	38	-	-	-	-	-
Fregenal	0	-	286	-	-	(59)
ERG Sviluppo Italia	305	-	877	-	-	(3)
ERG USA Holding Inc	-	-	57	-	-	-
Andromeda S.r.l.	94	-	2,615	-	(286)	-
ERG UK Holding	48	(10)	367,536	(7)	-	(577)
Sandy Knowe	82	-	166	-	-	(112)
ERG Poland Holding	103	-	87,741	-	-	(19,040)
ERG Wind Investments S.r.l.	5	33	-	-	(0)	(17,100)
ERG Wind Holdings (Italy) S.r.l.	951	92	124,982	(3)	(27)	-
ERG Wind Sicilia 6 S.r.l.	-	-	18,200	-	-	-
ERG Wind MEG 1 LLP	1	-	29	(25)	-	(406)
ERG Wind MEG 2 LLP	1	-	43	(8)	-	(70)
ERG Wind MEG 3 LLP	1	0	29	(18)	-	(240)
ERG Wind MEG 4 LLP	-	0	169	-	-	-
ERG Wind Energy S.r.l.	3,611	5,239	11,208	(31,245)	(7,872)	-
Parent companies						
ERG S.p.A.	276	6,695	95,373	(25)	0	-



OPERATING RESULTS

The financial statements for the year ended 31 December 2024 close with a profit of EUR 109,859 thousand, after taxes of EUR 20,025 thousand.



KEY FIGURES FROM THE MOST RECENT FINANCIAL STATEMENTS OF ERG S.P.A., WHICH CARRIES OUT THE MANAGEMENT AND COORDINATION OF ERG POWER GENERATION S.P.A.

STATEMENT OF FINANCIAL POSITION

(EUR thousand)	31.12.2023
Intangible assets	2,529
Property, plant and equipment	8,097
Right-of-use assets	2,017
Equity investments	2,633,736
Non-current financial assets measured at fair value	17,046
Deferred tax assets	8,407
Other non-current assets	1,997
Non-current assets	2,673,829
Trade receivables	3,461
Other current assets	27,546
Current tax assets	25,077
Current financial assets measured at fair value	30,770
Other current financial assets	240,959
Cash and cash equivalents	415,897
Current assets	743,710
Assets held for sale	
TOTAL ASSETS	3,417,538
Equity	926,854
Provisions for employee benefits	1,593
Deferred tax liabilities	9,340
Provision for disposed businesses	76,575
Other non-current provisions	754
Other non-current financial liabilities	1,924,052
Non-current lease liabilities	1,356
Non-current liabilities	2,013,670
Other current provisions	499
Trade payables	12,527
Other current financial liabilities	442,509
Current lease liabilities (2)	673
Other current liabilities	7,367
Current tax liabilities	13,440
Current liabilities	477,015
TOTAL LIABILITIES	3,417,538

**INCOME STATEMENT**

(EUR thousand)	2023
Revenue	35,404
Other income	2,085
Purchases	(173)
Services and other costs	(28,749)
Personnel expense	(23,601)
GROSS OPERATING PROFIT (LOSS)	(15,033)
Amortisation, depreciation and impairment of non-current assets	(3,272)
OPERATING PROFIT (LOSS)	(18,305)
Financial income	30,827
Financial expense	(43,338)
Net financial income (expense)	(12,511)
Net gains (losses) on equity investments	53,018
Net gains (losses) on equity investments	53,018
PROFIT (LOSS) BEFORE TAXES	22,202
Income taxes	5,563
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	27,765
Net profit (loss) from assets held for sale	
PROFIT (LOSS) FOR THE YEAR	27,765



SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 16 January 2025, ERG UK Holding Ltd acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland.



PROPOSAL BY THE BOARD OF DIRECTORS

Dear Shareholders,

We would like to conclude this report by calling upon you to:

- approve the financial statements of your Company for the year ended 31 December 2024, which show a profit of EUR 109,858,972;
- carry forward the profit for the year.

Genoa, 10 March 2025

on behalf of the Board of Directors

The Chief Executive Officer

Renato Alessandro Sturani



AUDITORS' REPORT



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Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
ERG Power Generation S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ERG Power Generation S.p.A. (the "company"), which comprise the balance sheet as at 31 December 2024, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the financial position of ERG Power Generation S.p.A. as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the company, in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matters

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of ERG Power Generation S.p.A. does not extend to such data.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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Catania Como Firenze Genova
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Pescara Roma Torino Treviso
Trieste Varese Verona

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20124 Milano MI ITALIA



ERG Power Generation S.p.A.
Independent auditors' report
31 December 2024

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;



ERG Power Generation S.p.A.
Independent auditors' report
31 December 2024

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2024 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report with the financial statements;
- express an opinion on the compliance of the director's report with the applicable law;
- issue a statement of any material misstatements in the directors' report.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2024.

Moreover, in our opinion, the directors' report has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 24 March 2025

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING FOR APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024, PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

TO THE SHAREHOLDERS' MEETING OF ERG POWER GENERATION S.P.A.

During the year ended 31 December 2024, we conducted the supervisory activities required of the Board of Statutory Auditors, in accordance with Article 2403 of the Italian Civil Code and Italian Legislative Decree no. 58/98, as applicable, based on the standards of conduct of the Board of Statutory Auditors in companies controlled by companies with shares listed on regulated markets, issued by the Consigli Nazionali dei Dottori Commercialisti e degli Esperti Contabili (National Board of Chartered Accountants), also taking into account the specific applicable regulations. The Board states that it was able to verify compliance with all legislative and regulatory provisions.

As regards the main activities carried out by the Company and its Subsidiaries in 2024, reference is made to the notes to the Company's financial statements.

As regards the activities carried out by the Board during the 2024 financial year:

- we held 6 meetings, one of which was held jointly with the Boards of Statutory Auditors of the other companies in the Group, and participated in the (2) Shareholders' Meetings and the (8) Board of Directors' meetings, monitoring compliance with the articles of association and with the laws and regulations that govern the operation of Company bodies;
- we obtained information from the Directors, at least every quarter, on the overall activities carried out by the Company and on the transactions of greatest economic and financial relevance, verifying that the actions decided on and carried out complied with the law and with the articles of association and that they were not openly imprudent or reckless, potentially in conflict of interest or conflicting with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the company's capital;
- we verified the legitimacy of the management decisions made by the Management Body and their economic adequacy, excluding a verification of merit with regard to opportunity and feasibility;
- we checked the adequacy of the internal control system, structured at Group level and constantly updated, both within the parent company as well as within the subsidiaries. The Board of Statutory Auditors has acknowledged – based on the reports received – the positive assessment of the ERG S.p.A. Control and Risk Committee on the adequacy of the overall internal control system, as stated in its annual report on the activities carried out in 2024;
- we monitored the adequacy of the organisational structure;
- we noted in the joint meetings and from the report received from the Supervisory Body, established pursuant to Italian Legislative Decree no. 231/01, that no significant critical aspects were identified during the year as regards the implementation and effectiveness of the Organisation and Management Model;
- the administrative-accounting system, to the extent that we verified and assessed through information obtained from the Head of the respective function, from an examination of the corporate documentation and from an analysis of the work carried out by the Independent Auditors, is suitable in accurately representing the operating events;
- we verified the timeliness with which the parent company was provided both the data required to draw up the Financial Statements and the information required to fulfil the disclosure obligations pursuant to Articles 114 and 115 of Italian Legislative Decree no. 58/98;
- we noted the increasing attention paid to health, safety and environmental topics and all the actions, certifications and initiatives taken during the year (see the section on "Health, Safety and Environment" in the ERG Power Generation Directors' Report).

During the supervisory activities, as described above:

- we did not identify any transaction that was atypical or could be defined as unusual either with respect to third parties or with intra-group companies or related parties, in terms of nature or extent;
- we found that ordinary transactions had been carried out on an intra-group basis and with related parties, confirming the existence of and compliance with procedures to ensure that these operations were duly documented, settled on an arm's length basis and in line with the best interests of the companies. These transactions were adequately illustrated by the Directors in the Financial Statements and in the Directors' Report, to which reference is made. With regard in particular to intra-group service agreements, we agreed with the cost charge-back criteria employed;
- on the basis of what emerged from the impairment exercise, which will be discussed below, we confirmed the consensus expressed by the Board of Statutory Auditors in office during the recognition year pursuant to Article 2426, paragraph 1 (5-6) of the Italian Civil Code of goodwill generated by the merger by incorporation, effective 1 January 2017, of ERG Renew Operations & Maintenance S.r.l. and ERG Renew S.p.A. into ERG Power Generation S.p.A. in the amount of EUR 3,754 thousand, with an estimated useful life of ten years, and a residual value in the 2024 financial statements of EUR 751 thousand;

- no complaints were made by the shareholders in accordance with Article 2408 of the Italian Civil Code;
- we have not received any reports from qualified public creditors pursuant to the provisions of the "Corporate Crisis Code" and related regulations;
- we have issued a favourable opinion on the allocation of the remuneration of the Chairperson and Chief Executive Officer pursuant to Article 2389, paragraph 3 of the Italian Civil Code on the occasion of the Board meeting of 14 May;
- we did not find any omissions or actions liable to censure or unlawful actions to be reported to the competent bodies or to be mentioned in this Report;

Moreover, we highlight the following:

- the company subject to management and coordination of the parent company ERG S.p.A.: in addition to the definition of business strategies, this activity includes the indication of strategic guidelines from an organisational perspective and personnel policies, as well as management of strategic finance and group treasury with respect to tax-related issues, especially with regard to planning, communication policies, policies regarding the environment, health and safety, and the IT systems;
- the obligations with regard to advertising, envisaged by Article 2497-bis of the Italian Civil Code, were also respected. In particular, the decisions made as part of the management and coordination activities of ERG S.p.A. were mentioned in the Directors' Report;
- the company proceeded to check the presence of impairment indicators in compliance with the provisions of OIC 9 accounting standard; the tests carried out did not reveal any indicators of impairment losses following the Group's impairment tests;
- the Company participates in the Domestic Tax Consolidation scheme, pursuant to Articles 117 et seq. of the Consolidated Law on Income Taxes, with the company ERG S.p.A., as consolidating company;
- as a result of the participation in the parent company's tax consolidation and the agreements made in the related tax consolidation agreement, in the 2024 financial year, the use of the 2022 tax loss generated the write-off of deferred taxes for EUR 22,379 thousand.

The auditing of the Financial Statements was carried out by KPMG S.p.A., already appointed by parent company ERG S.p.A. to audit its Separate Financial Statements and the Consolidated Financial Statements.

During the year, regular contact was maintained with the Independent Auditors, both through formal meetings attended by the Company's administrative managers, and through informal contact maintained with the individual members of the Board and representatives of the Independent Auditors, for the mutual exchange of relevant data and information.

The utmost collaboration was always noted, also with regard to the preliminary activities for preparation of the financial statements, and no significant facts or aspects worthy of mention were identified.

We examined the Consolidated Financial Statements for the year ended 31 December 2024, prepared in accordance with the international accounting standards issued by the IASB and, since we are not responsible for the analytical control of the content of the Financial Statements as mentioned above, we monitored the general approach given to the same, their general compliance with the law as regards formation and structure, and in this regard we have no particular observations to report other than to draw attention to the following facts:

- in 2024 the consolidation scope changed as the wind farms and solar plants in France (Falcon) and the United States (Pinnacle) were acquired and the line-by-line consolidation of the acquired companies had the impacts shown in the Notes to the Consolidated Financial Statements;
- the impairment test was carried out in line with the Group Procedure and as regards solar Spain the Group opted for Fair Market Value and in particular for the identification of a range of values to take into account the volatility of energy price trends and the uncertain scenario, considering that in any case it is a 2023 acquisition.

We verified compliance with the legal provisions relating to the preparation of the Directors' Report and in this regard we have no particular observations to report.

Specifically with regard to the supervisory activity for the Separate Financial Statements, the auditing of which was assigned to the independent auditors KPMG S.p.A., we declare that:

- the laws governing the preparation and arrangement of the financial statements and of the Directors' Report were respected. Moreover, the adoption of accounting standards based on the prospect of the company as a going concern is considered to be suitable, given the information illustrated in the Directors' Report with regard to the company's business outlook; the financial statement formats adopted and the accounting standards applied, described in the Notes to the Financial Statements, are compliant with the provisions of the law and adequate in relation to the company's business;
- as per the previous year, the Company has drawn up the Financial Statements in accordance with Italian accounting standards, for the purposes of lodging them with the Company Registry, also drawing up the periodic reports for the submission of the economic and financial position used to draw up the interim financial reports and the Consolidated Financial Statements of ERG S.p.A. in accordance with the IAS/IFRS international accounting standards;
- the Financial Statements agree with the facts and information of which the Board of Statutory Auditors became aware in the performance of its supervisory duties and in the exercise of its oversight and inspection powers;
- the Directors' Report is consistent with the requirements of Article 2428 of the Italian Civil Code and with the data and entries shown in the financial statements; in compliance with audit standard 720B, the Independent Auditors attests to the compliance of the Directors' Report with the law and issues a declaration on any significant errors. Therefore, the Board refers to the information provided by the Auditor in its report.

The Directors' Report includes also a description of the following:

- developments of the applicable regulatory framework in 2024, with reference to the matters considered to be of greatest interest or more directly relevant to the activities carried out directly or indirectly by the Company;

- the main risks and uncertainties to which the Company is exposed, in accordance with Article 2428 of the Italian Civil Code;
- significant events occurring after the reporting date that do not represent facts to be brought to your attention.

The Notes to the Financial Statements illustrate adequately any changes in the equity items, indicating the possibility of use and distribution of each item, along with any tax restrictions.

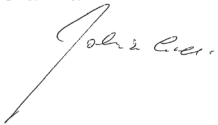
The Independent Auditors' Report, issued pursuant to Articles 14 of Italian Legislative Decree no. 39 of 27/1/2010 and 165 of Italian Legislative Decree no. 58 of 24/2/1998, on this day, expresses the opinion that *"the financial statements provide a true and accurate representation of the financial and economic position of ERG Power Generation S.p.A. at 31 December 2024, and of the economic results and cash flows for the year ended at said date, in accordance with the Italian legislation governing the drafting criteria"*.

The Board of Statutory Auditors, within the scope of its responsibilities, acknowledging the results of the Separate Financial Statements at 31 December 2024 and of the Independent Auditors' Report on said financial statements, has no objections with regard to approval of the financial statements and of the proposal for allocation of profit as indicated by the Directors in the Notes to the Financial Statements.

Genoa, 24 March 2025

The Board of Statutory Auditors

Mr. Fabrizio Cavalli
Chairman



Ms. Luisella Bergero
Standing Statutory Auditor



Mr. Vincenzo Campo Antico
Standing Statutory Auditor





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ERG S.p.A. - April 2025

The publication is available in pdf format at
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