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# 2022 Consolidated Interim Financial Statements ACEA Group

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## ACEA Organisational Model

ACEA is one of the major Italian multiutilities, and has been listed on the stock exchange since 1999.

ACEA adopts an operational model based on an organisational layout in line with the Strategic Business Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. ACEA's macrostructure is based around the corporate functions and seven industrial areas – Environment, Commercial and Trading, Water, Energy Infrastructure, Engineering and Services, Generation and Overseas.

The activities of each business segment are described below.

### ***Environment***

The Acea Group is one of the leading national players with around 1.52 million tonnes of waste processed each year. At the various treatment and disposal plants operated in seven regions there is a main waste-to-energy plant and the largest anaerobic digestion and composting plant in Lazio region. The Group pays particular attention to the development of investments in the waste-to-energy and waste-recycling business, which is considered to have high potential, in line with the strategic objective of environmental and energy enhancement of waste, as well as its recovery and recycling in the plastics, paper and metals sectors and in the production of high-quality compost.

### ***Commercial and Trading***

The Acea Group is one of the leading Italian players in the sale of electricity and offers innovative and flexible solutions for the supply of electricity and natural gas with the objective of consolidating its positioning as a dual fuel operator. It operates on the market segments of medium-sized enterprises and households with the objective of improving the quality of the services offered with particular regard to web and social channels. It supervises the Group's energy management policies. The Segment also has the objective of developing and searching for innovations and start-ups to launch testing projects in the technological field.

### ***Water***

The Acea Group is the top Italian operator in the water sector serving 9 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria, Campania and Molise. The Group is also present in Abruzzo as it has entered the natural gas distribution market in the Municipality of Pescara and in the province of L'Aquila.

### ***Energy Infrastructure***

The Acea Group is a major operator in Italy with about 9 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of more than 227,600 lights. The Acea Group is committed to energy efficiency projects and the development of new technologies, such as smart grids and electric mobility, through particularly innovative pilot projects.

### ***Generation***

The Acea Group is one of the main national operators in the field of generation from renewable sources and is involved in energy efficiency projects and energy solutions in the business segment, particularly focused on finding innovative approaches to managing production assets and implementing new production capacity that reduces the Group's carbon footprint.

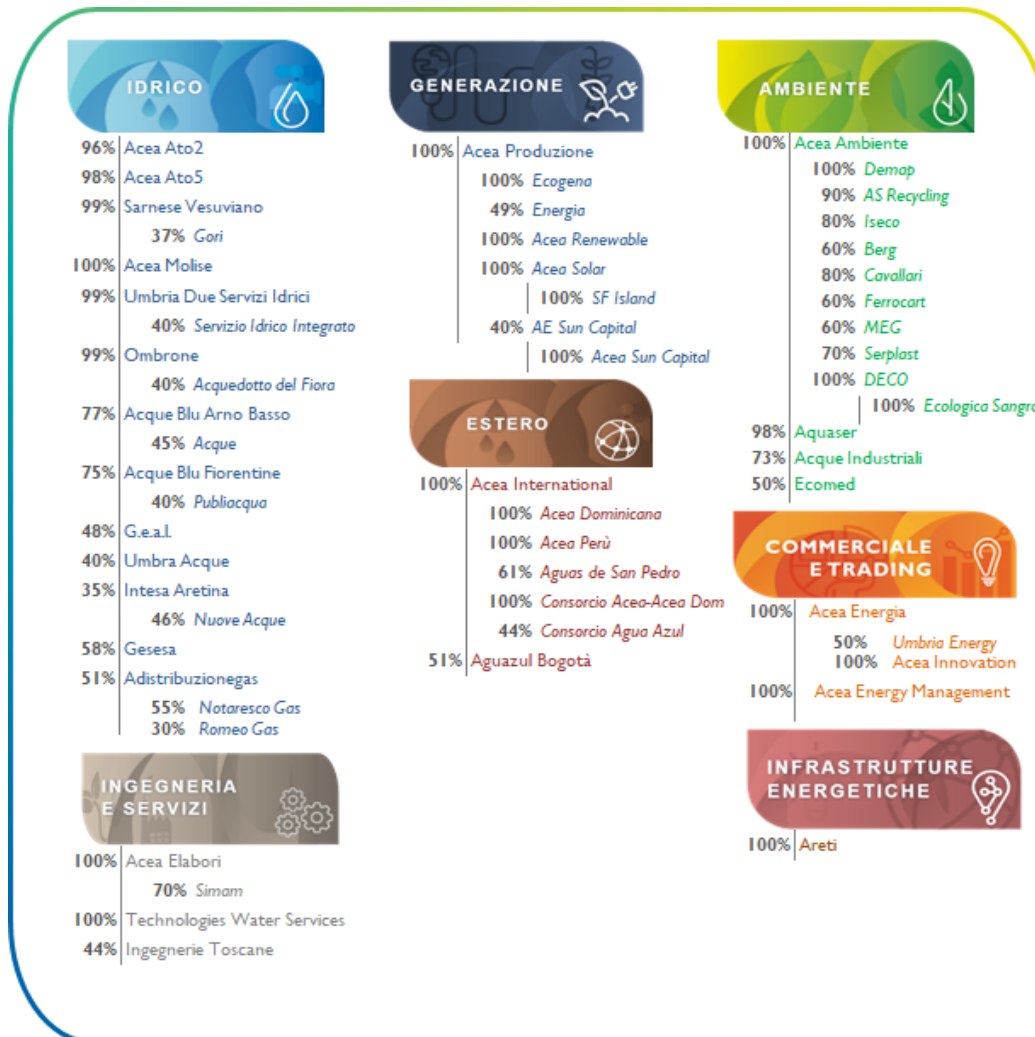
### ***Engineering and Services***

The Acea Group has developed know-how at the forefront in the design, construction and management of integrated water systems: from the source to the pipelines, from distribution to the sewer network, and treatment. It develops applied research projects aimed at technological innovation in the water, environmental and energy sectors. Laboratory and engineering consultancy services are of particular importance. The Acea Group is also engaged in the design and creation of plants for the environment and for the treatment of water and waste.

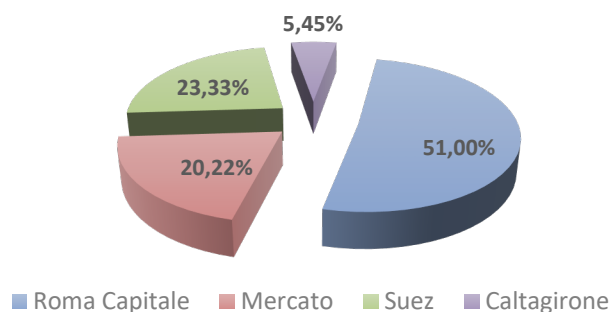
### ***Overseas***

The Acea Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy. It is present in Honduras, Dominican Republic and Peru, serving a population of approximately 10 million inhabitants. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

The Group structure, in the various business segments, comprises the following main companies.



The share capital of ACEA S.p.A. at 30 June 2022 was made up as follows:



\*The above chart only shows equity investments of more than 3%, as confirmed by CONSOB data



## Corporate bodies

### Board of Directors

Michaela Castelli	Chairperson
Giuseppe Gola	Chief Executive Officer
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Gabriella Chiellino	Director
Giovanni Gianj**	Director
Liliana Godino	Director
Giacomo Larocca	Director
Francesca Menabuoni*	Director
Massimiliano Pellegrini***	Director

### Board of Statutory Auditors\*

Maurizio Lauri	Chairperson
Claudia Capuano	Standing Auditor
Leonardo Quagliata	Standing Auditor
Rosina Cichello	Alternate Auditor
Vito Di Battista	Alternate Auditor

### Executive Responsible

Fabio Paris

### Auditing Firm

PricewaterhouseCoopers S.p.A.

\* appointed by the Shareholders' Meeting on 27 April 2022

\*\*resigned on 27 June 2022

\*\*\*appointed by co-optation on 18 July 2022

## Summary of Results

Income statement data (€ million)	30/06/2022	30/06/2021	Change	% Change
Consolidated Net Revenue	2,347.7	1,824.3	523.4	28.7 %
Consolidated Operating Costs	1,681.2	1,216.6	464.6	38.2 %
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	16.0	11.1	4.9	44.1 %
<b>EBITDA</b>	<b>682.5</b>	<b>618.8</b>	<b>63.7</b>	<b>10.3 %</b>
<b>Operating profit/(loss)</b>	<b>348.3</b>	<b>309.8</b>	<b>38.5</b>	<b>12.4 %</b>
Net profit/(loss)	198.0	188.9	9.1	4.8 %
<i>Profit/(Loss) due to third parties</i>	<i>15.0</i>	<i>23.2</i>	<i>(8.1)</i>	<i>(35.1%)</i>
<b>Net profit/(loss) attributable to the Group</b>	<b>183.0</b>	<b>165.8</b>	<b>17.2</b>	<b>10.4 %</b>

EBITDA (€ million)	30/06/2022	30/06/2021	Change	% Change
Environment	58.3	30.7	27.6	90.1 %
Commercial and Trading	38.4	40.4	(1.9)	(4.8%)
Overseas	15.4	13.5	1.9	13.8 %
Water	353.7	326.2	27.5	8.4 %
Energy Infrastructure	181.1	181.7	(0.6)	(0.3%)
Generation	52.0	35.4	16.6	46.9 %
Engineering and services	4.8	9.0	(4.2)	(46.6%)
Corporate	(21.3)	(18.1)	(3.1)	17.4 %
<b>Total EBITDA</b>	<b>682.5</b>	<b>618.8</b>	<b>63.7</b>	<b>10.3 %</b>

Financial position data (€ million)	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Net Invested Capital	6,766.4	6,504.9	261.6	4.0 %	6,272.9	493.6	7.9 %
Net Financial Debt	(4,212.1)	(3,988.4)	(223.6)	5.6 %	(3,932.8)	(279.3)	7.1 %
<b>Consolidated Shareholders' Equity</b>	<b>(2,554.4)</b>	<b>(2,516.4)</b>	<b>(38.0)</b>	<b>1.5 %</b>	<b>(2,340.1)</b>	<b>(214.3)</b>	<b>9.2 %</b>

Investments (€ million)	30/06/2022	30/06/2021	Change	% Change
Environment	18.5	14.8	3.7	24.8 %
Commercial and Trading	20.6	36.0	(15.5)	(42.9%)
Overseas	1.6	2.8	(1.3)	(44.1%)
Water*	259.7	246.9	12.8	5.2 %
Energy Infrastructure	135.9	139.5	(3.6)	(2.6%)
Generation	19.5	21.7	(2.2)	(10.3%)
Engineering and services	1.8	3.5	(1.7)	(47.5%)
Corporate	12.7	16.3	(3.7)	(22.4%)
<b>Total Investments</b>	<b>470.2</b>	<b>481.5</b>	<b>(11.3)</b>	<b>(2.4%)</b>

\* The value of investments in the area is inclusive of financed investments amounting to € 8.4 million.

Net Financial Position (€ million)	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Environment	335.5	320.1	15.3	4.8 %	283.9	51.6	18.2 %
Commercial and Trading	(234.4)	(297.4)	63.0	(21.2%)	(75.5)	(158.9)	n.s.
Overseas	(21.8)	(18.9)	(2.9)	15.2 %	(10.6)	(11.2)	105.7 %
Water	1,752.9	1,681.4	71.5	4.3 %	1,664.9	87.9	5.3 %
Energy Infrastructure	1,817.2	1,583.9	233.3	14.7 %	1,516.8	300.4	19.8 %
Generation	113.2	237.0	(123.8)	(52.2%)	238.4	(125.2)	(52.5%)
Engineering and services	45.6	28.1	17.5	62.4 %	28.4	17.2	60.7 %
Corporate	395.1	443.1	(48.0)	(10.8%)	267.1	128.0	47.9 %
<b>Total Net Financial Position</b>	<b>4,203.2</b>	<b>3,977.2</b>	<b>226.0</b>	<b>5.7 %</b>	<b>3,913.4</b>	<b>289.8</b>	<b>7.4 %</b>

## Summary of operations and income, equity and financial performance of the Group

### Definition of alternative performance measures

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance measures which replace, as of 3 July 2016, the CESR/05-178b recommendations. These guidelines were transposed into our system with CONSOB Communication no. 0092543 dated 3 December 2015. In addition, on 4 March 2021 ESMA published the guidelines on the disclosure requirements deriving from the new Prospectus Regulation (Regulation EU 2017/1129 and Delegated Regulations EU 2019/980 and 2019/979), which update the previous CESR Recommendations (ESMA/2013/319, in the revised version of 20 March 2013). Starting from 5 May 2021, on the basis of CONSOB Call for Attention No. 5/21, the aforementioned ESMA Guidelines also replace the CESR Recommendation on debt. Therefore, under the new provisions, listed issuers will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

- For the Acea Group, the EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly-controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding Operating profit/loss (EBIT) to “Amortisation, depreciation, provisions and impairment”, insofar as these are the main non-cash items;
- Financial debt is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings (“Short-term loans”, “Current part of long-term loans” and “Current financial liabilities”) and long-term borrowings (“Long-term loans”) and the related derivative instruments (“Non-current financial liabilities”), net of “Cash and cash equivalents” and “Current financial assets”;
- the net financial position is an indicator of the ACEA Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the financial debt (ESMA) referred to above. This indicator is obtained from the sum of Non-current borrowings and Financial liabilities net of non-current financial assets (financial receivables and securities other than equity investments), Current financial payables and other Current financial liabilities net of current financial assets and Cash and cash equivalents;
- net invested capital is the sum of “Current assets”, “Non-current assets” and Assets and Liabilities held for sale, less “Current liabilities” and “Non-current liabilities”, excluding items taken into account when calculating the net financial position;
- net working capital is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the net financial position.



## Summary of Results: economic performance

Income statement data (€ million)	30/06/2022	30/06/2021	Change	% Change
Revenue from sales and services	2,256.8	1,759.8	497.0	28.2 %
Other revenue and proceeds	90.8	64.5	26.4	40.9 %
Costs of materials and overhead	1,528.5	1,072.8	455.7	42.5 %
Staff costs	152.7	143.8	8.9	6.2 %
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	16.0	11.1	4.9	44.1 %
<b>EBITDA</b>	<b>682.5</b>	<b>618.8</b>	<b>63.7</b>	<b>10.3 %</b>
Amortisation, depreciation, provisions and impairment charges	334.2	309.0	25.2	8.1 %
<b>Operating profit/(loss)</b>	<b>348.3</b>	<b>309.8</b>	<b>38.5</b>	<b>12.4 %</b>
Financial operations	(43.7)	(43.4)	(0.4)	0.9 %
Equity investments	19.1	2.7	16.4	n.s.
<b>Profit/(loss) before tax</b>	<b>323.7</b>	<b>269.2</b>	<b>54.5</b>	<b>20.3 %</b>
Income tax	125.7	80.2	45.5	56.7 %
<b>Net profit/(loss)</b>	<b>198.0</b>	<b>188.9</b>	<b>9.1</b>	<b>4.8 %</b>
Profit/(Loss) due to third parties	15.0	23.2	(8.1)	(35.1%)
<b>Net profit/(loss) attributable to the Group</b>	<b>183.0</b>	<b>165.8</b>	<b>17.2</b>	<b>10.4 %</b>

Compared to 30 June 2021 the following changes occurred in the consolidation scope:

- on 15 July 2021 Acea Sun Capital acquired 100% of the company Solarplant, owner of a ground-mounted photovoltaic plant with installed power of 0.99 MWp, located in Collesalveti (LI) and incentivised under the terms of the Second Energy Account;
- on 28 July 2021 Acea Sun Capital acquired 100% of the company PSL to which was contributed the business unit made up of a photovoltaic plant, located in the municipality of Belpasso (CT), with power of 0.99 MWp;
- on 3 August 2021 Acea Sun Capital acquired 100% of the company M2D owner of a ground-mounted photovoltaic plant located in the municipality of Leini (TO), with power of 0.994 MWp;
- on 6 October 2021, the Consorzio Acea Lima Sur was established by Acea Perù (99%) and ACEA Ato2 (1%) for the management of the water and sewer network in the Lima South zone, with a three-year contract;
- on 14 October 2021 Acea Ambiente acquired 60% of Meg, an operator active in Italy offering professional consultancy for the construction of municipal solid waste packaging treatment plants;
- on 30 November 2021 Acea Ambiente acquired 65% of DECO, a waste management company whose activities also include the construction and operation of relevant plants. The company also holds a 21.8% investment in Picena Ambiente and owns 100% of Ecologica Sangro, a company active in the integrated management of solid urban waste in the Frentano and Sangro Aventino district area. The company itself holds a 75% stake in the Ecofrentano consortium;
- on 22 December 2021 Acea Ambiente acquired 90% of AS Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting).

Lastly, with reference to the 2022 financial year, it should be noted that:

- on data 19 January 2022, the company AE Sun Capital was established, held for 40% by Acea Produzione and for 60% by the investment fund Equitix Investment Management; at the end of March 2022, following the transfer agreement for assets signed on 24 December 2021, AE Sun Capital acquired the Acea Group photovoltaic holding from Acea Produzione, which via a number of vehicle companies, held a portfolio of photovoltaic plants, with a total installed capacity of 105 MW, of which 46 MW incentivised on the basis of different Energy Accounts and 59 MW for new construction already connected or being connected to the network;
- on 20 January 2022, Acea Solar acquired 100% of the shares of the company SF ISLAND with registered office in Acquapendente (Viterbo, Italy);
- on 8 February 2022, Acea Ambiente signed the deed of acquisition of 70% of the shares of S.E.R. Plast, a company operating in the recycling of plastic waste;

- on 1 April 2022, a purchase agreement was signed by Adistribuzionegas for 30% of Romeo Gas as part of the sale by A2A of concessions for the natural gas distribution service;
- on 23 May 2022, Acea Ambiente signed the deed of acquisition for an additional 20% of the shares in Cavallari, bringing its stake to 80%.

The table below shows the main impact of the change in the consolidation scope at 30 June 2022 (gross of intercompany adjustments).

€ million	Meg	Deco Group	A.S. Recycling	S.E.R. Plast	Energy Box	SF Island	Total
Consolidated Net Revenue	7.8	30.5	0.0	2.5	(1.5)	0.0	39.3
Consolidated Operating Costs	6.6	24.5	0.1	2.2	(0.3)	0.1	33.1
<b>EBITDA</b>	<b>1.2</b>	<b>6.0</b>	<b>(0.1)</b>	<b>0.4</b>	<b>(1.2)</b>	<b>(0.1)</b>	<b>6.4</b>
<b>Operating profit/(loss)</b>	<b>0.2</b>	<b>2.3</b>	<b>(0.1)</b>	<b>0.1</b>	<b>2.9</b>	<b>(0.1)</b>	<b>5.3</b>
Profit/(loss) before tax	0.2	2.2	(0.1)	0.0	3.4	(0.1)	5.7

As at 30 June 2022, revenues from sales and services come to € 2,256.8 million, up € 497.0 million (+ 28.2 %) on those in the same period of financial year 2021, mainly due to the increase in revenues from electricity sales (+ € 347.6 million) primarily attributable to higher unit prices offset to a small extent by lower quantities. Electricity sales on the Free Market totalled 3,044 GWh with a 4.0% reduction on the same period in the previous year, while electricity sales on the Greater Protection Service totalled 762 GWh with a 21.1% decrease on an annual basis. This reduction was affected by the automatic assignment of “small” customers and “micro” enterprises to the Gradual Protection Service, created starting from 1 January 2021 and in part to the decrease in the number of customers not adequately offset by the application of higher tariffs.

The following factors also contributed to the increase: **i)** revenues from gas sales (+ € 46.9 million) attributable mainly to Acea Energia (+ € 28.5 million) and Umbria Energy (+ € 16.2 million) due in part to the higher quantities sold (+ 6.6 million scm) and partly by the increase in prices; **ii)** revenues from integrated water services (+ € 32.1 million) mainly due to Gori (+ € 21.7 million), ACEA Ato5 (+ € 2.2 million) and SII (+ € 4.0 million); **iii)** revenues from services to customers (+ € 26.9 million) partly deriving from the increase in the change of SIMAM inventories (+ € 7.5 million), the increase in fees related to the public lighting service carried out for Rome Capital caused by the trend in prices in the energy component (+ € 7.4 million) and for the remaining part from the change in scope (+ € 6.9 million); **iv)** revenues from waste delivery and landfill management (+ € 23.5 million) mainly due to the change in the consolidation scope (+ € 28.3 million), partly offset by the reduction recorded by Demap (- € 2.7 million), due to lower quantities entering the plant following the fire that occurred towards the end of December 2021, Acea Ambiente (- € 1.5 million) as a result of the combined effect of the increase in the tariff component and the decrease in collections at the San Vittore and Terni plant and Acque Industriali (- € 1.2 million); **v)** higher revenues from the e-Efficiency projects of Acea Innovation (+ € 23.3 million). Finally, lower revenues from electricity incentives (GRIN) were also recorded by Acea Produzione (- € 8.3 million).

Other revenue shows an increase of € 26.4 million (+ 40.9 %) compared to the same period of the previous year. The increase mainly derives from the recognition of the technical quality bonuses for companies in the water sector (+ € 26.9 million) for the years 2018-2019 (Resolution 183/2022/R/idr of 26 April 2022), to the higher revenues reported by Acea Energia from the sale of boilers (+ € 4.3 million) and from reimbursements for damages and penalties (+ € 1.3 million), partly offset by lower purchases of energy efficiency securities by areti (- € 8.0 million).

External costs increased overall by € 455.6 million (+ 42.5 %) compared to 30 June 2021, with the variation mainly due to the following:

- higher costs related to the supply of electricity on the free market, gradual protection and energy efficiency (+ € 382.8 million) in line with the trend recorded in revenues;
- higher costs for the purchase of materials (+ € 12.4 million) partly attributable to the change in scope (+ € 4.4 million) and partly to higher capitalised costs (+ € 7.2 million);
- higher costs for services (+ € 55.8 million), of which € 20.7 million referring to the change in the scope and € 12.8 million deriving from e-Efficiency projects by Acea Innovation in line with the reported revenues.

Overall, the change in external costs was influenced by the change in the scope for € 33.1 million, mainly attributable to the consolidation of the Deco Group (+ € 24.5 million) and Meg (+ € 6.6 million).

Personnel costs increased by € 8.9 million compared to the same period the previous year (+ 6.2%), mainly impacted by the change in the scope of consolidation (+ € 4.9 million).

The average number of employees was 9,602 and increased by 298 compared to 30 June 2021, mainly due to the change in the scope of consolidation in the Environment segment (+ 168 people).

€ million	30/06/2022	30/06/2021	Change	% Change
Personnel costs including capitalised costs	250.3	241.0	9.3	3.8 %
Costs capitalised	(97.6)	(97.2)	(0.3)	0.3 %
<b>Staff costs</b>	<b>152.7</b>	<b>143.8</b>	<b>8.9</b>	<b>6.2 %</b>

Income from equity investments of a non-financial nature represents the consolidated result according to the equity method included among the components forming the consolidated EBITDA of the strategic companies.

€ million	30/06/2022	30/06/2021	Change	% Change
<b>EBITDA</b>	<b>75.6</b>	<b>61.6</b>	<b>14.0</b>	<b>22.8 %</b>
Amortisation, depreciation, provisions and impairment charges	52.1	45.1	6.9	15.4 %
Financial operations	(1.5)	(1.4)	0.0	2.5 %
Income tax	6.0	3.9	2.2	55.8 %
<b>Income from equity investments of a non-financial nature</b>	<b>16.1</b>	<b>11.1</b>	<b>5.0</b>	<b>44.9 %</b>

EBITDA rose from € 618.8 million at 30 June 2021 to € 682.5 million at 30 June 2022, recording an increase of € 63.7 million or 10.3%. The change in the consolidation scope accounts for € 6.4 million, mostly due to the consolidation of the Deco Group.

With the same scope, EBITDA grew by € 57.3 million, arising mainly from the following opposite effects: **i)** increase in the Water Segment (€ 27.5 million) mainly affected by the recognition of the technical quality bonuses mentioned previously, referring to the years 2018-2019 (€ 26.9 million) only partly offset by the lower margin recorded by Gori (€ 5.3 million) due to higher costs for sludge disposal (€ 2.8 million) and non-recognition of tariffs (€ 2.1 million); **ii)** increase in the Environment Segment which contributed positively for € 20.0 million due to the combined effect of the increase recorded by Acea Ambiente (€ 23.3 million) as a result of the higher margins generated by the sale of electricity deriving from the positive effect on sale prices mainly at the San Vittore and Terni plants offset by the reduction in the margins of Demap (€ 2.3 million) due to the lower quantities entering the plant and the higher costs generated by the fire in December 2021 (the plant resumed operations in February 2022) and lastly by the lower margin on the treatment of liquids by Berg (€ 0.9 million); **iii)** increase in the Generation Area for € 16.6 million mainly attributable to Acea Produzione (€ 17.6 million) due to the higher margin realised on hydroelectric production (+ € 14.0 million) as a result of the increase in prices on the energy markets (+ € 136.25/MWh) partially offset by lower volumes produced (- 70.7 GWh) and for the remainder by the higher margin realised on thermoelectric production (€ 0.8 million); **iv)** higher margins in the Foreign Segment (€ 1.9 million) mainly arising from the positive exchange effect (€ 1.2 million) and partly from the change in the scope of consolidation (€ 0.4 million); **v)** reduction in the Engineering and Services Segment for € 4.2 million attributable to Acea Elabori for € 1.4 million as a consequence of the reduction in activities and the margin for tariff updates, to TWS for € 0.5 million as a consequence of the slippage in construction and discount application activities and for € 0.6 million to SIMAM for the lower margin on wastewater treatment. The remaining change is attributable to items relative to previous years; **vi)** reduction in the margins of the Corporate segment (€ 3.1 million deriving from the higher costs compared to the same period in the previous year, mainly including IT costs, electricity and gas consumption due to the increase in tariffs, monitoring expenses and advertising expenses; **vii)** lower margins in the Commercial and Trading segment (€ 1.9 million) due to the reduction in the energy margin (€ 11.5 million) partly offset by lower external costs (€ 6.4 million) and higher revenues for energy efficiency projects (€ 1.2 million) and for the sale of boilers (€ 1.0 million); **viii)** the Energy Infrastructure segment reported results in line with the same period in the previous year (- € 0.6 million) as a result of the opposite effects deriving from the energy balancing (- € 10.5 million), due in large part to the reduction of the WACC (from 5.9% to 5.2%) and by the lower margins deriving from the open fibre contract (€ 1.4 million) offset by the positive effects of the resilience plan (€ 6.1 million), by the higher costs capitalised for personnel (€ 1.5 million), by lower operating costs (€ 1.1 million), by higher connection fees and other revenue (€ 1.7 million) as well as by the improvement recorded in the public lighting branch (€ 0.6 million).

EBIT increased by € 38.5 million compared to the same period of the previous year. Below are details of the items influencing EBIT.

€ million	30/06/2022	30/06/2021	Change	% Change
Depreciation/amortisation and impairment losses	285.2	259.9	25.4	9.8 %
Net write-downs (write-backs) of trade receivables	42.9	45.8	(2.9)	(6.3%)
Provisions and releases for risks and charges	6.0	3.3	2.7	81.0 %
<b>Amortisation, depreciation, impairment and provisions</b>	<b>334.2</b>	<b>309.0</b>	<b>25.2</b>	<b>8.1 %</b>

The increase in depreciation, amortisation and impairment (€ 25.4 million) is mainly linked to investments in the period and the ongoing entry into operation of assets with particular reference to the water segment. In this item, the change in the consolidation scope is

influenced by the opposing effects deriving from the increase in depreciation and amortisation in the environment segment (€ 4.9 million) offset by the decrease in depreciation and amortisation in the generation segment (€ 4.8 million) as a result of the sale transaction in March 2022 as part of the Energy Box operation; for more details, see the dedicated section.

The decrease in the item impairment of receivables (€ 2.9 million) is mainly attributable to lower provisions made by Acea Energia. Provisions and releases for risks and charges increased by € 2.7 million, mainly attributable to the effects recorded in 2021 with reference to the release of the provision set aside in Umbriadue (€ 1.2 million).

Net gains/losses from financial operations showed net expenses of € 43.7 million, a slight increase compared to the same period in 2021 as a result of opposing effects deriving from higher interest on trade receivables and higher interest on payment deferral and foreign exchange gains and losses. The average overall all-in cost of the ACEA Group's debt stood at 1.40% compared to 1.43% in the same period in the previous year.

The estimate of fiscal charges amounted to € 125.6 million, compared to € 80.2 million in the same period of the previous year. The total increase of € 45.6 million was partly due to the higher pre-tax profit and partly the extraordinary solidarity contribution set out by article 37 of Law Decree 21/2022 (so-called excess profit contribution) relative to parties that produce electricity and are involved in the resale of energy within the national boundaries. The total value of the contribution recorded under taxes amounted to € 28.5 million. The tax rate at 30 June 2022 was 38.8% (it was 29.8% on 30 June 2021) considering the effect of the aforesaid contribution. The normalised tax rate was 30.01%.

The net profit attributable to the Group was € 183.0 million and showed an increase of € 17.2 million compared to the same period of the previous year.

## Summary of results: trends in financial position and cash flows

Financial position data (€ million)	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Non-current Assets and Liabilities	7,300.0	7,200.1	99.9	1.4 %	6,843.1	456.9	6.7 %
Net working capital	(533.6)	(695.3)	161.7	(23.3%)	(570.2)	36.6	(6.4%)
Net Invested Capital	6,766.4	6,504.9	261.6	4.0 %	6,272.9	493.6	7.9 %
Net Financial Debt	(4,212.1)	(3,988.4)	(223.6)	5.6 %	(3,932.8)	(279.3)	7.1 %
<b>Total Shareholders' Equity</b>	<b>(2,554.4)</b>	<b>(2,516.4)</b>	<b>(38.0)</b>	<b>1.5 %</b>	<b>(2,340.1)</b>	<b>(214.3)</b>	<b>9.2 %</b>

### Non-current Assets and Liabilities

Compared to 31 December 2021, the non-current assets and liabilities increased by € 99.9 million (+1.4%); the change refers to the effects of opposing trends, as follows: **i)** increase of fixed assets as a consequence of investments in the period net of depreciation and amortisation; **ii)** increase in equity investments mainly due to the change in scope due to the consolidation using the equity method of Romeo Gas and AE Sun Capital; **iii)** decrease in other non-current assets and liabilities mainly due to the deconsolidation of the photovoltaic companies, control of which was transferred to the British fund Equitix on 31 March 2022. At 31 December 2021, the item included the values of the assets and liabilities held for sale (equal to € 168.4 million and € 47.4 million respectively) in compliance with the provisions of international accounting standard IFRS 5 (for details see the specific section); **iv)** the increase in provisions for risks mainly as a consequence of the allocation related to the provisions for interim taxes for € 94.1 million.

€ million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Tangible/intangible fixed assets	6,905.1	6,705.2	199.9	3.0 %	6,485.0	420.1	6.5 %
Equity investments	360.9	295.2	65.6	22.2 %	290.5	70.3	24.2 %
Other non-current assets	851.0	969.6	(118.6)	(12.2%)	816.4	34.6	4.2 %
Employee severance indemnity and other defined-benefit plans	(111.0)	(120.2)	9.1	(7.6%)	(113.4)	2.4	(2.1%)
Provisions for risks and charges	(293.4)	(193.3)	(100.1)	51.8 %	(236.8)	(56.6)	23.9 %
Other non-current liabilities	(412.5)	(456.5)	43.9	(9.6%)	(398.6)	(13.9)	3.5 %
<b>Non-current Assets and Liabilities</b>	<b>7,300.0</b>	<b>7,200.1</b>	<b>99.9</b>	<b>1.4 %</b>	<b>6,843.1</b>	<b>456.9</b>	<b>6.7 %</b>

The change in intangible fixed assets was mainly due to investments, which reached € 470.2 million, and depreciation, amortisation and impairment, totalling € 285.2 million.

The investments made by each Industrial Area are shown below.

Investments (€ million)	30/06/2022	30/06/2021	Change	% Change
Environment	18.5	14.8	3.7	24.8 %
Commercial and Trading	20.6	36.0	(15.5)	(42.9%)
Overseas	1.6	2.8	(1.3)	(44.1%)
Water	259.7	246.9	12.8	5.2 %
Energy Infrastructure	135.9	139.5	(3.6)	(2.6%)
Generation	19.5	21.7	(2.2)	(10.3%)
Engineering and services	1.8	3.5	(1.7)	(47.5%)
Corporate	12.7	16.3	(3.7)	(22.4%)
<b>Total Investments</b>	<b>470.2</b>	<b>481.5</b>	<b>(11.3)</b>	<b>(2.4%)</b>

**The Environment Segment** made investments for € 18.5 million and compared to 30 June 2021, increased by € 3.7 million mainly due to the investments made by Acea Ambiente for system improvements carried out at the plants of San Vittore and Aprilia, at the WtE plant in Terni and the one in Monterotondo Marittima. The investments made by Cavallari for € 1.4 million for the purchase of an industrial shed and a shredder and the change in scope for € 2.6 million also contributed to the increase. These increases were partly offset by the lower investments recorded by Berg (- € 1.3 million) due to higher investments in 2021 related to the construction of a concentrator and to Ferrocarril (- € 0.7 million).

**The Commercial and Trading Segment** recorded investments for € 20.6 million, down by € 15.5 million compared to 30 June 2021. Investments, mainly referring to Acea Energia, mostly refer to the cost of acquisition of new customers pursuant to IFRS15 as well as the significant improvements to the support systems for the management of Contact Centre processes and the analysis and monitoring of customer margins. Investments by Acea Innovation for e-mobility projects (€ 2.2 million) also contributed.

**The Foreign Segment** recorded a decrease of € 1.3 million mainly attributable to Aguas de San Pedro (€ 0.6 million) and to Consorcio Lima Norte (€ 0.3 million), which in 2021 had started maintenance on the water and sewerage network in North Lima.

**The Water Segment** made total investments for € 259.7 million, an increase of € 12.8 million on the same period in the previous year. In particular, higher investments were made by ACEA Ato2 (€ 13.4 million) and SII (€ 1.6 million) partially offset by lower investments by Gori (€ 1.4 million) and ACEA Ato5 (€ 2.1 million). The investments of the Segment refer mainly to extraordinary maintenance work, reconstruction, modernisation and expansion of plants and networks, the reclamation and expansion of water and sewer pipes of the various Municipalities and work on purification and transport plants (ducts and feeders).

**The Energy Infrastructure Segment** contributed to the total investments for € 135.9 million and recorded a decrease of € 3.6 million compared to the same period in the previous year. The investments for the period refer mainly to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary stations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” projects. This was all intended to improve the quality of the service and increase resilience. Intangible investments refer to projects for the re-engineering of information and commercial systems. The Public Lighting sector contributed for € 1.1 million, down by € 1.4 million compared to the first half of the previous year.

**The Generation Segment** made investments for € 19.5 million, down by € 2.2 million compared to 30 June 2021 due to the combined effect of lower investments recorded by Acea Produzione (€ 3.9 million) partly offset by higher investments in the photovoltaic segment (€ 1.4 million).

The investments by Acea Produzione refer mainly to the requalification work on the hydroelectric plants, the extension and restoration of the district heating grid in the Mezzocammino district in the south of Rome and the construction of photovoltaic parks (Monte Mario), while investments in the photovoltaic segment refer mainly to the investments made by Acea Solar for the construction of photovoltaic plants on both agricultural and industrial land and the investments by the newly acquired SF Island.

**The Engineering & Services Segment** recognised investments for € 1.8 million, mainly attributable to Acea Elabori, down by € 1.7 million mainly due to fewer purchases of equipment and software.

**The Corporate Segment** made investments for € 12.7 million mainly for software licences, IT and hardware developments, as well as investments in the company offices. The decrease of € 3.7 million compared to 30 June 2021 is attributable for € 1.6 million to the purchase of land from ATAC SpA adjacent to the headquarters and used as a car park, in the first half of 2021.

**Equity investments** and equity securities that do not constitute control, association or joint control, increased by € 65.6 million compared to 31 December 2021. The change refers to the increase in the valuation of consolidated companies based on the equity method (+ € 16.4 million), plus the change in the consolidation scope (+ € 47.9 million) for the equity consolidation in late March 2022 of AE Sun Capital and on 1 April 2022 of Romeo Gas following the agreement as part of the sale by A2A of concessions for the natural gas distribution service.

The stock of **employee severance indemnity and other defined benefit plans** reported a decrease of € 9.1 million, mainly due to the increase in the rate used (from 1% at 31 December 2021 to 3.5% at 30 June 2022).

The **provision for liabilities and charges** increased by € 100.1 million compared to the previous financial year mainly due to the provisions set aside for interim taxes (€ 94.1 million). The details by nature of the provisions are presented below:

€ million	31/12/2021	Uses	Provisions	Release for Excess Provisions	Reclassifications/Other changes	30/06/2022
Legal	16.3	(2.8)	2.4	(1.0)	(0.4)	14.5
Taxes	7.3	(0.5)	0.1	0.0	0.0	6.9
Regulatory risks	31.0	(0.0)	0.9	0.0	0.0	31.9
Investees	7.5	0.0	0.0	0.0	(0.1)	7.4
Contributory risks	1.1	0.0	0.0	0.0	0.0	1.1
Insurance deductibles	10.9	(1.0)	1.5	0.0	0.0	11.3
Other risks and charges	26.1	(1.5)	1.6	(0.2)	0.5	26.4
<b>Total Provision for Risks</b>	<b>100.1</b>	<b>(5.9)</b>	<b>6.6</b>	<b>(1.2)</b>	<b>0.1</b>	<b>99.6</b>
Early retirements and redundancies	27.5	(0.2)	0.0	0.0	0.0	27.3
Post mortem	53.1	(0.2)	0.2	0.0	2.5	55.7
Provision for Expenses payable to others	12.6	0.0	0.3	0.0	2.7	15.6
Provisions for Interim Taxes	0.0	0.0	94.1	0.0	1.0	95.1
Provisions for Reinstatement Expenses	0.0	0.0	0.0	0.0	0.1	0.1
<b>Total Provisions for Expenses</b>	<b>93.2</b>	<b>(0.4)</b>	<b>94.7</b>	<b>0.0</b>	<b>6.3</b>	<b>193.8</b>
<b>Total Provisions for Risks and Charges</b>	<b>193.3</b>	<b>(6.3)</b>	<b>101.3</b>	<b>(1.2)</b>	<b>6.4</b>	<b>293.4</b>

### Net working capital

The change in net working capital compared to 31 December 2021 is attributable mainly to an increase in other current receivables of € 71.6 million, an increase in other current assets of € 79.1 million and a decrease in current payables of € 14.6 million, partially offset by an increase in other current liabilities of € 15.0 million.

€ million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
<b>Current receivables</b>	<b>1,143.3</b>	<b>1,071.6</b>	<b>71.6</b>	<b>6.7 %</b>	<b>1,046.0</b>	<b>97.3</b>	<b>9.3 %</b>
- of which end users/customers	1,070.6	1,027.0	43.6	4.2 %	982.2	88.5	9.0 %
- of which Roma Capitale	61.2	34.5	26.7	77.5 %	53.8	7.4	13.7 %
- of which from Subsidiaries and Associates	11.5	10.2	1.3	12.9 %	10.1	1.4	14.2 %
<b>Inventories</b>	<b>97.7</b>	<b>86.4</b>	<b>11.3</b>	<b>13.1 %</b>	<b>89.0</b>	<b>8.8</b>	<b>9.8 %</b>
<b>Other Current Assets</b>	<b>491.1</b>	<b>412.0</b>	<b>79.1</b>	<b>19.2 %</b>	<b>320.8</b>	<b>170.3</b>	<b>53.1 %</b>
<b>Current payables</b>	<b>(1,668.9)</b>	<b>(1,683.6)</b>	<b>14.6</b>	<b>(0.9%)</b>	<b>(1,488.8)</b>	<b>(180.1)</b>	<b>12.1 %</b>
- of which Suppliers	(1,591.7)	(1,614.9)	23.3	(1.4%)	(1,417.8)	(173.9)	12.3 %
- of which Roma Capitale	(71.3)	(62.5)	(8.8)	14.1 %	(65.5)	(5.8)	8.8 %
- of which from Subsidiaries and Associates	(6.0)	(6.2)	0.2	(3.4%)	(5.5)	(0.5)	8.5 %
<b>Other current liabilities</b>	<b>(596.8)</b>	<b>(581.8)</b>	<b>(15.0)</b>	<b>2.6 %</b>	<b>(537.2)</b>	<b>(59.6)</b>	<b>11.1 %</b>
<b>Net working capital</b>	<b>(533.6)</b>	<b>(695.3)</b>	<b>161.7</b>	<b>(23.3%)</b>	<b>(570.2)</b>	<b>36.6</b>	<b>(6.4%)</b>

Receivables from users and customers, net of provisions for impairment of receivables, amounted to € 1,070.6 million and are up by € 43.6 million compared to 31 December 2021. Note: **i)** an increase in the receivables of the Water Segment equal to € 18.7 million mainly attributable to Gori (€ 14.1 million), ADF (€ 3.7 million), ACEA Ato2 (€ 2.4 million), ACEA Ato5 (€ 2.3 million) and partially offset by the decrease in SII (€ 3.5 million); **ii)** an increase in the receivables of the Commercial and Trading Segment for € 11.3 million mainly attributable to Acea Energia (€ 6.2 million) and Acea Innovation (€ 8.2 million) partly offset by Umbria Energy (€ 1.0 million) and Cesap Gas (€ 2.1 million) **iii)** an increase in the receivables of the Environment Segment for € 9.8 million referring to Deco (€ 5.5 million), Consorzio Ecologico del Frentano (+€ 3.0 million), Meg (+€ 2.0 million) and Serplast (+€ 1.1 million) partially offset by the decrease recorded by Acea Ambiente (€ 2.7 million); **iv)** an increase in the receivables of the Foreign Segment for € 3.2 million mainly due to the

increase in the receivables of Aguas de San Pedro (€ 1.2 million), Consorcio Acea Lima Sur (+€ 0.8 million) and Acea Dominicana (€ 0.5 million).

The provision for doubtful debts at 30 June 2022 amounted to € 598.8 million, up compared to 31 December 2021 (€ 595.2 million). Receivables totalling € 612.4 million were transferred without recourse during the first half 2022, of which € 100.7 million to the Public Administration.

As regards relations with Roma Capitale, the net balance at 30 June 2022, as highlighted in the table below was € 86.9 million payable by the Group (the payable balance at 31 December 2021 was € 32.2 million).

Trade and financial receivables recorded an overall increase of € 38.8 million compared to the previous year, mainly due to accrual in the period and collections. The main changes in the year are as follows:

- higher receivables referable to ACEA Ato2 for the supply of water for € 26.5 million;
- higher receivables referable to the Public Lighting service for € 23.1 million;
- collection/offsetting of receivables relating to the Public Lighting service for € 11.0 million.

Payables increased by € 93.5 million compared to the previous year; the main changes during the period are as follows:

- higher payables due to the recognition of ACEA dividends for 2021 for € 92.3 million;
- higher payables due to the recognition of ACEA Ato2 dividends for 2021 for € 2.6 million;
- higher payables due to the recognition of the portion accrued in the period related to the ACEA Ato2 concession fee, for € 13.2 million;
- payment/offsetting of ACEA share dividends for 2018 and 2019 for a total of € 11.0 million;
- payment of areti Cosap liabilities referring to 2017, 2018 and 2021 for a total of € 4.9 million.

Over the half-year period, areti paid current liabilities accrued over the period in question for road excavation licences with several Rome Capital municipalities for a total amount of € 8.6 million, as well as to Cosap for the current year for an amount of € 1.7 million. It is noted further that in July 2022, ACEA paid Rome Capital 50% of the 2021 dividend portion for € 46.2 million as per the agreements with Rome Capital.

In relation to the offset/payment transactions during the period, below are details of the first half of 2022:

- April 2022: offsetting of receivables for € 3.6 million relating to works associated with the Public Lighting service, offsetting ACEA's share dividends related to the dividend accrued in 2019;
- May 2022: offsetting of receivables for € 7.4 million relating to the Public Lighting service for PL fees in October-December 2021, offsetting ACEA's share dividends related to the dividend accrued in 2019.

The following table presents an analysis of receivables and payables, including those of a financial nature, between ACEA Group and Roma Capitale, as regards both net credit exposure and debt exposure, including financial items.

€ million	30/06/2022	31/12/2021	Change
<b>Receivables due from Roma Capitale</b>	<b>A)</b>	<b>B)</b>	<b>A) - B)</b>
Utility receivables	56.9	30.4	26.4
Provisions for impairment	(1.7)	(1.7)	(0.0)
<b>Total receivables from users</b>	<b>55.1</b>	<b>28.7</b>	<b>26.4</b>
Receivables for water works and services	2.3	2.3	(0.0)
Receivables for water works and services to be invoiced	2.1	2.0	0.1
Provisions for impairment	(2.2)	(2.2)	0.0
Receivables for electrical works and services	4.2	4.0	0.2
Provisions for impairment	(0.3)	(0.3)	0.0
<b>Total receivables for works</b>	<b>6.1</b>	<b>5.8</b>	<b>0.3</b>
<b>Total trade receivables</b>	<b>61.2</b>	<b>34.5</b>	<b>26.7</b>
Financial receivables for Public Lighting services billed	119.0	117.1	1.9
Provisions for impairment	(30.2)	(30.2)	0.0
Financial receivables for Public Lighting services to be billed	63.6	49.0	14.6
Provisions for impairment	(31.0)	(28.3)	(2.7)
M/L term financial receivables for Public Lighting services	6.6	8.3	(1.7)
<b>Total Public Lighting receivables</b>	<b>128.0</b>	<b>115.9</b>	<b>12.0</b>
<b>Total Receivables</b>	<b>189.2</b>	<b>150.4</b>	<b>38.8</b>
<b>Payables due to Roma Capitale</b>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Electricity surtax payable	(13.2)	(13.2)	0.0
Concession fees payable	(50.7)	(37.5)	(13.2)
Other payables	(9.9)	(13.5)	3.5
Dividend payables	(202.3)	(118.4)	(83.9)
<b>Total payables</b>	<b>(276.1)</b>	<b>(182.6)</b>	<b>(93.5)</b>
<b>Net balance receivables payables</b>	<b>(86.9)</b>	<b>(32.2)</b>	<b>(54.7)</b>



**Current payables** fell due to the decrease in the stock of trade payables (€ 23.3 million). This effect is recorded in particular with reference to the payables of the Parent Company (14.5 million), of areti (€ 13.4 million) and of Acea Ato5 (€ 3.3 million) partially offset by the increase in Acea Innovation (€ 9.5 million).

**Other Current Assets and Liabilities** recorded an increase of € 79.1 million and € 15.0 million respectively compared to the previous year. In detail, other assets increased as a result of the increase in the value of active derivative instruments on commodities (€ 34.9 million) due to both the change in the fair value measurement at the end of the reporting period and the change in the quantities hedged; due to the increase in higher receivables from the equalisation fund (€ 15.0 million) attributable to areti and partly arising from the effect of the social electricity bonus, provided for and governed by the Authority, which led to the recognition of a payable from the fund for energy and environmental services for the CCE and CCF components; and from higher advances to suppliers (€ 6.3 million) mainly attributable to Acea Innovation (€ 5.3 million) and deriving from the start of the energy efficiency activities.

The increase in other current liabilities refers to the increase in liabilities on “Passive derivative instruments on commodities” which increased by € 36.5 million, related to the change in the fair value measurement at the end of the reporting period as well as the change in the hedged quantities offset: **i)** by lower payables to the equalisation fund for € 31.8 million mainly attributable to areti (- € 29.6 million) and partly arising from the effect of the social electricity bonus, provided for and governed by the Authority (see previous information in the section on other current assets), partly offset by higher payables to CSEA of Acea Energia (+ € 18.9 million) due to the hedging of the imbalances of the equalisation system of purchase and dispatching costs of electricity intended for the enhanced protection market; **ii)** by lower payables to employees (€ 8.6 million) mainly attributable to Gori (€ 4.6 million) and the Parent Company (€ 1.6 million); **iii)** by lower other tax payables (€ 15.0 million) mostly referring to Acea Energia (€ 14.3 million) as a result of the decrease in excises on consumption in the first half of the current year

**Shareholders' equity**

The shareholders' equity amounted to € 2,554.4 million. The changes, amounting to € 38.0 million, are detailed in the relevant table and are basically due to the distribution of dividends, the accrual of first half 2022 profits, and the change in the cash flow hedge reserves and those formed by actuarial profits and losses as well as the change in the consolidation scope.

## Net financial debt

Group **debt** recorded an overall increase of € 223.6 million, going from € 3,988.4 million at the end of 2021 to € 4,212.1 million at 30 June 2022.

€ million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
A) Cash	625.6	680.8	(55.2)	(8.1%)	855.6	(230.0)	(26.9%)
B) Cash equivalents	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
C) Other current financial assets	526.2	407.9	118.2	29.0 %	436.5	89.7	20.5 %
<b>D) Liquidity (A + B + C)</b>	<b>1,151.8</b>	<b>1,088.8</b>	<b>63.0</b>	<b>5.8 %</b>	<b>1,292.1</b>	<b>(140.4)</b>	<b>(10.9%)</b>
E) Current financial debt	(256.3)	(173.6)	(82.6)	47.6 %	(253.2)	(3.0)	1.2 %
F) Current portion of non-current financial debt	(422.9)	(111.6)	(311.2)	n.s.	(115.2)	(307.6)	n.s.
<b>G) Current financial debt (E + F)</b>	<b>(679.1)</b>	<b>(285.2)</b>	<b>(393.9)</b>	<b>138.1 %</b>	<b>(368.5)</b>	<b>(310.6)</b>	<b>84.3 %</b>
<b>H) Net current financial debt (G + D)</b>	<b>472.7</b>	<b>803.5</b>	<b>(330.9)</b>	<b>(41.2%)</b>	<b>923.7</b>	<b>(451.0)</b>	<b>(48.8%)</b>
I) Non-current financial debt	(4,684.7)	(4,792.0)	107.3	(2.2%)	(4,856.5)	171.8	(3.5%)
J) Debt instruments	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
K) Trade payables and other non-current payables	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
<b>L) Non-current financial debt (I + J + K)</b>	<b>(4,684.7)</b>	<b>(4,792.0)</b>	<b>107.3</b>	<b>(2.2%)</b>	<b>(4,856.5)</b>	<b>171.8</b>	<b>(3.5%)</b>
<b>Total financial debt (H + L)</b>	<b>(4,212.1)</b>	<b>(3,988.4)</b>	<b>(223.6)</b>	<b>5.6 %</b>	<b>(3,932.8)</b>	<b>(279.3)</b>	<b>7.1 %</b>

Non-current financial debt decreased by € 107.3 million compared with the end of the 2021 financial year. This change derives from a decrease in bond loans of € 304.2 million offset in part by an increase in payables for medium/long-term loans of € 198.7 million, as shown in the following table:

€ million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Bonds	3,837.8	4,142.0	(304.2)	(7.3%)	4,143.2	(305.4)	(7.4%)
Medium/long-term borrowings	809.0	610.3	198.7	32.6 %	651.0	158.0	24.3 %
IFRS 16 financial payables	37.9	39.7	(1.8)	(4.5%)	62.3	(24.3)	(39.1%)
<b>Non-current financial debt</b>	<b>4,684.7</b>	<b>4,792.0</b>	<b>(107.3)</b>	<b>20.7 %</b>	<b>4,856.5</b>	<b>(171.8)</b>	<b>(22.2%)</b>

**Bonds** of € 3,837.8 million at 30 June 2022 decreased by a total of € 304.2 million, mainly due to the reclassification into the short-term position of the 5-year bond issued by ACEA on the Euro Medium Term Notes (EMTN) programme on 1 February 2018.

**Medium/long-term loans** of € 809.0 million recorded a total increase of € 198.7 million due mainly due to the Parent Company (€ 226.9 million) for the disbursement in two tranches of € 250.0 million of the EIB loan signed in 2020. The following table shows medium/long-term and short-term borrowings (excluding the portion due to application of IFRS 16) by term to maturity and type of interest rate.

€ million	Total Residual Debt	By 30/06/2023	From 30/06/2023 to 30/06/2027	After 30/06/2027
fixed rate	300.6	31.9	137.9	130.7
floating rate	452.2	64.1	165.1	223.0
floating rate cash flow hedge	163.2	10.9	89.8	62.4
<b>Total</b>	<b>915.9</b>	<b>106.9</b>	<b>392.8</b>	<b>416.2</b>

The **fair value** of Gori hedging derivatives was a positive € 4.1 million (it was a negative € 0.1 million at 31 December 2021); the fair value of Acquedotto del Fiora hedging derivatives was a positive € 2.5 million (at 31 December 2021 it was a negative € 1.9 million), and that of SII was a positive € 1.2 million.

The **short-term** component was a positive € 472.7 million and, compared to the end of 2021, shows a decrease of € 330.9 million, generated for € 349.6 million by the Parent Company, partly offset by Acea Produzione for € 20.5 million. The change in the parent company is generated mainly by the reclassification into the short-term position of the 5-year bond issued by ACEA on the Euro Medium Term Notes (EMTN) programme on 1 February 2018.

Note that financial debt includes € 197.5 million in payables to Roma Capitale for dividends resolved to be distributed and does not include other payables of € 60.6 million relating to share purchase options of the companies already held.

At 30 June 2022 the Parent Company had unused committed credit lines of € 550.0 million and uncommitted lines of € 395.0 million, of which € 21.2 million used. No guarantees were granted in obtaining these lines.



It must be noted that the long-term Ratings assigned to ACEA by the International Ratings Agencies were:

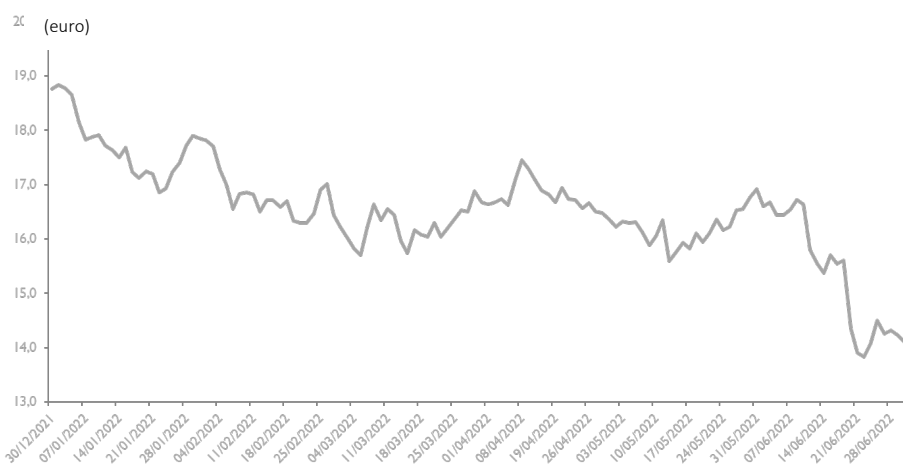
- Fitch "BBB+";
- Moody's "Baa2"

## Reference context

### Performance of the equity markets and the ACEA stock

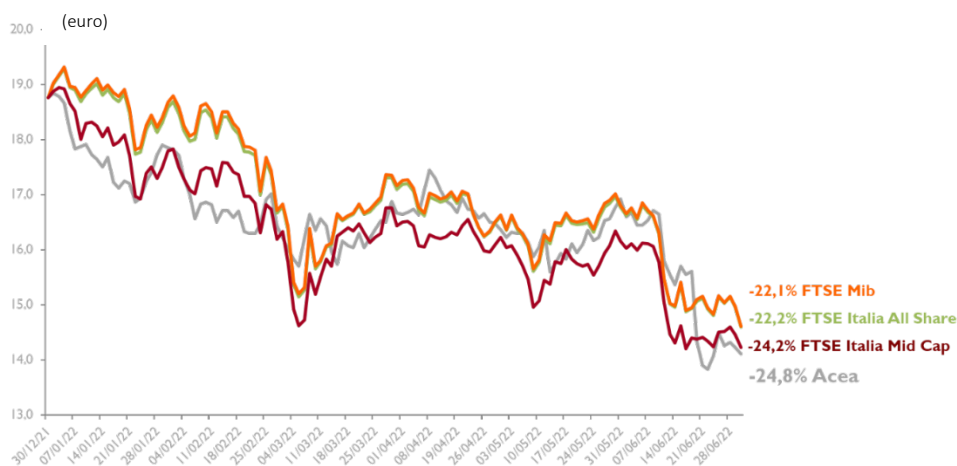
In the first half of 2022, the global equity markets recorded a negative trend essentially due to the continuation of the climate of uncertainty linked to the conflict in Ukraine, which, in addition to weakening the growth of global GDP, led to further upward pressure on prices, especially energy prices. The gradual increase in inflation led the central banks to adopt restrictive monetary policies in order to combat the increase in prices.

In the reporting period, Acea recorded a performance (-24.8%) that was perfectly in line with that of the FTSE Italia Mid Cap (-24.2%) and local utilities. The stock recorded on 30 June 2022 a closing price of € 14.11 (capitalisation: € 3,005 million). The maximum value of € 18.84 was reached on 3 January, while the minimum value of € 13.83 was reached on 22 June. During the first half of 2022, the daily average volumes were above 137,000 shares (lower than the approximate 152,500 in the same period in 2021).



(Source: Bloomberg)

The following normalised graph shows the performance of the ACEA stock, compared to Stock Market indices.



(grafico normalizzato ai valori di Acea – Fonte Bloomberg)

	Change % at 30/6/2022 (compared to 31/12/21)
<b>Acea</b>	<b>-24.8 %</b>
FTSE Italia All Share	-22.2 %
FTSE MIB	-22.1 %
FTSE Italia Mid Cap	-24.2 %

Approximately 55 studies/reports on Acea shares were published in the first six months of 2022.

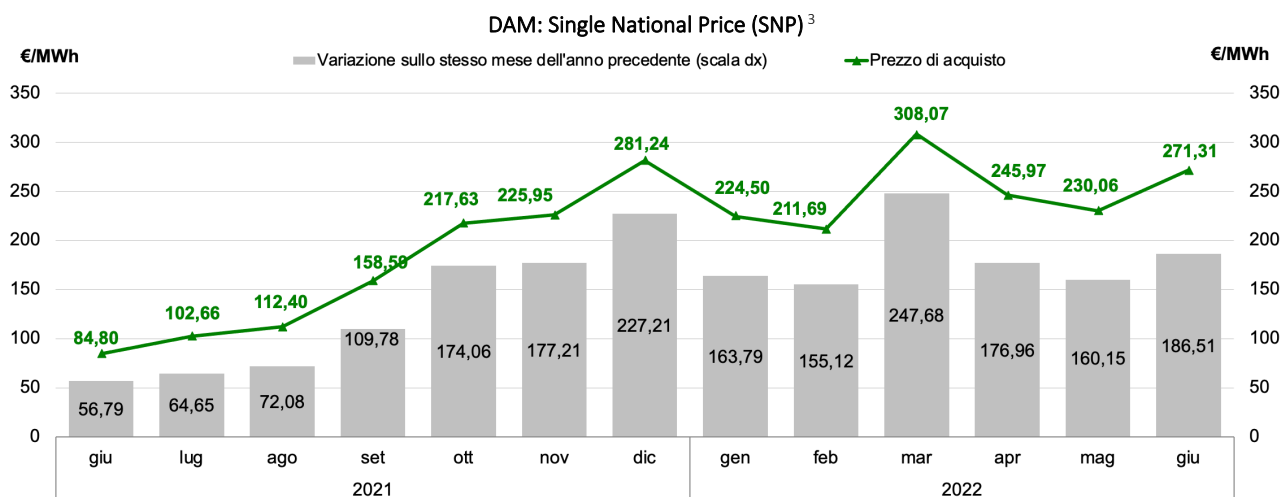
### Energy market

In relation to the national electricity market, the demand for electricity in the first half of 2022 was 157,985 GWh (Terna data), up by 2% compared to the same period in the previous year, confirming an incremental trend already reported in the first quarter alone, and due both to a recovery in commercial and industrial activities (especially compared to the first quarter of 2021 when widespread Covid-19 restrictions were still in force), and to a very hot and dry spring of 2022, which increased energy consumption (+2°C average compared to the second quarter of 2021).

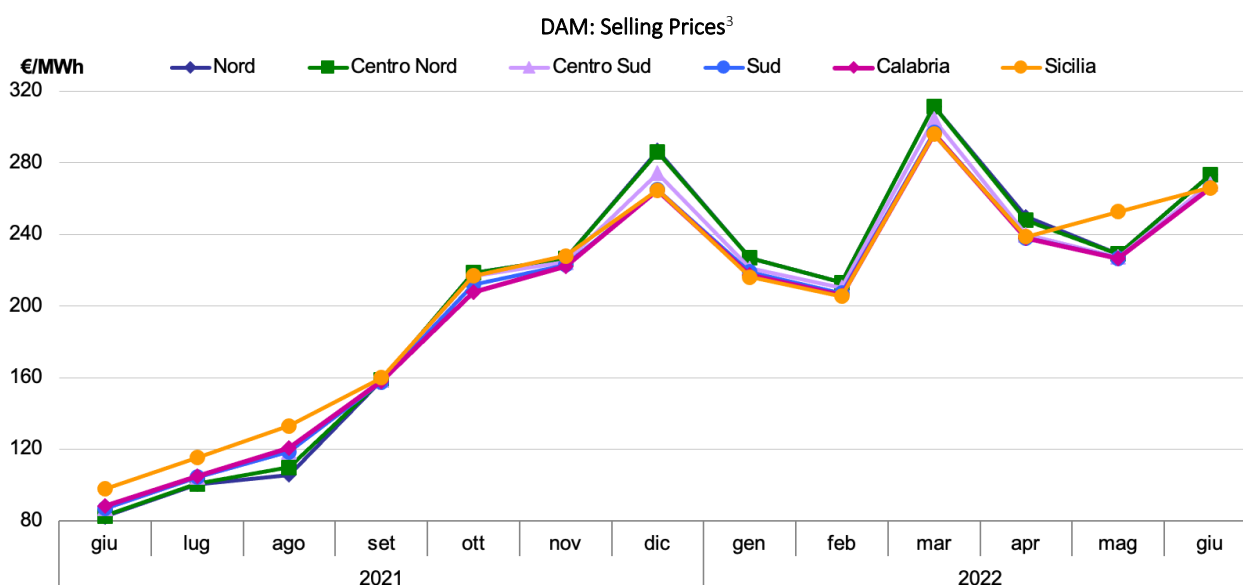
Energy production, less self-consumption and consumption by pumping (12,942 GWh, - 5.9%), was at 123,639 GWh, up by 3.7% on the first six months of 2021, covering 78.3% of the requirement, against a decrease in the net amount, which recorded 21,404 GWh (- 2.2%) and contributed 13.5% to satisfying demand. Sole production from thermoelectric (82,947 GWh, +16.1%) satisfied 52.5% of the demand, more than offsetting the aforesaid reduction in imports and the collapse of hydroelectric, which nearly halved compared to the record values of 2021 (14,476 GWh, -38.6%).

Photovoltaic (11,910 GWh) and wind (11,571 GWh) recorded an overall increase in the first half of 2022 compared to the same period in the previous year (+11.8% and +7.7%, respectively), while the contribution from geothermal remained rather stable (2,736 GWh, - 0.4 %).

The Single National Price (SNP) in the first half of 2022 recorded an average of € 271,31/MWh, showing an increase of +220% compared to the same period in 2021. This notable increase, already reported to a greater extent in the first quarter alone, is mainly due to the increase in the price of gas, which has more than quadrupled as a result of the global energy crunch, Russia's invasion of Ukraine and the cuts in gas supplies from Russia to Europe, first feared then materialised.



The SNP reflects the increase in the price of gas on the PSV, which, always lower than € 85/MWh in the first half of the month, rose to € 146/MWh at the end of the month. Contributors to the Italian electricity price also included the significant increase in demand, greater than 40 GWh on average at the end of the month, in addition to the decrease in net imports on the western front, especially France, initially corresponding to a reduction on the NTC then a greater alignment with the prices in the North, and low levels of renewable volumes.



Electricity exchanged in the Italian system, equal to 25.2 TWh, reached the highest level in the past 5 years for the month of June, with a growth in both volumes transported on the power exchange of the electricity market operator (18.9 TWh) and over-the-counter movements recorded on the PCE and nominated on the DAM (6.3 TWh). As a result of these movements, market liquidity came to 74.9%.

**Demand:** national purchases rose to 25.0 TWh, a record high since 2013 for the month of June, as a result of widespread growth at local level. Foreign purchases (exports), on the other hand, came to just under 0.2 TWh. **Supply:** with imports down to 4.1 TWh, especially with France, demand returned to satisfy nearly 84% of national sales, equal to 21.0 TWh and growing everywhere on a monthly basis, with the exception of the Centre North and Sardinia.

#### Tariffs for transport services

2022 was the seventh year of the new regulatory period, the term of which has been increased from four to eight years (2016-2023) divided into two sub-periods.

The regulations are included in three Integrated Texts: "Integrated Text of provisions of the Authority for providing electricity transmission and distribution services (TIT)", Annex A to Resolution 568/2019/R/eel, the "Integrated Text of provisions of the Authority for providing the electricity metering service (TIME)"; Annex B to Resolution 568/2019/R/eel, and the "Integrated Text on provisions of the Authority on the economic conditions for providing connection services (TIC)", Annex C to Resolution 568/2019/R/eel, published on 27 December 2019.

For the distribution service, ARERA confirmed unbundling of the tariff applied to end customers (the so-called compulsory tariff) from the reference tariff for determination of the constraint on revenue permitted to each company (the reference tariff). The compulsory tariffs for the year 2022 were published with Resolution 621/2021/R/eel for the distribution and metering services for non-domestic customers, with Resolution 622/2021/R/eel for the provision of the transmission service, with Resolution 623/2021/R/eel for provision of the domestic customers network services on 28 December 2021.

The regulations in force in the previous regulatory sub-period include:

- regulatory lag and return on invested capital;
- extension of regulatory useful life;
- tariff adjustment criteria: distribution, sale, measurement.

With regard to the first point, ARERA confirmed the method for offsetting the regulatory lag, recognising new investments made for both Distribution and measurement (without backdating).

The criterion based on the increase in the remuneration rate of invested capital recognised for new investments, of 1% (of the year t-2) was replaced by the introduction of recognition in the capital base (so-called RAB) also of investments made in the year t-1, measured on the basis of pre-final data communicated to ARERA. This data will be used to determine the provisional tariffs of reference not yet published and will then be replaced by the final data to determine the definitive tariffs of reference published by February of the following year.

On 5 April 2022 ARERA published Resolution 153/2022/R/eel with which it determined the definitive tariffs of reference for distribution and metering services for the year 2021. On 3 May 2022, with Resolution 193/2022R/eel, the provisional tariffs of reference for 2022 were published.

In the year t, the ARERA only recognises the remuneration of the invested capital concerning the assets which entered use in the year t-1, without recognising the relevant depreciation rates (which are still recognised in the year t-2).

In the new sub-period, ARERA confirmed the previously established regulatory useful life.

On 23 December 2021, ARERA published Resolution 614/2021/R/com of 23 December 2021, with which it set the criteria for determining the WACC for the 2022 – 2027 period and established the 2022 rate of return on invested capital for the electricity distribution and metering service at 5.2%. The Authority also reserves the right to confirm it for the years 2023 and 2024, unless there are significant changes in a number of parameters. In particular, if the recalculation with the new parameters results in a change in the WACC equal to or greater than 50 bps compared to the value currently in force, the rate would be updated.

In terms of operating costs, the new company-based tariff covers the specific costs by means of a national average cost adjustment coefficient, calculated by the ARERA on the basis of actual company costs and on the basis of scale variables.

These costs, when calculating the company-based tariff, according to the definitions of Resolution no. 568/2019, are supplemented by flat rate connection contributions acknowledged throughout Italy and will be considered as other grants and no longer deducted from operating costs.

Furthermore, the flat rate connection contributions of each company are deducted directly from the invested capital considering them as equal to MV/LV assets.

Updating of the distribution reference tariff after the first year is individual and based on financial increases reported by the companies on the RAB databases. The updating criterion envisages that:

- the portion of the tariff covering operating costs will be updated using the price cap mechanism (with a productivity recovery target of 1.3%);
- the part covering the costs concerning the remuneration of the invested capital will be updated through the deflator of the fixed gross investments, the change in the volume of service provided, the gross investments that are operational and differentiated by level of voltage and rate of change connected to the increased remuneration recognised for incentivised investments;
- the part covering the depreciation will be updated through the deflator of the fixed gross investments, the change in volume of service provided, the rate of change connected to the reduction in the gross invested capital due to disposal, withdrawal and end of useful lifetime and the rate of change connected to the investments that are now operational.

As regards marketing, ARERA confirmed a single reference tariff that reflects both the costs for managing the network service and marketing costs, with recognition of the specific capital costs also for investments in marketing activities (single all-inclusive company tariff for the distribution and marketing service).

With regard to the transmission tariff, the ARERA confirmed the introduction of a binomial tariff (capacity and consumption) for high voltage customers, and the cost tariff structure for the transmission service to Terna (CTR), also introducing a binomial price. Given the two tariffs, the equalisation mechanism has been confirmed.

The general equalisation mechanisms for distribution and metering costs and revenue for the regulatory cycle in force are:

- equalisation of the revenues from the distribution service;
- equalisation of the revenues from the low-voltage metering service;
- equalisation of the transmission costs;
- equalisation of the value of the difference between effective losses and standard losses.

The purpose of equalising the revenues of the distribution service is to equalise the revenues deriving from the comparison between the revenues billed to users through the compulsory tariff and the distributor's allowed revenues, calculated through the company's tariff of reference.

With Resolution 568/2019, ARERA established that the equalisation of the revenues from distribution would be reduced by an amount equal to 50% of the net revenues from the use of the electrical infrastructure for purposes additional to the electric service, recorded at the end of year n-2 should the aforementioned net revenue exceed 0.5% of total recognised revenue.

The equalisation of the transmission costs has the objective of passing the distributor in terms of the cost recognised to Terna for the transmission service (CTR) with what was paid by the end customer based on the compulsory transmission tariff (TRAS).

With Resolution 449/2020/R/eel of 10 November 2020, the algorithm for calculating the  $\Delta L$  equalisation relating to the value of the difference between the effective losses and the standard losses starting from the year 2019 was modified; the percentage factor applied for equalisation purposes for commercial losses of electricity on the networks with obligation to connect third parties for the "centre" zone and for the LV voltage level was modified, going from 2% to 1.83%. Table 4 of the TIS was also amended by the same Resolution with effect from 1 January 2021.

On 21 December 2021, ARERA published DCO 602/2021/R/eel in which it proposed, for the 2022-2023 two-year period, the revision of the conventional percentage factors for commercial losses to be applied to distribution companies for equalisation purposes and the revision of the conventional percentage loss factors to be applied for settlement of the dispatching service to end customers as from 1 January 2023. Distribution companies submitted their comments by 31 January 2022.

This consultation procedure concluded with the publication of Resolution 117/2022/R/eel of 22 March 2022, with which the Authority set the conventional percentage factors related to commercial losses to be applied to electricity for equalisation purposes equal to 1.77% in the Centre zone for 2022, and 1.72% in the Centre zone for 2023. It also introduced a cap on the PAU price to be applied, equal to the arithmetic average of the average annual PAUs in 2016 – 2021.

With a specific application to be presented by the end of May 2022, the resolution provides for recognition of network losses attributable to non-recoverable fraudulent withdrawals that manifest with exceptional amounts compared to the levels recognised conventionally. The recognition is provided for exclusively in the case of a negative net equalisation balance on the three years 2019-2021 and will have a value at the most equal to what is necessary to reduce this balance to zero. In addition, with an application to be presented by May 2024, the same recognition is envisaged related to the 2022-2023 two-year period. The application related to the recognition of losses in the 2019-2021 three-year period was submitted by areti via certified email on 31 May 2022.

Equalisation of the purchase of electricity supplied for own use in transmission and distribution continues to be regulated in the new regulatory period.

In the new Transport Integrated Text, the ARERA has confirmed the mechanism of advance recognition on a two-monthly basis, of equalisation balances for revenue from the distribution service and transmission costs. With Determination 19/2020 of 13 November 2020, ARERA defined the operating methods of managing the general equalisation mechanisms, confirming the method of calculating the advances every two months.

On 31 May 2022, the CSEA published circular number 23/2022/ELT, which invited distributor companies to express their desire to participate or not in the equalisation mechanism for advances for 2022.

Areti sent the certified email on 1 June 2022.

The 2022 equalisation advances were communicated by CSEA on 22 June and the two-month advance equalled € 26.8 million.

Further impact on equalisation was linked to the fact-finding investigation launched with Resolution 58/2019/E/eel concerning the regulation of financial items relating to electricity destined for States included in Italian territory. The Authority, with Measure 491/2019/E/eel, ordered areti to carry out – by 31 December 2019 – the actions necessary to define correctly the dispatching point of export related to the electricity destined for dispatching points of export, and to obtain the measurement data of the electricity sold.

On 20 December 2019, the company stated that it had complied with the requirements.

The Authority decided that the elements acquired constituted a condition for the launch of a proceeding aimed at ascertaining any breaches on the subject of settling the economic items related to the electricity destined for the dispatching point of export.

In June 2020, Areti submitted its commitments in terms of the applicable regulation, which will be reviewed in light of the results communicated by the CSEA and approved by ARERA with Resolution 262/2021/E/eel. The relevant items will in any case be settled at the end of the penalty proceedings initiated with Determination 5/2020/eel.

On 5 April 2022, with Resolution 151/2022/S/eel, ARERA approved and published the proposal of commitments submitted by areti. The following phases will follow:

- third parties can submit their comments by 7 May 2022;
- areti can provide a response within 30 days of publication of any comments;
- final approval of the commitments with resolution, which will also specify the terms for the settlement of the financial items and the start date of the monitoring.

Finally, with Resolution 576/2021/R/eel, Arera provided that for interconnection with the dispatching points of export:

- from 1 January 2022, only the variable components, expressed in c€/kWh, of the tariffs covering transport costs provided for in paragraph 15.1 of the TIT will be applied (currently, the fixed and variable components are both applied);
- from 1 April 2022, the imbalance price for non-enabled units (and no longer the DAM zonal price) will apply for the purpose of regulating actual imbalances);
- from 1 January 2023, uplift shall be applied to the energy actually withdrawn (currently not applied).

In the same measure, the Authority specifies that the entire band must no longer be used to define the dispatching points of export withdrawal schedule; the dispatching user must instead use its own best estimate of withdrawals. The delta between the value of the band and the programme must be treated as a programme imbalance and valued at PUN.

ARERA has confirmed the method of recognising the capital costs for low voltage electronic meters, for firms serving more than 100,000 points of delivery, based on criteria for determining the investments effectively made by the single firms and also retaining the measurement equalisation for the fifth regulatory cycle. The equalisation mechanism is intended to equalise the revenue from the comparison of the obligatory tariffs billed to end users and the revenue set in the reference tariff.

The tariffs hedging the measurement service are updated, as are those for the distribution service, using the price-cap mechanism for the part hedging the operating costs (with the goal of a 0.7% recovery of productivity) and with the deflator, variation in invested capital and rate of change of the volumes supplied for the part covering the invested capital and depreciation. The rate of remuneration of the measurement capital is the same as that for the distribution service.

Note that with Resolution no. 646/2016/R/eel of 10 November 2016, ARERA illustrated the methods for defining and awarding costs related to second generation (2G) smart metering systems for measuring low voltage electricity. On 8 March 2017, it published a release in which it updated the evaluation of the plan for entry into service of the 2G smart metering system prepared by e-distribuzione S.p.A. In order to present ARERA with an illustrative report on the commissioning plan of the 2G smart metering system, the company defined a project for the development of this system with the aim of replacing the current system of electronic meters. Starting in 2017, ARERA established in the same resolution that for the annual updating of the return on invested capital and depreciation concerning effective low-voltage metering points, for each distribution firm, the maximum gross investment value recognisable per meter installed is 105% of the corresponding gross investment value per meter for the investments that came into operation in 2015.

On 20 March 2019, with the consultation document 100/2019/R/eel, the Authority introduced an update for the three-year period 2020-2022 of the provisions on the determination and recognition of costs relating to second generation (2G) smart metering systems.

In particular, the proposals set out in the consultation document include:

- the possibility of setting obligations on the timing of commissioning of 2G systems together with the modulation of the "conventional plan" in order to reduce the risk of a "two-speed country"; the updating and simplification of the provisions relating to admission to the shortened programme for companies that launch their plan for commissioning 2G smart metering systems in that three-year period;





- Q The assessment of the provisions of Decree 93/2017 of the Minister for Economic Development concerning the periodic verification of electricity meters and the extra costs that could result from them;
- Q the possibility of introducing provisions to quantify the penalties to be applied in the event of non-compliance with the expected levels of performance of 2G smart metering systems.

This was followed by Resolution no. 306/2019/R/eel on 16 July, which confirmed the guidelines presented in the previous consultation document. Specifically:

- Q the Authority set 2022 as the deadline for the start of the plans for the commissioning of 2G systems and established that the mass replacement phase for the meters must be completed by 2026 (with a target of 95% of the meters included in the plan). Furthermore, in order to avoid the "two-speed country" risk, a new method of calculating the "conventional plan" was introduced for companies that have not yet submitted their rollout plan.
- Q Starting from the 4th year of each PMS2, penalties are introduced for failure to meet expected performance levels, with annual and multi-annual ceilings on penalties for greater protection of service users.
- Q The regulatory useful life of the asset categories relating to the low-voltage electricity metering service to be applied to investments in 2G smart metering systems is 15 years.
- Q The remuneration and depreciation of the invested capital are determined according to a fixed rate depreciation schedule. Depreciation schedule instalments are calculated as deferred annual instalments, considering a return time horizon consistent with the regulatory useful life.
- Q

On 20 September 2019, areti sent the Authority the request for admission to the recognition of investments under the specific regime together with the plan for the commissioning of the 2G smart metering system and the other documents required by Resolution no. 306/2019/R/eel. The documentation was made available on 23 September on the areti website, and on 21 October a public session was held to present the Plan, during which the Company responded to the comments made by participants. On 20 December the Authority requested detailed information on the actual operating capital costs of Measure 1G and 2G set out in PMS2.

Resolution 213/2020/R/eel, which follows 177/2020/R/eel accompanied by CD 178/2020, provides for transitional amendments for the year 2020 to some of the directives for second generation (2G) smart metering systems for measuring low voltage electricity.

In particular, in consideration of the COVID-19 health emergency and its impacts on the replacement of meters, the Authority expressed the orientation to:

- Q waive – at least for 2020 – the upgrade criterion at the level of the Municipality or other significant territory;
- Q establish that the next PDFMs (Detailed plans for the mass phase), which must have a maximum quarterly frequency, can only have indicative value as long as the health emergency persists. Moreover, each PDFM must be published 15 days in advance of the beginning of the month in which mass replacements of meters are planned;
- Q suspend – at least for 2020 – the provisions on penalties for failure to achieve at least 95% of the progress (cumulative) envisaged by PMS2;
- Q suspend – for the year 2020 only – the application of the IQI (Information Quality Incentive) matrix, which defines the value of the incentives to be paid to companies for the different combinations of actual expenditures incurred and planned, since the comparison between actual costs and expected costs may be subject to factors that affect the comparison.

On 28 July 2020, with Resolution 293/2020/R/eel, the Authority approved the plan of commissioning of the 2G smart metering systems presented by Areti and determined the related conventional commissioning plan and the expenses envisaged for the plan for the purposes of recognition of the costs of capital.

ARERA also considers it appropriate to offer distribution companies the option of proposing the updating of their upgrade plan during 2021 to adjust for the effects of the epidemiological emergency. It is noted that on 31 March 2021, in consideration of the ongoing health emergency and need to further investigate the relevant impact, Areti announced its intention to collect additional information to assess whether it should update its PMS2 by 15 June 2021.

On 14 June 2021, Areti notified ARERA that it had promptly intervened, by adapting its processes and procedures so as to absorb the operational impact that had arisen during the health emergency period, and it that it had consequently not identified any effects that would require the plan to be revised. It is noted nonetheless that certain risks are present, including but not limited to the possible increase in asset costs due to raw materials becoming more expensive or the potential shortages in supplies due to the widespread slowdown in production worldwide. In this regard, note that the DSOs, through Utilitalia, are submitting to the Authority a number of requests intended to zero the bonus and penalty mechanisms for the years impacted by the scarcity of 2G meter supplies.

With Resolution 349/2021/R/eel of 3 August 2021, the Authority provided that, for the year 2021, in the case companies that had started PMS2 in previous years, the 2G meter limit below which penalties apply is 90% instead of 95% of the cumulative number of 2G meters provided for by PMS2 as at 31 December 2021. The Authority also resolved that for 2021, the criterion of implementation at municipal or other significantly relevant territorial level shall not apply.

On 23 March 2022, ARERA sent to areti, via certified email, communication of the preliminary findings related to the effective capital cost of the investments in 2G smart metering systems incurred in 2020.

On 28 June 2022, the Authority published DCO 284/2022/R/eel which outlined the guidelines relating to the introduction of transitional changes to the provisions of the 2G Directives for 2022. These transitional changes were deemed necessary following the indirect effects of the Covid-19 pandemic which led to a severe lack of semiconductors at global level and which in turn, at the start of 2022,

created significant limitations on the availability of 2G meters that had already been ordered by distribution companies. Interested parties are invited to send their comments to the Authority by 29 July 2022.

Lastly, with Resolution 280/2022/R/eel of 28 June 2022, ARERA initiated proceedings to update the guidelines for the recognition of second generation (2G) smart metering system costs applicable from 2023, currently defined by Resolution 306/2019/R/eel, providing for the conclusion of such proceedings by 31 December 2022.

The "Integrated Text on provisions of the Authority on the economic conditions for providing connection services (TIC)", Annex C to Resolution 568/2019/R/eel, governs the economic terms for the provision of connection services and specific services (transfers of network equipment requested by end users, contract transfers, disconnections, etc.) to passive users, essentially in line with the previous regulatory period.

The regulatory changes that have taken place since 1 January 2016 allow the distributor to affirm that the right to remuneration for invested capital arises, from an accounting point of view, at the same time as investments are made and the depreciation process is initiated in compliance with the accruals concept and the principle of correlation of costs and revenues. For this purpose, the remuneration of the investments (including of the related depreciation and amortisation) was calculated and recognised in the energy margin at the same time as they were made (so-called Regulatory Accounting).

Resolution 119/2022/R/eel of 22 March 2022 established the mechanism to reimburse electricity distributors for receivables not collected and not otherwise recoverable in relation to general system charges and network charges, outlining their conditions for access, quantification criteria of the eligible receivables, criteria for their recognition, operating methods as well as time frames for submitting applications and settlement of the amounts by CSEA. Furthermore, this measure repealed resolution 50/2018/R/eel of 1 February 2018.

Furthermore, note that with Resolution 35/2022/R/eel of 31 January 2022, ARERA arranged for the cancellation of the rates for general electricity system charges for Q1 2022 for all types of users, implementing the Supports *ter* Law Decree.

Note also the publication of DCO 615/2021/R/com of 23 December 2021, in which the Authority illustrates its thinking behind the main lines of action of the ROSS-BASE solution, namely the focus on total expenditure, overcoming the current cost recognition system, which considers operating costs and investments separately, in favour of an integrated approach that gives operators responsibility. In particular, the new integrated approach focuses on the following aspects: realistic forecasts and development plans, based on the future and actual needs of service customers; incentives to improve performance levels, in terms of efficiency, cost-effectiveness and quality of service; removal of any regulatory barriers to the development of innovative solutions. ARERA does not yet go into detail on the regulatory mechanisms that must be developed and which will come into force in 2024 for the electricity distribution and metering service, but it does intend to obtain an initial assessment from operators, end customers and other participants. Comments were sent by 31 January 2022.

#### **The Italian Waste Management market**

The current situation of production and treatment capacity for waste in the traditional operational areas of the ACEA Group and in the neighbouring areas shows a high "potential demand" for waste management (disposal in landfills, waste-to-energy, composting and biogas production, sludge and liquid waste treatment, recycling of mixed materials and production of Secondary Raw Materials). This is facilitated by a national regulatory framework that provides incentives and by the regulatory support of European directives on the recovery of materials and energy, as well as by the implementation of the European Union's policy guidelines on the circular economy (closing the loop), which are being implemented in Italy by virtue of a delegated law that has given the government the obligation to update environmental legislation adapting it to the new EU standards.

Opportunities for developing the sector are therefore highlighted, also facilitated by the availability of new technologies (for example in composting) and by possible forms of industrial integration with other operators.

Finally, the expansion of the potential for disposal/recovery of sewerage sludge – in the context of value added environmental services (sludge treatment, compost) – could lead to the completion of the integration with the Water business, in view of a complete management in-house of the entire supply chain.

#### **Water Regulation**

During the first half of 2022, the main activities of the Authority included the first application of the incentive mechanism for the regulation of the technical quality of the integrated water system, with the assignment of operator bonuses and penalties related to performance in the 2018-2019 two-year period. The performance analysis is based on five macro-indicators related to water losses, quality of the water supplied, adequacy of the sewer system, disposal of sludge and quality of treated water, with the methodology described by Resolution 917/2017/R/idr. In the reporting period, proceedings were also initiated for the quantitative assessments related to the 2020-2021 two-year period concerning both the contractual quality (first two-year period of application) and the technical quality (second two-year period of application).

Following the definition of the criteria for the tariff update for the 2022-2023 two-year period in December 2021, in March the associated procedures and forms were made available, allowing for the tariff arrangements to be finalised by the area governing bodies (EGAs) and the operators. Subsequently, in May, the Authority introduced urgent measures in compliance with the orders of the

Lombardy Regional Administrative Court (TAR) relating to the “extraordinary and documented extent of the increases in energy costs”, reviewing the criteria for the two-year update of the tariff arrangements in order to ensure that the operators of the integrated water service had access to the resources needed to anticipate the expenses incurred for the purchase of electricity.

Another topic of interest is the definition by the Authority of the methods for the automatic payment of the social water bonus pertaining to 2021, following the process of assessments and fulfilments that took place during the previous year.

Note also the approval of the 2022-2025 Strategic Framework, containing the objectives that will guide the development of the regulation, in the sectors within the Authority’s remit, for the next four years.

Lastly, as part of its institutional activities, the Authority offered the relevant bodies its considerations and proposals on the Draft Competition Law (AS 2469), with reference to issues regarding regulated services, and the draft ministerial decree implementing the 4.1 reform of the National Recovery and Resilience Plan (NRRP).

The main measures issued by ARERA during the reference period are analysed below.

### Tariff method

**Resolution 1/2022 – DSID of 18 March 2022: definition of the procedures for the collection of technical and tariff data as well as the standard forms for the report accompanying the works programme and the tariff provision update for the two-year period 2022-2023, pursuant to resolutions 917/2017/r/idr, 580/2019/r/idr and 639/2021/r/idr**

Following resolution 639/2021/R/idr of the end of December 2021, containing the criteria for updating the tariff arrangements for the integrated water service for the second two-year period of the third regulatory period (years 2022-2023), ARERA has made available to the managers the historical data and the preview version of the data collection file (with communications of 15 February and 1 March respectively).

The deadline set for the transmission by interested parties of any contributions and observations for the purpose of preparing the final version of the RDT2022 file has been set for 10 March 2022.

With subsequent resolution 1/2022 – DSID, the deadline of 30 April 2022 for transmission to the Authority by the EGAs of the tariff arrangements for the 2020-2023 period was repeated, and the associated forms defined:

- ❑ Annex 1, which provides indication of the technical and tariff data and the standard forms for updating the works programme, with specific indication of the strategic works plan and the economic and financial plan (RDT2022 file);
- ❑ Annex 2, consisting of the standard form for the accompanying report relating to the quality objectives for the 2022-2023 two-year period, and the update to the works programme and the strategic works plan;
- ❑ Annex 3, which contains the standard form of the accompanying report for the tariff arrangement.

As mentioned by the measure, pursuant to paragraph 6.3 of resolution 580/2019/R/idr in the event of inaction by the competent party the applications of the parties may be sent to the Authority using the aforementioned procedure.

Lastly, failure to send data, deeds and information according to the methods outlined may lead to the impacts set out by paragraph 5.8 of resolution 580/2019/R/idr (ex officio determination of the tariff, placing the tariff multiplier theta of 0.9).

**Resolution 139/2022/R/idr of 30 March 2022: launch of proceeding to review a number of criteria for the biennial update of the tariff arrangements for the integrated water service, in compliance with the orders of the regional administrative court for Lombardy, Milan (section one) nos. 373/2022, 383/2022, 384/2022, 385/2022 and 386/2022**

The proceeding launches a process to review the criteria for updating the tariff arrangements of the integrated water service for the two-year period 2022-2023, as set out by resolution 639/2021/R/idr, in accordance with a number of orders by the Regional Administrative Court (TAR) of Lombardy – Sec. I (nos. 373/2022, 383/2022, 384/2022, 385/2022 and 386/2022) and in light of Law Decree no. 21/22 “Urgent measures to combat the economic and humanitarian effects of the crisis in Ukraine”, as converted into Law no. 51 of 20 May 2022.

As part of the review, the procedure is aimed at identifying the most appropriate ways to help ensure that the managers of the integrated water service have access to the resources necessary to anticipate the expenses incurred for the purchase of electricity in the current year, balancing the need to favour the maintenance of the economic-financial balance of the operators with that of containing the costs borne by users, with a view to the sustainability of the applied tariff. To this end, ARERA, with consultation document 184/2022/R/idr of 26 April 2022, expressed its guidelines on the subject and invited interested parties to submit their comments and proposals by 11 May 2022.

The conclusion of the proceedings was expected by 24 May 2022; ARERA establishes on a transitional and provisional basis, without prejudice to any subsequent recoveries with effect from 1 January 2022, that the subjects competent for the preparation of tariffs, in the context of the relevant determinations and transmissions and in compliance with the deadline of 30 April 2022, will have to continue to apply the rules already introduced with the aforementioned resolution 639/2021/R/idr.

**Resolution 229/2022/R/idr of 24 May 2022: conclusion of the proceeding to review a number of criteria for the biennial update of the tariff arrangements for the integrated water service, in compliance with the orders of the regional administrative court (TAR) for Lombardy, section one, nos. 373/2022, 383/2022, 384/2022, 385/2022 and 386/20**

Following the aforesaid proceeding, launched with resolution 139/2022/R/idr of 30 March 2022 and continued with consultation 2022 184/2022/R/idr of 26 April 2022, the related urgent measures are introduced, intended to ensure the certainty of the system and the various interested parties. Specifically, and without prejudice to the provisions for the 2022-2023 tariff update set out by resolution

639/2021/R/idr, for the year 2022 provisions were made for the possibility to formulate a reasoned request for the activation of forms of financial advances to meet part of the expenses incurred for the purchase of electricity. The claim, formulated by the AGB by the deadline of 30 June 2022 at the request of the relevant operator faced with substantiated financial problems, is subject to a series of conditions, including having made recourse to the possibility of exploiting, for the year 2022, the additional forecast component set out by paragraph 20.3 of the MTI-3 and the assumption of the commitment to request from its suppliers instalment arrangements of the amounts due for the energy consumption relating to the months of May and June 2022, according to the provisions of Law Decree 21/2022. The value of the advance cannot exceed 35% of the cost component recognised for the electricity quantified for the purposes of updating the tariff arrangement for 2022. After verification of the conditions and correctness of the documentation submitted, the CSEA will pay the amounts by 31 July 2022, which the beneficiary operator must pay back by 31 December 2024. Furthermore, in the event of an effective cost for the purchase of electricity referring to 2021 that is higher than the one recognised in application of the rules set out by article 20 and paragraph 27.1 of the MTI-3, the EGA is given the power, at the request of the operator and for the purposes of maintaining the economic and financial balance of the management, to submitted a reasoned request for the recognition of additional costs in the context of the adjustment component relating to systemic changes and exceptional events (paragraph 27.1, letter f), MTI-3) referring to 2023; the request must be accompanied by an action plan to limit the cost of energy. Annually, starting in 2023, the Authority will publish the annual cost of the electricity supply sector, on the basis of specific investigations, in order to strengthen monitoring of the system.

**Resolution 112/2022/C/IDR of 22 March 2022: appeal of rulings no. 460 and no. 461 of 24 February 2022 of the regional administrative court of Lombardy, Milan, second section, on partial annulment of authority resolution 643/2013/r/idr**

With this measure, ARERA resolves to file an appeal against the unfavourable terms of the aforesaid rulings of the Regional Administrative Court of Lombardy, which ordered the partial annulment of resolution 643/2013/R/idr (Approval of the water tariff method and completion provisions – MTI). The points in question regard the definition of the adjustment components (use of the inflation rate rather than the financial charges effectively incurred), the methods of calculating the costs for electricity and the lack of consideration of the income from “Other water activities” in the formation of the invested capital.

**Technical and contractual quality**

**Resolution 183/2022/R/idr of 26 April 2022: application of the incentive mechanism for regulation of the technical quality of the integrated water system (RQTI) for the years 2018-2019. Final results**

The procedure, based on what is set out in the Methodological Note attached to Resolution 98/2022/R/idr of 8 March 2022, provides for the first-time application of the incentive mechanism for regulation of the technical quality of the integrated water system (RQTI) for the years 2018-2019. As announced by the press release published by the Authority on its website on 29 April 2022, the analysis of the data made it possible to codify the results achieved by 203 operators, which serve a total of 84% of the national population. The total amount of the bonuses for all stages was approximately 63.2 million euros for the year 2018 and 72.2 million euros for the year 2019, while the penalties (which, as envisaged by resolution 917/2017/R/idr, must be set aside and used for the achievement of the established objectives) amounted to approximately 3.9 million and 5.8 million respectively for 2018 and 2019. The 66 most important positions (the first 3 classified – for each indicator and as a whole – in 2018 and 2019, for the advanced and excellence assessment levels) were held by a total of 26 operators.

Note, in particular, the result achieved by ACEA Ato 2, which achieved the biggest improvement in terms of the M1- Water losses macro-indicator, achieving first place in Stage IV of the assessment (advanced assessment level for improvement objectives) for both years and the achievement of all the objectives envisaged for the remaining macro-indicators.

The total of the bonuses was the absolute highest overall, reaching approximately € 23.6 million for the two-year period in question. The results were illustrated as part of a conference held in Milan on 15 June 2022, organised by the Water Systems Department of ARERA. The data were made available in the annexes to the aforementioned resolution 183/2022/R/idr, as well as through interactive journalism info data tools (interactive maps, illustrations and integrated text) provided on the Authority’s website, which make it possible to visualise the technical quality performance of the individual Italian water operators:

As regards the data relating to 2021, ARERA opened with communication dated 1 February 2022 the data collection envisaged pursuant to article 77 of the regulation of the contractual quality of the integrated water service (RQSII – Annex A to resolution 655/2015/R/idr). The data requested also include those relating to the provision of the automatic indemnities envisaged as part of the regulation on arrears (REMSI – Annex A to resolution 311/2019/R/idr). The deadline for integrated water service operators to submit the data in the digital collection system was 15 March 2022, while for the subsequent verification by the area governing bodies (EGAs), the deadline was 26 April 2022, once operators had sent the final data.

On the other hand, in relation to the technical quality, with communication published on 17 March 2022, the Authority announced the upcoming opening of the “collection of technical quality data (RQTI) – monitoring” (RQTI 2022), as part of the collection “Tariffs and Technical Quality of Water Services”, in the context of the proceedings initiated with resolution 107/2022/R/idr and aimed at carrying out the quantitative assessments envisaged by the technical quality incentive mechanism set out by resolution 917/2017/R/idr. The mandatory deadline for sending the data was set for 30 April 2022. The effective opening of the collection was then acknowledged with the communication published on 5 April 2022.

**Resolution 231/2022/R/com of 31 May 2022: updating of the methods for checking commercial quality data for the distribution, measurement and sale of electricity and natural gas and for the contractual quality of the integrated water service**

The measure concludes the procedure to update the verifications of the commercial and contractual quality data (opened with Resolution 571/2021/R/com and DCO consultation 572/2021/R/com), ordering the application of the “statistical method” also in execution of the “additional control” and even extending it to the TIQV.

**Social water bonus**

**Resolution 106/2022/R/com of 15 March 2022: simplified regulation for the recognition and payment of the social water bonus for 2021 and amendments to authority resolution 63/2021/r/com on communicating the outcome of the proceedings**

The measure approves the simplified regulation for the recognition of the social water bonus for 2021, the first year to be paid to those entitled to it using the automatic recognition method and makes amendments to resolution 63/2021/R/com on communicating the final outcome of the proceedings.

In the initial implementation of the automatic recognition system of the social bonuses for economic hardship, the start times were differentiated for the various sectors, due to the diversity and various degree of complexity of the processes envisaged for recognition of the subsidy; in particular, the process for the recognition of the social water bonus required further investigations and fulfilments, especially related to compliance with privacy regulations.

The social water bonus pertaining to 2021 will be granted to all households that already benefited in the same year from the social electricity bonus for economic hardship. The Single Purchaser, the operator of the Integrated Information System (IIS), will send at least once a month to the water operators responsible for that area communications containing information about all the ISEE households that received the social electricity bonus for 2021. These communications will be sent starting from June 2022; transmission must take place following approval from the Authority of the related risk impact assessment.

Verification of compliance with the limitation of one social water bonus for 2021 is considered automatically fulfilled by the IIS operator when the information about the households to be subsidised is sent to the concerned territorial water managers; in the event that the ISEE household cannot be associated with a water supply, the concerned territorial water manager will assume that the aforesaid household is served by a shared apartment complex water supply.

The bonus may be calculated based on the standard household number that can be subsidised (standard domestic resident user with three members) if the water manager does not yet hold all the information and data required to identify the number of family members, or if the activities required to identify the number of family members and the quantification of the bonus according to this criterion do not allow for disbursement within the time frames envisaged (first day of the fourth month after the month of receipt of the information about the beneficiaries to be subsidised).

The payment will take place as a once-off contribution with a non-transferable bank draft to the declarant party of the DSU (single substitutive declaration), or other methods provided they guarantee the traceability and identification of the beneficiary; alternatively, for direct users, the social water bonus pertaining to 2021 can be paid by splitting the amount accrued into equal portions over several bills or in the first invoice thereafter, in any case in accordance with the envisaged deadline.

In relation to the data communication obligations, the water managers must send to ARERA and their area governing body (EGA) the data and information related to the social water bonus paid pertaining to 2021 by 31 March 2023, or in any case as part of the first report provided pursuant to paragraph 12.1 of the TIBSI, according to the operating methods defined by that Authority to ensure it is indicated separately.

**Strategic framework 2022 - 2025**

- Q **Resolution 2/2022/A of 13 January 2022: 2022-2025 strategic framework of the regulatory authority for energy, networks and environment**
- Q Following consultation 465/2021/A of 29 October 2021, in January ARERA approved its 2022-2025 Strategic Framework; the document establishes the objectives that will guide the development of the regulation, in the sectors within the Authority’s remit, for the next four years.
- Q As mentioned previously in the document, the strategic vision of the current Tenure is inspired by the need to guarantee all citizens have accessible energy and environmental services, including in economic terms, that are efficient and provided with increasing and convergent levels of quality, in the different areas of the country. At the same time, these services must be environmentally sustainable, integrated at European level, aligned with the principles of circular economy and contribute to the competitiveness of the national system
- Q In order to guide its strategic regulation towards social, economic and environmental sustainability objectives and increase its accountability towards stakeholders in this regard, the Authority then established that it would associate the objectives of the Strategic Framework with one or more Sustainable Development Goals of the Agenda 2030.
- Q The Strategic Framework structure and contents – the latter subdivided into themes cutting across all segments with in-depth studies on individual sectors – are arranged on two levels: the strategic objectives and the intervention lines. The objectives embody the overall strategy based on the current and medium-term scenario, with reference to both the aspects cutting across all sectors (centrality of the consumer, system innovation, simplification, transparency and enforcement of the regulatory framework), and in the specific aspects of the Environment and Energy segment and comply with national

and international legislation. The intervention lines outline the Authority's planned main measures and actions to achieve each strategic objective.

- Q **Resolution 203/2022/A of 10 May 2022: reporting of the activities carried out between 1 January and 31 December 2021 of the strategic framework of the regulatory authority for energy, networks and environment for the 2019-2021 three-year period**
- Q The document contains a report on the activities carried out by the Authority during 2021, in implementation of the objectives defined by the 2021 Strategic Framework. More specifically, it outlines the different measures characterising the 23 strategic objectives, breaking down the relevant interventions, grouped according to the three strategic areas (Transversal themes, Environment Segment and Energy Segment), each of which is broken down further into 3 strategic lines. Rules
- Q With specific reference to the IIS, the report addresses various important aspects, such as the integration and updating of the rules for the management of relations between operators and users, the efficient development of infrastructure, the promotion of a clear and reliable governance framework.

### **Briefs and reports**

#### **Brief 82/2022/I/com of 4 March 2022: brief by the regulatory authority for energy, networks and environment on the draft law "annual law for the market and competition 2021" (as 2469) for the industry, commerce and tourism commission of the Italian Senate**

The draft law containing the "Annual law for the market and competition 2021" (so-called Draft Competition Law), which at the time of approval of this brief was under initial review by the Industry, Commerce and Tourism Commission of the Italian Senate, contains a number of relevant provisions for the activity of the Authority, on which the document presents observations and proposals. In particular, in terms of the integrated water service, the comments by ARERA focused on art. 6 which delegated powers to the Government to reorganise the local public services.

As regards the aspects associated with governance of the system, ARERA reported that the current approach of the Draft Law could cause critical issues such as harming the stability, clarity and certainty of an already consolidated sector regulation. The current regulatory approach of the water sector has indeed allowed for a significant increase in investments, which nearly quadrupled between 2012 and 2020, and an improvement in the quality of the service, against substantial stability of the tariffs for users; even the rate of execution of interventions increased from 50% for the period pre-regulation to over 90% at present. Therefore, there is no requirement for an overall reform, while it appears fundamental to consolidate the regulatory framework, including for the purposes of the effective implementation of the support tools envisaged for Italy's relaunch (NRRP). The Authority also believes that measures to overcome various issues which, located upstream of the regulation, generate critical issues in relation to the programming and management decisions of the integrated water service are a priority; in this context, new reorganisation measures could ensure technical support, in terms of organisation and specific know-how, for the territorial parties for which ongoing violations have been detected, from a publicly controlled company with experience in assistance projects for public administrations.

As regards the critical issues relating to management structures, a review of the current regulation could work in synergy with the measures already put into place by the Authority, to promote the aggregation of activities and the management of services, and to support the reorganisation of governance in the sector. In this sense, action is required to strengthen the governance, aimed at overcoming the critical issues found in a number of areas of the country (ongoing situations of no awarding of the service, shortcomings in the drafting and updating of the necessary deeds to adopt programming and management decisions, etc.); the proposal is to revisit the awarding regulation with a view to simplifying procedures, by introducing a mandatory deadline by which to conclude the processes of awarding contracts for the integrated water service and, in the event of inaction, require that the management be carried out temporarily, for a period potentially overlapping that of the implementation of the NRRP, by a company under entirely public control.

#### **Report 39/2022/I/idr of 1 February 2022: fourteenth report pursuant to article 172, paragraph 3-bis of Legislative Decree no. 152 of 3 April 2006 on "environmental regulations"**

The usual six-monthly monitoring of the local structures of the integrated water service showed a context of substantial stability, with the final completion of the process of local authorities joining the relevant area governing bodies (EGAs) in all territorial areas of the country and consolidation in the process of rationalising the number of OTAs, currently at 62; with reference to the second half of 2021, it showed a number of Regions (Lombardy, Campania) moving towards a structure of the territorial organisation of the integrated water service that was potentially smaller than the provincial area. At present, the priorities identified by the Authority are the completion of the processes initiated towards the full operation of the area governing bodies (EGAs), especially in some regional contexts, and the awarding of contracts for the integrated water service in all situations with no clearly outlined management worthy of protection based on current legislation, or with no single area operators identified.

The studies carried out by the Authority brought to light the permanence of potentially critical contexts, which impact upon the proper drafting and updating of the programming and management deeds of the integrated water service. In particular, they highlighted a water service divide, with situations, mainly in the South and Islands, with continuing inefficiencies and disruptions. However, the ongoing situations of inaction relating to the awarding procedures of the service may represent serious critical issues, especially in the contexts characterised by infrastructural shortcomings, which view the possible use of funds provided as part of the NRRP as an opportunity to improve the quality of the services provided.

The difficulties encountered in some contexts suggest evaluating the opportunity to simplify the awarding procedures (to strengthen the guarantee of the time frames and quality of the programmes), and to outline additional solutions to the external administration model (to strengthen the guarantee of the adoption of a structural and overall solution).

**Opinion 273/2022/l/idr of 21 June 2022: opinion sent to the ministry of sustainable infrastructure and mobility on the draft ministerial decree implementing reform 4.1 of the national resilience and recovery plan (NRRP), regarding “legislative simplification and governance strengthening for investments in water supply infrastructure”**

The Authority hereby issues a favourable opinion, with comments, on the draft decree sent by the MIMS pursuant to art. 1, paragraph 516-bis of Law 205/17 (as amended by Law Decree 121/21), intended to define the methods and criteria for drafting and updating the National Plan for Infrastructure Interventions and Safety in the Water Sector, and for its implementation in subsequent passages. The draft measure requires, in particular, that interventions aimed at mitigating the damage associated with the phenomenon of drought be considered a priority for inclusion in the plan, as well as the development and upgrading of water infrastructure, including in order to increase the resilience of the water systems to climate change and to reduce the dispersion of water resources. The MIMS must publish a yearly presentation of the proposals, with indication of their order of priority, compliance with the overarching planning, any use of co-financing or need for financing of the planning phases subsequent to transmission. These elements would constitute elements used to assess the interventions and formulate the proposed plan.

Of the observations formulated by ARERA, note in particular the request, with reference to the proposals of the regulated parties, to include among the elements to be acquired for the purpose of updating the plan and as assessment factors, the compliance of the operator’s qualification to provide the service in accordance with current legislation, compliance with the obligations envisaged for the adoption and approval of the specific draft regulation and the absence of company crises that could compromise the continuation of the activity for which the financing is required.

**Consumer protection**

Regarding changes to consumer protection made in the first half of 2022, note the publication of Brief 48/2022/l/com of 8 February 2022, relating to the ARERA hearing at the newly founded parliamentary commission of inquiry on consumer and user protection. During the hearing, the Authority illustrated the activities carried out in the respective sectors, in accordance with the mandate received from the Legislator, regarding the “promotion of the protection of the interests of users and consumers, taking account of related community legislation and the general policy guidelines formulated by the Government” (art. 1.1 of law no.481/1995); it also drew attention to the contingent situation characterised by the sharp rise in energy prices.

Note also the publication of the annual report on the activities of the conciliation service relating to 2021 (the data is updated to 1 February 2022).

The Report shows that in 2021 and in the first 40 days of 2022, 20,428 conciliation requests were submitted. Of these, 3,624 were related to the water sector, 9,784 to the electricity sector, 5,210 to the gas sector, with the remainder relating to Dual-Fuel and Prosumer customers.

As regards the topics covered by the questions in the water sector, 73.6% concerned billing, 4.9% contracts, 4.8% metering, 3.7% arrears and suspension and 3.1% connection and works. The regions with the highest number of applications are Sardinia, Lazio, Campania and Liguria, followed by Calabria, Basilicata, Apulia and Molise. At the end of the conciliation procedure (relating to all regulated sectors and not only the water sector), 6,897 customers were asked to take part in a satisfaction questionnaire; 95% of them said they were satisfied with the service received.

For completeness of information, with resolution 58/2022/A of 15 February 2022, ARERA appointed the members of the Regulatory Commission and the members of the Conciliation Commission; in particular, as regards the appointment criteria of the Conciliation Commission, the draft agreement contained in resolution 464/2021/A established that the commission be formed of: a) a person external to the Authority appointed by the Board, with extensive and recognised experience and independence in the sector of labour law or in any case in the legal sector, with the role of Chair; b) the Director responsible for the management of the human resources department or another executive appointed by the Board; c) a trade union leader of a legitimately constituted trade union within the Authority or by another trusted person to assist the employee.

Also note that ARERA, with resolution 169/2022/E/com of 12 April 2022, ordered a number of operators and managers to fulfil the obligation of providing a response, within 30 days, to requests for information submitted by the Office for energy consumers and the environment, in the context of management of the special resolution procedures for the energy sectors and second-level complaints for the water sector. The same measure also stated that non-compliance with the above obligation could constitute a condition for possible exercise of the power to sanction and prescribe. The list does not include Acea Ato2 nor, in general, any company of the Acea Group.

**Tariff determination Ato2 Central Lazio - Rome**

Resolution 197/2021/R/idr of 11 May 2021 definitively approved, with some amendments, the tariff provisions for the third regulatory period (four-year period 2020-2023), adopted by the Mayors’ Conference of ATO 2 Central Lazio - Rome with Resolution no. 6/20 at the meeting of 27 November 2020.

For the 2022-2023 two-year period, an update is envisaged to the tariff prepared according to the criteria defined by resolution 639/2021/R/idr and the procedures indicated in Resolution 1/2022 – DSID of 18 March 2022; the deadline for the submission of the tariff application to ARERA by the divisional governing bodies (EGAs) is 30 April 2022. Pending the approval of the tariff arrangement, pursuant to art. 13 of resolution 639/2021/R/idr, Acea Ato 2 applied the tariffs calculated on the basis of the tariff multiplier resulting from the economic and financial plan already approved as part of the current tariff provisions.

In particular, the values of the tariff multiplier theta (to be applied to the tariff in force at 31/12/2015) for the two-year period are 1.139 for 2022 and 1.202 for 2023.

### Update on appeals against the ARERA tariff regulation

In 2013 ACEA Ato2 filed an appeal against Resolution 585/2012 (MTT) and subsequent resolutions that amended and supplemented the contents (Resolutions 88/2013, 73/2013 and 459/2013). The appeal was partially upheld by the regional administrative court of Lombardy 2528/2014, against which both ACEA Ato2 and ARERA have appealed.

At the public hearing held on 29 September 2015, the suspension of the pending judgement and the postponement of the decision to a later date were ordered. This followed the outcome of the technical office consultancy arranged for the appeals proposed in 2014 by Codacons and the associations Acqua Bene Comune and Federconsumatori, considering the existence of a relationship of dependence-consequentiality between the decision of the appeal by ARERA and the decision on appeals promoted by the Consumer Associations, focusing in particular on the tariff component relating to the financial charges of the IWS manager, i.e. on the formulas and parameters implemented in art. 18 of Annex A of Resolution ARERA no. 585/2012 of 28 December 2012 (TTM), considered as a reintroduction of the criterion of "adequacy of invested capital" that had been eliminated by the outcome of the 2011 referendum.

The expert committee, appointed in October 2015, filed the report on 15 June 2016, concluding that the formulas and parameters aimed at calculating the interest rate of reference are considered reliable and reasonable in terms of national and international regulations and the component of risk coverage considered in the Resolution.

On 15 December 2016 the final hearing of the proceedings was held and on 26 May 2017 sentence no. 2481/2017 was published with which the Council of State, accepting the conclusions of the panel of experts, reaffirmed the full legitimacy of the tariff methodology adopted by ARERA. As a result, it rejected the Codacons and Acqua Bene Comune/Federconsumatori appeals mentioned above, with consequent confirmation of the contested sentences. The subsequent hearing before the Council of State was set for 20 September 2018.

Following the hearing, held as planned on the scheduled date, the Council postponed the discussion of the judgement, inviting the parties to file some briefs (to be presented by 19 December 2018) to make sure that there were no delays in resuming the appeal proceedings. At the hearing in question, however, the judge had not set the date of referral, which was instead established only in the early days of 2019. At the hearing held on 13 June 2019, part of the grounds for appeal were waived and the Council of State ordered the acquisition of the expert's report submitted by the aforementioned parties (Codacons, Acqua Bene Comune, Federconsumatori) in order to submit it to the parties for oral arguments. The next hearing was set for 2 April 2020. Owing to the Covid-19 emergency the new public hearing was set for 10 December 2020 inviting the parties to: 1) file documents by 19 November 2020; 2) file briefs by 24 November 2020; 3) file replies by 28 November 2020. The hearing at the Council of State was brought forward to 22 October 2020 inviting the parties to: 1) file documents by 1 October 2020; 2) file briefs by 6 October 2020; 3) file replies by 10 October 2020.

A partially favourable judgement, no. 8079/2020 16 December 2020:

- ❑ accepted Ato2's appeal related to non-recognition of the CCN in relation to other water activities, the only ground for the appeal that the Company had decided not to waive;
- ❑ rejected the Authority's appeal related to financial expenses on adjustments, with reference to which already the Lombardy Regional Administrative Court (RAC) had found in favour of Ato2;
- ❑ accepted the said Authority's appeal concerning the ground on non-enforceable receivables.

As of the date of this report, the appeals filed by ACEA Ato2 with the Lombardy Regional Administrative Court against Resolution no. 643/2013/R//ldr(MTI), Resolution no. 664/2015/R//ldr(MTI-2) and Resolution no. 580/2019/R//ldr are still pending.

With regard to Resolution 643/2013, it should be noted that on 8 May 2014 additional grounds were presented for the cancellation of ARERA decisions no. 2 and no. 3. On 9 December 2014 additional grounds were presented for the cancellation of Resolution 463/2014/R//IDR. Pending the scheduling of the hearing, in April 2019 the notice of the hearing was received (the administrative process was cancelled due to the inactivity of the party). Following this communication, on 20 June 2019 ACEA Ato2 presented the request for the scheduling of the hearing together with the new power of attorney signed by the Chairperson. The ruling of the regional administrative court of Lombardy no. 892 of 20 April 2022 confirmed the guidelines already expressed by the Council of State in the cases on resolution 585/2012/R//IDR relating:

- ❑ to the so-called "white water" for which the appealed resolution "does not impact in a broad sense on the ongoing management agreements";
- ❑ to mixed sewerage, stating that "in these cases, since it is not possible to quantify the volumes of water that flow into the sewerage networks from the various points of input, and therefore to break down the relative costs, it responds to economic rationality fees so that the tariffs also cover the costs deriving from the collection and treatment of white water";
- ❑ to the financial expenses on adjustments, for which it is confirmed that since the operator incurs an objective cost deriving from the fact that the level of the tariffs initially set by the area governing body is insufficient to cover the costs of the service, the recognition of this financial cost cannot be renounced. Due to this, the Authority must then provide, during determination of the adjustment, for a correction to cover the financial expense on adjustments. The regional administrative court rejected the reason concerning the provision of a cap on adjustments.

With regard to Resolution no. 664/2015, it should be noted that in February 2018 ACEA Ato2 extended the appeal originally proposed, submitting additional grounds of appeal against ARERA Resolution no. 918/2017/R//IDR (biennial update of the tariff arrangements for the integrated water service) and against Annex A of Resolution no. 664/2015, as amended by the aforementioned Resolution no. 918/2017. As of today we are waiting for the hearing on the merits to be scheduled.



In February 2020, ACEA Ato2 also challenged Resolution 580/2019/R/ldr which approved the Tariff Method of the integrated water service for the third regulatory period (MTI-3), reiterating many of the reasons for previous appeals in tariff matters and introducing new ones related to specific aspects introduced for the first time with the new tariff methodology. Other subsidiaries and/or investees of the ACEA Group that have challenged MTI-3 are Acea ato5, Acea Molise srl and GESESA (which had not previously challenged the resolutions relating to the TTM, MTI and MTI-2). Resolution 235/2020/R/IDR for the adoption of urgent measures in the integrated water service, in the light of the COVID-19 emergency was also appealed. We are awaiting the scheduling of the hearing. In February 2022, ACEA Ato2 filed an appeal against resolution 639/2021/R/ldr relating to the two-year tariff update for 2022 and 2023. The challenge of the provision, also carried out by the subsidiaries and/or investee companies of the ACEA Group such as ACEA Ato5, ACEA Molise, Publiacqua, Acquedotto del Fiora, Gori, GESESA, Umbra Acque and SII Terni, confirms many of the reasons already advanced against the previous tariff resolutions, adding new ones linked to the new regulation enunciated by ARERA. In relation to the reasons pertaining to the new provisions, note both the mechanism for recognition of the cost of energy, deemed inefficient to intercept the real contingent situation, as well as the provisions with which ARERA declared that it wishes to comply with the law of the Council of State on financial expenses on adjustments, treatment of the New Investments Fund and redefinition of the quota subject to reimbursement to users pursuant to Resolution no. 273/2013.

### **The regulatory activity of the Lazio Region in terms of territorial planning and governance of the Integrated Water Service**

Note, in relation to the completion of the transfer of the water services to the Single Operator, a series of actions of the Regional Council involving the application of substitute powers for a number of municipalities, pursuant to art. 153, paragraph 1 and art. 172, paragraph 4 of Italian Legislative Decree no. 152/2006, through the appointment of an acting commissioner, to be appointed with subsequent decree of the President of the Lazio Region. As regards OTA 2 - Central Lazio Rome, the municipalities involved, to date, are Anticoli Corrado, Cerreto Laziale, Licenza and Trevi nel Lazio (in BUR Lazio no. 50 of 14/06/2022, with resolutions of 7 June 2022 no. 394, 395, 396 and 397).

The completion of the transfer of the water services cannot be extended in light of article 22, paragraph 1 - quinquies of Law Decree no. 152 of 2021, which, in the context of implementing the National Recovery and Resilience Plan, milestone M2C4-2, amended article 147 of Legislative Decree no. 152 of 2006, stating that by 1 July 2022, the independent water service operators for which the Area Governing Body (EGA) has not yet given an opinion on the meeting of the safeguarding criteria, will be included in the single management system identified by the same body; the EGA must award contracts to the single operator by 30 September 2022. The transfer obligation was recently confirmed by the rulings of the Council of State Fifth Section nos. 1710, 1815, 1816, 1820, 1835, 1837, 1843 and 1853 of March 2022

Again, on the topic of the organisation of the integrated water service in the regional territory, and in relation to the redefinition of the Hydrographic Basin Optimal Territorial Areas (ATOBI), provided for by Lazio Regional Decree 218/18, we await developments on the regional law proposal to modify the current governance, submitted to the Region by the Technical-Scientific Committee – which was established for this purpose. We also await news on the setting up of the Institutional Consultation Committee attended by the delegates of the Mayors' Assemblies of all the OTAs.

We also report the appointment, with decree of the President of the Lazio Region of 15 February 2022 (BURL no. 16 of 17 February 2022) of Manuela Veronelli for the five-year office as Regional Guarantor of the Integrated Water Service. The role was established by article 8 of Regional Law no. 26 of 9 July 1998 in order to promote all possible initiatives intended to achieve adequate and homogeneous levels of efficiency, efficacy and cost-effectiveness in the management of the integrated water service and protection and guarantee of user interests. With full independence and autonomy of judgement, the Guarantor carries out analyses and assessments of the quality of the services provided in the optimal territorial areas (OTAs), formulates proposals and takes action to protect and guarantee the interests of users. On the basis of the analysis and the comparison of the various technical, economic and functional aspects, the Guarantor publishes a six-monthly report on the management of the integrated water service in the Lazio Region.

In relation to the regional level, note also the publication, in January, of Resolution no. G16636 of 29 December 2021 (in BURL no. 5 of 11 January 2022 – Supplement no.1). Following Regional Decree no. 905 in December 2021 approving the regional plan for the construction and upgrading of water and sewerage networks and wastewater treatment plants for the 2021-2023 three-year period, the resolution in question finalises the reservation, in the dedicated expenditure item, of nearly 2.3 million euros in favour of the Metropolitan City of Rome for the construction of integrated water service works (in particular, reclamation of water networks and extensions/upgrades to sewerage networks) in various municipalities of OTA 2. In implementation of Regional Decree no. 905/2021, it is also confirmed that under penalty of forfeiture of funding, the entity implementing the works must be identified exclusively as Acea Ato 2 Spa and that, if the municipality where the works are to take place is still the owner of the water service, the actual service and all its components must be transferred to the single operator.

In general, with reference to the protection and development of the water area management, in the final week of February, 8 contracts were signed in relation to rivers, lakes, coasts and river mouths in the Lazio Region, specifically: the Tiber River Contract from Castel Giubileo to the river mouth; the Tiber River Contract for the Middle Valley; the Aniene River Contract; the Pontine Marshes Coast Contract; the Ufente River Contract; the Bracciano Lake Contract; the Ulisse Riviera Contract and the Paglia River Contract. The notice published on the Region's website states that the process, completed at a strategic time during which new opportunities are being opened with the funds of the NRRP and the new European programming, involved over 70 municipalities in different provinces and in general over 300 public, private and third-sector organisations.

We also report the approval of Regional Law no. 224 of 24 February 2022, "Provisions for training, employment and development in blue economy sectors" (in BUR no. 18 - Supplement no. 1 of 24/02/2022), a measure that involves the 'blue economy' in its broadest

sense, understood as development of all resources and activities associated with aquatic ecosystems, taking action in the areas of training, coordination between public and private institutions and economic operators, scheduling, and the promotion and support for research and innovation.

Lastly, as regards the District Basin Authority of the Central Apennines, following the consultation launched at the end of 2021, note the publication on the Authority's website of the second update to the district management plan (PGDAC.3), adopted by the Permanent Institutional Conference of the District Basin Authorities on 20 December 2021. The plan presents the analysis of the system of surface and underground water bodies in the district, with the measurement of pressures and impacts, the analysis of the status of surface and underground water, the economic analysis, the environmental objectives and the programme of measures to be adopted. It also contains a section specifically dedicated to the effects of the 2016-2017 earthquake, with a focus on its repercussions on the water bodies and consequences on the population. On 12 January, the first update to the Flooding Risk Management Plan (PGRAC.2) was also adopted, containing the hazard and risk maps and accompanied by implementation studies of the measures to be adopted, prepared in collaboration with the district regions and the DNPC.

## Electrical Regulation

### Biennial limitation

Article 1, paragraphs 4-10 of the 2018 Budget Law, introduced a two-year limitation on electricity supply contracts, initially establishing that end users were not eligible for this in the case of the failed or erroneous recording of consumption data, attributable to users. Paragraph 295 of Article 1 of the 2020 Budget Law eliminated this specification, establishing that the biennial limitation was also applicable in the case of confirmed responsibility on the part of the customer, and introducing objective liability in respect of the electricity chain operator, and in particular, the distributor, in its capacity as metering service operator, even without any liability or inefficiency in terms of its service provision. With Resolution **184/2020/R/com**, ARERA transposed the provisions of the 2020 Budget Law with reference to the case of exclusion from the biennial limitation in cases of failed or erroneous recording of the electricity metering data, arising from the confirmed responsibility of the end customer. On 27 July 2020, Areti submitted an appeal to the Regional Administrative Court to have Resolution 184/2020/R/com cancelled. The appeal was accepted with the consequent cancellation of the resolution on the basis that the interpretation of the 2020 Budget Law had only referred to the duration of the limitation (two years instead of five years), without however excluding the applicability of the general civil code regulations regarding limitation.

With consultation **330/2020/R/com**, ARERA pre-announced the introduction of a mechanism aimed at sterilising the negative effects of the biennial limitation affecting traders to the detriment of inefficient distribution companies. More specifically, the offsetting mechanism that it intends to introduce would only apply in cases where the limitation is challenged by the customer as a consequence of the adjustments arising from delayed adjustments on the metering data previously communicated by the distributor. In these cases, the trader would be compensated for the transportation costs paid to the DSO as well as the expenses incurred to purchase the raw materials and the dispatching based on a reimbursement mechanism funded by the less efficient DSOs in terms of making available the metering data that generated the delayed adjustments where the limitation could possibly apply.

With a precautionary ordinance, the Regional Administrative Court suspended ARERA resolution 603/2021 with reference to article 6.4, that is the transitory regulations that require distributors to respond within 7 days. The public hearing on the merits has been set for 1 December 2022.

### COVID-19 health emergency

In implementation of the Support Law Decree with Resolution **124/2021/R/EEL**, the Authority ordered the transitory reduction of tariffs for low-voltage non-domestic users, for the period 1 April- 30 June 2021. With this document, the Authority established that:

- for the period 1 April-30 June 2021, for other use LV users (excluding public lighting and recharging points for electric vehicles in places accessible to the public), a reduction is provided on the distribution and metering tariffs and the components covering general charges (asos and arim);
- for each month of the reference period, BTA6 users are granted a refund if the maximum power withdrawn in the month does not exceed 2.0 kW. Distribution companies will pay this refund to the sales companies by 30 September 2021, who in turn, will pay this benefit to end customers by 30 November 2021;
- By 30 September 2021, distribution companies will send the Cassa the necessary information to quantify the lower income deriving from the reduction in tariff components to cover the electricity distribution service and metering costs. The Cassa will arrange the offsetting by 31 October 2021;
- the funds allocated by the Government (€ 600 million) and paid to the COVID-19 emergency Account, for the portion exceeding the resources need to provide the offsetting to distributors, are intended to reduce the tariff rates relating to general charges;
- if at the date when this provision comes into effect, bills have already been issued for April, the relevant adjustments must be made within the second subsequent bill.

The Support *bis* Law Decree was published on 26 May, extending the reduction in charges for SME bills until the end of July 2021. Subsequently, in implementation of Article 5, paragraph 1, of the Support *bis* Law Decree, the Authority published Resolution no.

279/2021/R/eel, which extended the provisions already adopted with Resolution 124/2021/R/eel, thereby providing a reduction for other LV users up until 31 July 2021 of the distribution and metering tariffs and the components covering general system charges. With Resolution 278/2021/R/com, the Authority consequently reformulated the general charges (Asos and Arim) for the quarter July - September 2021.

In implementation of the provisions of Article 3 of Law Decree 130/2021 of 27 September 2021, the Authority published Resolution **396/2021/R/com** with which it ordered:

- ❑ the cancellation, for the October-December 2021 quarter, of the ASOS and ARIM tariff component rates for all LV domestic and non-domestic users with power available up to 16.5 kW;
- ❑ the introduction of an additional social bonus for the billing period from 1 October to 31 December 2021.

### Measures to limit bill price increases

In order to limit the effects of the increased price of raw gas/electricity in the last quarter of 2021, on 27 September Italian Law Decree 130/2021 (the “Bills Decree”) was published in the Official Journal. It reduced the VAT rate in the natural gas sector to 5 per cent for the supply of methane gas for civil and industrial combustion use, applicable to invoices issued for estimated or actual consumption for the months of October, November and December 2021. As for the electricity sector, the Bills Law Decree reduced the general system charges for all electricity users for the fourth quarter of 2021; in particular, it cancelled the general charges for LV domestic and non-domestic users with power available up to 16.5 kW. The Authority subsequently published Resolution **396/2021/R/com**, which implemented the provisions of the Bills Law Decree. In relation to electricity billing in the last quarter of 2021, the Authority cancelled the rates of the ASOS and ARIM tariff components for all domestic users and other LV users with power available up to 16.5 kW. In the natural gas sector, the measure cancelled the rates of the RE, RET, GS and GST tariff components for October, November and December 2021.

Resolution **396/2021/R/com** introduced an additional social bonus for the billing period from 1 October to 31 December 2021.

To combat the economic and humanitarian effects of the Ukraine crisis, in the 1st quarter of 2022 the Authority temporarily suspended the annual update for the social bonus. Hence the amounts of the 2021 bonus were confirmed, as well as the “extraordinary” bonus, already added in Q4 2022 and valid for the entire 1st quarter of 2022.

At the time of the hearings held in the Senate on the conversion into law of Law Decree 21 of 21 March 2022 (“Price Cuts or Ukraine Decree”), the Authority, in **memorandum 166/2022**, again focussed on the issue of the social bonus, specifying that during 2022 these subsidies could give rise to needs of up to € 1.9 billion, against 540 million the previous year, with a consequent increase in the Arim tariff component. More specifically, for the period from 1 April 2022 to 31 December 2022, article 6 of Law Decree 21 of 21 March 2022 expands the family units that can access electricity and gas social bonuses, raising the ISEE indicator threshold from the current € 8,265 to € 12,000; measures already introduced by the government starting in the 4th quarter of 2021.

With Resolution 35/2022/R/eel, the Authority arranged for the cancellation of the rates for general electricity system charges for Q1 2022 for all types of users, implementing the Supports *ter* Law Decree. Starting on 1 January 2022, the resolution called for the elimination of the ASOS and ARIM tariff components for all users, supplementing what was already ordered in Resolution 635/2021 for Q1 2022.

On 18 March, Italian Law Decree 21 of 21 March 2022 was approved (**the “Price Cuts Law Decree”**). Specifically, the decree establishes:

- ❑ an increase in tax credits on the cost of electricity and gas, already recognised in Italian Law Decree 17/2020. New tax credits are also established for other types of companies that utilise electricity and gas.
- ❑ an increase in the ISEE ceiling for access to the social bonus (from € 8 thousand to 12 thousand) for the period from 1 April to 31 December 2022. This includes approximately 1.2 million more families with respect to the previous provision.
- ❑ possible verification of price levels for widely used goods and services by the Guarantor to monitor the prices established in 2007 by the MED. The Guarantor may also request data, news and specific information from companies regarding the reasons that led to price changes. The results of the analysis are then made available to the Antitrust Authority (AGCM). If no response is received within 10 days of a request, an administrative fine is applied ranging from a minimum of € 500 to a maximum of € 5,000;
- ❑ holders of gas supply contracts for the Italian market must inform MiTE and ARERA of existing contracts and new contracts signed in the future, as well as amendments made to them;
- ❑ instalment arrangements for utility bills of up to two years, which can be requested by companies with registered offices in Italy and by end users of electricity and natural gas from their suppliers for energy consumption between May and June 2022, with the maximum number of monthly instalments not to exceed 24.

Electricity and gas resellers, including producers, must pay a sum in the form of an extraordinary contribution by 30 June 2022. The methods of payment are established through a provision issued by the Director of the Revenue Agency.

The taxable base for the extraordinary contribution consists of the increase in the balance between transactions receivable and transactions payable for the period from 1 October 2021 and 31 March 2022, with respect to the balance for the period from 1 October 2020 and 31 March 2021. The contribution is applied in the amount of 10% (subsequently increased to 25%) if this increase exceeds 5,000,000. The contribution is not due if the increase is less than 10 percent. There is also a ban on transfer to end users: for the period from 1 April to 31 December 2022, entities required to pay the contribution must inform the AGCM of the average purchase and sales prices for electricity, natural gas and methane by the end of each calendar month, as well as those for petroleum products, related to

the previous month. With assistance from the Guardia di Finanza (Finance Police), the Authority evaluates the data received and any spot checks done to determine whether the conditions for adopting measures exist.

On 1 March 2022, Italian Law Decree 17/2022 (“Energy Decree”) was published in the Official Journal, containing tax provisions. In particular, for Q2 2022 the manoeuvre intended to attenuate the effects of the sharp increase in energy prices was repeated, by:

- eliminating general system charges for the electricity sector and reducing those for the gas sector;
- confirming 5% VAT for the natural gas sector;
- confirming the tax credit for energy intensive businesses;
- establishing a bonus for gas intensive businesses;
- introducing a tax credit for costs incurred by companies in Southern Italy with the aim of achieving higher energy efficiency and promoting self-production of energy from renewable sources.

Additionally, the Authority published **Memorandum 108/2022/l/com** with which it expressed its considerations on certain aspects of the draft law to convert Italian Law Decree 17 of 1 March 2022, containing “Urgent measures to contain the costs of electricity and natural gas, to develop renewable energy and relaunch industrial policies”. The areas of greatest interest include:

- the elimination of system charges for electricity users for Q2 2022 and the reduction of VAT and general charges in the gas sector. ARERA emphasised that, with the additional outlay to cover this measure, the Government’s mitigation actions have now exceeded a year and, substantially, implement a measure ARERA had been awaiting for some time - that is transferring general system charges to general taxes, which ensures greater equity in terms of contributions. The measure has positive effects on seller companies as it reduces the need to provide financial guarantees. ARERA also noted that, throughout the period, the incentive system for renewable sources and other support mechanisms normally covered by general system charges were in any case handled using financial resources from the government budget, rather than from utility bills. The Authority proposed a programme to progressively make “structural” the covering of general system charges with resources not obtained through utility bills;
- strengthening security in terms of natural gas supplies at fair prices. In this area, ARERA hopes that all consumers can benefit from any gas acquired from the GSE with long-term purchase contracts and not transferred through procedures entrusted to the same GSE Group. ARERA hence suggests that this energy be sold to the market, with any amounts deriving from price differentials returned through specific fees;
- ARERA hopes that immediate and extraordinary action will be taken to increase the availability of additional gas volumes from gas pipeline interconnection points not connected to the European gas pipeline network and in LNG regasification terminals.

On 21 April 2022 the Law converting the Energy Law Decree was approved definitively; this contains urgent provisions to limit the costs of electricity and gas, develop renewable sources and relaunch industrial policies.

Subsequently the Authority published Resolution 141/2022/R/COM with which, in relation to the second quarter of 2022 it cancels the general system charges and confirms the bonus and the supplementary component as already laid down for the first quarter.

ARERA published Resolution 188/2022/R/com with which, implementing what was provided for in article 6 of Italian Law Decree 21/2022 which raises for the period from 1 April 2022 to 31 December 2022 the ISEE threshold for accessing the bonus to € 12,000, defines preliminarily the technical methods for the information exchange by INPS to the Operator of the Integrated Information System (IS). The resolution postpones to a possible subsequent measure, after conversion of the Law Decree into a law, the definition of the applicative methods for the disbursement of these social bonuses to the new right holders. The resolution identifies a new “benefit class”, additional with respect to those already existing, corresponding to family units with an ISEE between € 8,265 and equal to or less than € 12,000, less than 4 children and which do not receive Citizenship Income/Citizenship Pension.

The **Italian Law Decree of 17 May 2022** (the “Aid Decree”) was published in the Official Journal and has been in force since 18 May. Art. 1 states that also for the third quarter of 2022 the benefits recognised on the basis of the ISEE value are to be redetermined by ARERA with a resolution to be adopted by 30 June 2022. Paragraph 2 specifies the offsets to be made by the end of December 2022.

Subsequently following Resolution 188/2022, with Resolution **245/2022/R/com** ARERA published further preliminary provisions in relation to article 6 of Italian Law Decree 21/22 converted with amendments into Italian Law no. 51 of 20 May 2022 which raises for the period from April to December 2022 the ISEE threshold for accessing the bonus to € 12,000. In particular, ARERA ruled that the perimeter of application of the aforementioned article 6 must be understood as extended to all DSUs (Dichiarazione Sostitutiva Unica - Single Substitutive Declarations) presented during the year 2022 and therefore also for family units that presented a DSU in the first quarter of 2022 (that is before the effects of the Law Decree). The bonus will be calculated automatically with reference to the new benefit classes.

Implementing the provisions of Italian Law Decree no. 80 of 30 June 2022, which lays down for the third quarter:

- the confirmation of the reduction to zero of the general system charges in the electricity sector;
- the confirmation of VAT on gas at 5% and the reduction of the general charges in the gas sector;
- the confirmation of the supplementary social bonus and the implementation of the new provisions for the whole of 2022;
- the identification of the GSE in “coordination” with Snam, as the subject of last instance for filling the gas storages and the expansion of the SACE guarantee to companies that store natural gas;

ARERA, with the quarterly update resolutions, adopted the measures that it was responsible for.

Finally, ARERA confirmed, also for the third quarter, the measures aimed at limiting the costs of electricity and natural gas for the third quarter of 2022. In particular, with Resolution 295/2022/R/com the reduction to zero of the general system charges in the electricity sector was confirmed.

#### **Social bonus**

As provided for in Italian Law Decree 124/19, ARERA published Resolution 63/2021/R/com, subsequently supplemented by 257/2021/R/com, which governs the new method of disbursing the economic bonus from 2021. The new rules, coming in the wake of a series of focus groups and consultations organised by ARERA, allow final customers in difficult circumstances to automatically receive the discount in their bills without having to specifically apply for them.

The new bonus disbursement process gives a central role to INPS, which has to identify the benefit recipients, and to the IIS, which has to identify the supply to be supported and ensure that the benefit targets only the household and year in question.

The Authority also introduced a series of other measures to regulate the disbursement of the residual bonus accruals for 2020 and the disbursement of the recovery of the accruals, due for the first months of 2021 but still unpaid since the new rules only came into force for sales operators from 1 July 2021.

Intended to cap the supply spending increases expected in the fourth quarter of the year, the subsequent Resolution 396/2021/R/com introduced an additional social bonus for the billing period from 1 October until 31 December 2021. With the subsequent Resolutions 635/2021/R/com and 141/2022/R/com, ARERA confirmed the supplementary social bonus for the entire first half of 2022.

#### **Gradual protection service for micro-businesses**

The Authority, with Resolution 208/2022/R/eel defined the regulation of the Gradual Protection Service (GPS) for micro-businesses pursuant to Italian Law n° 124 of 4 August 2017 (“annual law for the market and competition”) and the methods of assigning the same, in order to guarantee continuity of the supply to micro-businesses connected in low voltage that are without a contract at free market conditions starting from 1 January 2023.

The service involves:

- ❑ micro-businesses that fulfil cumulatively the following conditions:
  1. they have less than ten employees and an annual turnover of not more than € 2 million,
  2. they are holders of withdrawal points all connected in low voltage with contractually committed power of up to 15 kW;
- ❑ other final non-domestic customers different from the micro-businesses, in any case holders of withdrawal points all with contractually committed power of up to 15 kW.

The GPS is activated for the above customers which as of 1 January 2023 are not holders of a supply contract at free market conditions, including customers still supplied in greater protection. The first period of assignment of the GPS for micro-businesses has a duration of 4 years.

The structure of the economic conditions that will be applied to the customers is similar to that of the Gradual Protection Service for small businesses. The tender procedures will be performed according to the model of simultaneous iterative ascending auction, in which an auctioneer (Single Purchaser) will be present and will indicate in each session and for each area (12 territorial areas) the current price (the current price is the price, expressed in euro cents/POD/year, announced in each session by the auctioneer, in exchange for which the active participants offer to provide the gradual protection service for micro-businesses in the territorial area). A maximum ceiling on the economic offer in €/MWh is provided for; this is differentiated for each territorial area and will be made known at the same time as the results of the tender procedures, while a minimum limit is not provided for. In the case of persistent parity among several offers for a given territorial area, lots will be drawn electronically, preventing a single operator from obtaining by lot a plurality of territorial areas. The Authority ruled that each participant may be awarded a maximum number of 4 areas, corresponding to 35 % of the total number of territorial areas. If there are no bids in the auctions, the Single Purchaser will hold a remedial auction removing the ceiling of awardable areas. The greater protection provider will be required to take charge of the service in the event of default of the operator selected in the tender or in the event of a tender without participants.

The GPS providers are required to present to the Authority a report, by 30/11/2022 from the publication of the results of the tender procedure, according to a standard model to demonstrate that they possess organisational resources and a corporate structure adequate for the purpose of providing the gradual protection service in the territorial areas assigned. This standard model was defined by Determination 2/2022-DMRT. The report must be periodically updated by 31 July 2023, 31 January 2024 and 31 January 2025

The timings for making available to participants in the tender procedures all the information necessary for formulating the offer and for performing the tender procedures are:

- ❑ by 14 June: the Single Purchaser will make the information available to participants with provincial details necessary for formulating the offer;
- ❑ by 30 May: the Single Purchaser will publish on its website the Regulation for the performance of the auctions;
- ❑ beginning of September: the date of the auctions will be defined by the SP in the Regulation so that a minimum interval of at least two and a half months will be guaranteed, with respect to the term within which the pre-procedure information is made available to participants (14 June).

As provided for in Annex B to Resolution 208/2022, on 30 May 2022 the Regulation and the related annexes governing the competitive procedures for assigning the gradual protection service for micro-businesses was published on the Single Purchaser’s website.

By 10 June 2022 Acea Energia presented an application for participation and on 14 June 2022 the Single Purchaser made available the pre-procedure information. Single Purchaser concluded the verifications of the request to participate in tenders for the assignment of the gradual protection service for micro-businesses, confirming that Acea Energia meets the minimum eligibility requirements for the procedure envisaged by the Regulation.

**Provisions for strengthening the disclosure obligations of the commercial conduct code to the advantage of final customers in the retail market**

This past 30 June, the Authority published **Resolution 289/2022/R/com** which provides for both the adjustment of the Commercial Conduct Code to the provisions of Italian Legislative Decree 210/2021 for supplies of electricity on the subject of contractual rights of final customers and the monthly updating of the spending estimate of offers at variable price and of the protection services present in the Comparability Sheets for supplies of electricity and natural gas. The provisions will come into force on 1 October 2022.

Specifically:

- Q with reference to art. 5, paragraph 6, of Italian Legislative Decree 210/21 on the subject of methods for communicating withdrawal on the part of the final customer, not amend the regulation owing to the compliance of the said regulation with the aforesaid provisions;
- Q with reference to the provisions of article 5, paragraph 8, of Italian Legislative Decree 210/21, supplement the supply contract and the Summary Sheet, in the part related to the methods and terms for payment of the bills, introducing the reference to the current legislation so as to make explicit and transparent the information for the final customer in relation also to any charges connected with a chosen method of payment observing the criteria of the primary legislation;
- Q with reference to the provisions of article 5, paragraph 11, of Italian Legislative Decree 210/21 supplement the content of the section “Complaints, dispute resolution and the consumer’s rights ” in the “Other information” box of the Summary Sheet adding the information on the rights connected with the universal public service obligations of electricity sellers;
- Q with reference to the provisions of article 7, paragraph 5, of Italian Legislative Decree 210/21, on the subject of informing the final customer of the possibility for electricity sellers to impose on final customers the payment of a sum of money in the case of early withdrawal from a temporary or fixed-price electricity supply contract observing the application criteria provided for in Italian Legislative Decree 210/21 itself, provide further details on the subject, in the light of the contrary observations received from the consumers’ associations that expressed the need to provide final customers with an informative framework as transparent, clear and comprehensible as possible on the option for the seller to demand payment of a sum of money in the case of early withdrawal from a temporary or fixed-price electricity supply contract and the related criteria;
- Q with reference to the change in the calculation of the annual spending estimate of offers at variable price, including protection services, on the Offers Portal, confirm the monthly and no longer quarterly update of the forward indices. In order to guarantee the maximum consistency between the Authority’s Offers Portal and the informative material delivered by sellers to final customers at the pre-contractual stage provide for a monthly frequency of updating the annual spending estimate of the protection services. On this point Arera accepted partially the operators’ observations providing for a term of 7 working days instead of the 5 working days originally suggested from the publication of the said estimate for updating the Comparability Sheets to be delivered to final customers.

**Network losses**

With Resolution 449/2020/R/eel the Authority amended the regulation on network losses for the three years 2019-2021:

- Q reducing the commercial loss factor recognised in LV which for Areti goes down from 2% to 1.83% valid from the equalisation accruing to 2019 and, as a consequence, the percentage of standard loss to be applied to withdrawals of LV final customers which, from 1 January 2021, goes down from 10.4% to 10.2%;
- Q awarding to the DSOs, for the three years 2019-2021, an equalisation amount equal to the lower between the value obtained counting the energy lost with the selling price to higher protection providers (PAU) differentiated by month and by band and that obtained from the annual average PAU;
- Q it does not introduce for DSOs the process of ensuring greater efficiency of commercial losses, unlike what was anticipated in the consultation;
- Q introduces a mechanism for recognising non-recoverable fraudulent withdrawals on an application by the companies - to be presented in 2022 with reference to the three years 2019-2021 - after checking the existence of the following requisites:
- Q the total result of the equalisation in the three years 2019 - 2021 must be to the debit of the company;
- Q the condition pursuant to point 1. must be aggravated by non-recoverable fraudulent withdrawals attributable to the following cases:
- Q cases for which interruption of the supply can cause public order problems or put at risk people present in the place and the operating personnel tasked with carrying out the disconnection and for which there is a formal report to the competent authorities;



- ❑ cases of buildings occupied abusively for which there are measures of public authorities that prevent interruption of the supply.
- ❑ if the fraudulent withdrawals are in part estimated, it is necessary to specify the estimation criteria adopted, justify their validity and the results through measurements – for a period of at least 6 months - on a representative sample of 10% of the estimated withdrawals;
- ❑ fixes a cap on the amount payable to the company equal to the reduction to zero of the total penalty over the three years 2019-2021.

The Authority published Resolution 117/2022/R/eel with which it completes the rules related to the regulation of electricity losses on the transmission and distribution grids for the two years 2022-2023.

In particular, Arera confirms the intention expressed in DCO 602/2021/eel to provide for a process of making commercial losses more efficient rendering it however more precautionary, providing for a 4% reduction for both 2022 and 2023 and bringing the percentages respectively to:

- ❑ 1.77% in the Centre zone for 2022;
- ❑ 1.72% in the Centre zone for 2023.

A price control mechanism is introduced; this is to be used to determine the loss delta in each of the two years and, for only 2022, it provides for a guarantee clause to protect distributor companies which recognises an equalisation equal to the maximum between zero and the result that would be obtained using the conventional percentage loss factors applied for the three years 2019-2021, if the total economic result equal to the difference between the equalisation balance and the revenues obtained from the tariff regulation of the reactive energy pursuant to paragraph 24.2 of the TIT is positive (net debt position);

The Authority also extends the mechanism for recognising “non-recoverable” fraudulent withdrawals also to the years 2022 and 2023. The conventional percentage standard loss factor to be applied to the electricity withdrawn at the withdrawal points on the low voltage grids is finally set, starting from 1-Jan-2023, at 10%.

On 31 May 2022 Areti presented to the Authority an application for recognition of the 2019-2021 network losses attributable to non-recoverable fraudulent withdrawals, under the terms of art. 31 of the TIV.

#### **Continuity of the service**

With the Integrated Text on output-based regulation in force from 1 January 2020, the Authority introduced the possibility for the DSOs to present regulatory experiments to improve the service quality in particularly critical contexts. A specific feature of these experiments is the suspension of the penalties for the experimental period and their non-retroactive application if the target levels for the indicators of number and duration of interruptions without notice, set by the current regulations, are achieved.

In this context, Areti presented its proposal, outlining a process for improving the technical quality indicators different from that defined by the ordinary regulation. This proposal was approved by the Authority with Determination 20/2020 of 20 November 2020.

Very briefly, the measure postpones to 2024 the calculation of the bonuses and penalties for the entire four-year period 2020-2023 and provides for the activation of an additional bonus mechanism if the target proposed at 2023 is achieved and the effective annual levels achieved are better than those proposed in the experimentation. Two specifications:

- ❑ the total bonus obtained cannot be more than that achievable in the ordinary regulation;
- ❑ in the event of non-achievement of the improvement commitment indicated, Areti must pay any penalties that it would have incurred in the four-year period, in the absence of an extension.

As regards the 2019 accrual, the national service continuity results were made known with Resolution 462/2020/R/eel; these confirmed for Areti a penalty of € 5.4 million.

#### **Energy efficiency certificates and tariff contribution awarded to distributors**

On 14 July 2020, Resolution 270/2020/R/efr was published; this contained the new rules for defining the tariff contribution to cover the costs incurred by DSOs with regard to obligations arising from the mechanism of energy efficiency certificates. The measure confirms the value of the cap on the tariff contribution of € 250/EEC and introduces, starting from the current obligation year, a consideration additional to this contribution, to be awarded to each distributor for each EEC used to comply with its obligations. On the one hand, ARERA repeats that it considers the cap an instrument necessary to limit the changes in market prices, on the other, it considers opportune to provide for an additional consideration in support of distributors in the light of the economic losses that they are forced to incur owing to the scarcity of EECs available. On 13 October 2020 the Company presented an appeal for cancellation of the resolution.

The resolution, in addition, introduced the possibility of requesting from CSEA the extraordinary consideration in advance of 18% of the specific target for the 2019 obligation year, in order to finance distributors which having already acquired EECs at the beginning of the period, then suffered the negative effects of the extensions of the end date of the obligation year laid down in the Italian Relaunch Law Decree (30 November 2020). Areti submitted an application on 31 August 2020.

In December 2020, Resolution 550/2020/R/efr confirmed the value of 250 €/EEC for the tariff contribution awarded for the 2019 obligation year and fixed at 4.49 €/EEC the value of the additional consideration.

In view of the continuous increase in prices once again during the first half of 2021, the main sector associations sent a letter to the MiTE, urging the adoption of urgent measures, especially regarding the correction for the current year, and reimbursement of the extra costs.

On 31 May 2021, the Decree of the Ministry for the Ecological Transition was published in the Official Gazette, containing the “Determination of national energy saving targets that could be pursued by electricity and gas distribution companies for 2021-2024 (so-called white certificates)”.

**Examination of the financial items relating to electricity destined for the states enclaved in the Italian state**

Pursuant to resolution 58/2019/E/eel, the Authority initiated a fact-finding investigation in relation to Acea Energia with the aim of acquiring information and useful data concerning the management of the financial items relating to electricity destined for the enclaved states.

In accordance with this Resolution and pending the conclusion of the aforementioned investigation, the Authority has specified to the Italian Energy and Environmental Services Fund that it should proceed on a transitional basis and subject to adjustment with the equalisation of the costs incurred by Acea Energia for 2017 for the purchase and dispatching of electricity intended for standard-offer-market customers.

With Resolution 180/2019/C/EEL, the Authority decided to challenge the extraordinary appeal brought by the Azienda Autonoma di Stato per i Servizi Pubblici della Repubblica di San Marino for the annulment of Resolution 670/2018/R/eel (which updated the transmission tariffs for the year 2019) and Resolution 58/2019/R/eel.

Pending the conclusion of the investigation, the Authority asked the Cassa per i servizi energetici e ambiente – on a temporary basis and subject to adjustment – to suspend any disbursements relating to the equalisation of the costs incurred by Acea Energia for 2018 for the purchase and dispatching of electricity intended for standard-offer-market customers.

With Resolution no. 491/2019/E/eel the Authority closed the preliminary investigation by instructing Acea Energia and Areti on the actions to be taken by the end of 2019. Acea Energia informed the Authority that it had complied with the requirements. Resolution 491/2019/E/eel, moreover, gave a mandate (i) to Terna, the relevant distribution companies and CSEA to recalculate the charges for withdrawals by the enclaved states by applying the criteria highlighted in the preliminary findings attached to the same resolution (ii) to the Director of the Sanctions and Commitments Department of the Authority for the documents resulting from the evidence found. As a result of this, with subsequent Determination 5/2020/eel, ARERA initiated two sanction proceedings against Acea Energia and Areti, respectively. On 12 June 2020, Acea Energia sent ARERA its proposal of commitments, including waiver of the amount receivable accrued in relation to the system, payment of compensation to ARERA and the obligation to send two-monthly reporting for a period of ten years.

With Resolution 262/2021, ARERA partially amended the methods for carrying out the recalculation activities indicated in Resolution 491/2019 and CSEA then sent the definitive recalculations to Acea Energia on 12 July 2021. Subsequently, ARERA published its resolution 150/2022/S/eel with which it provisionally accepted the proposal of commitments submitted by Acea Energia. Then began the phase during which third parties could submit their comments, to which Acea Energia must respond. After this phase, ARERA will publish the resolution of final approval of the commitments, thus ending the sanctioning procedure.

With Resolution no. 576/2021 ARERA amended the regulation concerning the financial items relating to electricity destined for the enclaved states, with the aim of bringing it into line with the principles of national regulation. In particular, the Authority intervened on transmission and transport fees, on dispatching and on the regulation of imbalances.

Lastly, note that on 27 July 2022, with Resolution 354/2022/S/eel “Approval of the proposal of commitments submitted by Acea Energia S.p.A. and closure of the relative sanctioning procedure”, ARERA accepted the commitments proposed by Acea Energia.

**Law Decree no. 4 of 27 January 2022, converted into Law no. 25 of 28 March 2022 “Urgent support measures for companies and economic operators, employment, health and territorial services, associated with the COVID-19 emergency, and for the containment of the effects of price increase in the electricity sector”**

With article 15-bis of the so-called Supports *ter* Law Decree, the Government introduced a specific measure so that operators producing renewable energy can contribute to containing energy costs. For the period between 1 February 2022 and 31 December 2022, a two-way offsetting mechanism was introduced on the price of electricity issued by some types of production plants powered by renewable sources, with an obligation of payment to the fund for energy and environmental services (CSEA).

Between 1 February 2022 and 31 December 2022, this mechanism is applied in reference to the electricity fed into the network by the following plants:

- ❑ photovoltaic plants exceeding 20 kW which benefit from fixed premiums deriving from the feed-in tariff mechanism, not dependent on market prices;
- ❑ plants exceeding 20 kW powered by solar, hydroelectric, geothermoelectric and wind which do not access incentive mechanisms, that went into operation prior to 1 January 2010.

The parties responsible for the plants must pay the difference between a benchmark price, equal to the one indicated in the decree, and a market price that varies on a case-by-case basis. In late June 2022, ARERA adopted article 15 bis of the Supports-ter by publishing resolution 266/2022/R/eel.

**Environmental Regulation**

Following consultation document 351/2019, on 31 October 2019 ARERA approved Resolution 443/19 containing the first integrated waste management service tariff method 2018-2021.



With reference to the WTM – Waste Tariff Method, the new rules define TARI fees to be applied to users in 2020-2021, the criteria for the costs recognised in the current two-year period 2018-2019 and the reporting obligations.

As in other sectors subject to regulation, the new waste tariff method refers to ex-post data referring to certain accounting sources (financial statements) for the year Y-2 and applied to year Y (including indications of adjustments that permeate the entire algebraic structure of the method) and no longer to forecast data.

The new ARERA method applies a hybrid approach, borrowed from other service regulations like electricity and gas, with a different treatment of capital costs and operating costs. Namely:

- Capital costs recognised according to a regulation scheme of the rate-of-return type;
- Operating costs with the application of incentive regulation schemes and the definition of efficiency targets on a multi-annual basis.

Furthermore, as already anticipated in the consultations, the method calls for tariff limits to revenue growth in addition to the introduction of four different schemes that can be adopted by local authorities and operators with respect to the objectives of improving service. More specifically, the method regulates the phases of the integrated waste service as identified: street sweeping and washing, collection and transport, treatment and recovery, treatment and disposal of municipal waste, tariff management and user relations.

In this first definition of the tariff method, ARERA maintained the algebraic structure of the method established by Italian Presidential Decree 158/1999, including tariff factors corresponding to additional components for the determination of the fees, some of which are as follows:

- Limit to the overall growth of tariff revenues, with the introduction of a limit factor for annual variation that also takes into account efficiency gains and productivity recovery;
- an asymmetric approach that takes into account in the measurement and in the calculations of the single cost components: 1. service improvement objectives established at a local level and 2. the possible extension of the operational perimeter; these parameters determine the positioning of the individual operation within a tariff matrix, as follows;
- Sharing factor in relation to revenues from the sale of material and energy from waste (between 0.3 and 0.6), and in relation to CONAI revenues (between 0.1 and 0.4);
- Introduction of an adjustment component for both variable and fixed costs, defined as the difference between the revenues relating to the variable and/or fixed cost components for the year Y-2 – as redefined by the Authority – compared to the tariff revenues calculated for the year Y-2. In the recognition of 2018-2019 efficient costs, this component is modulated through a coefficient of gradation and provides for the payment for the recovery of any deviations through a number of instalments, up to 4;
- introduction of two different rates of return on net invested capital (WACC) for the service of the integrated waste cycle and a differentiated rate of return for the enhancement of current assets. Regarding the WACC of the integrated waste cycle for the period 2020-2021, it is defined as 6.3%. To this value is added a 1% increase to cover the costs arising from the time lag between the year of recognition of investments (Y-2) and the year of tariff recognition (Y), known as the time lag.

In order to take into account the different territorial starting conditions, the Regulator, as happened previously in the water sector, introduced a methodology that defines the criteria for the quantification of the tariffs within a regulation of an asymmetrical nature, where four different types of tariff schemes are provided for. In the context of these each competent subject can identify the most effective solution,

according to its objectives of qualitative improvement and operational development at the moment applicable to the operators of the first part of the integrated waste service chain, in particular in the phases of road sweeping and washing, and collection and transport. The EFP (Economic and Financial Plan) remains the tool of reference for the development of the integrated cycle and for the calculation of TARI tariffs and is prepared by the “integrated waste system operator”, where it is also the Municipality, while “the operators who manage parts of the supply chain make their data available to those who prepare the EFP for the correct elaboration of the entire Plan”.

With regard to the Integrated Text TITR - 444/2019/R/rif - Provisions on transparency in the management of urban and similar waste, it is specified that this text defines the provisions on transparency of the management of urban and similar waste for the regulatory period 1 April 2020 -

31 December 2023. The scope of the intervention includes the minimum information to be made available by the integrated cycle manager through websites, the minimum information to be included in collection documents (payment notice or bill) and individual communications to users concerning significant changes in operations.

With Resolution 138/21, ARERA started the procedure for updating the WTM (the “WTM-2”), which will be effective from 2022 and in which also establishes the methodology for defining the so-called “gate tariffs”, which will have a direct impact on the operation of some of the Company’s plants.

With Determination 01/DRIF/2021, the Authority began collecting data on treatment plants in the unseparated waste chain (D10 and R1 incinerators, mechanical/mechanical-biological treatment, and landfills). The Company duly responded within the required deadline.

Consultation Document 196/21 on gate tariffs was also published, offering clarification on the regulatory scope envisaged by the Authority: ARERA is therefore currently inclined towards including all the plants that manage urban waste, with the exception of those that are “connected with recycling chains, focused on materials recovery, managed by chain consortia (funded by contributions from

member companies) or by other entities, and with whom municipalities may sign specific agreements to cover the charges incurred for separate waste collection”.

Lastly, with Resolution 363/2021/R/RIF, the Authority approved the method for determining tariff revenues for delivery of the integrated urban waste management service, or the individual services that constitute it (such as the recovery/disposal service, carried out directly by the Company), applicable to the years 2022-2025. In this context, the Waste Tariff Method for the second regulatory period “WTM-2” was approved, providing for the determination of treatment plant access tariffs, but only for plants identified as “minimum plants” in the context of area planning. The operators of these minimum plants will therefore have to prepare the Economic and Financial Plan for the period 2022-2025 in accordance with the recommendations of the above WTM-2.

As far as the publication of the four European directives is concerned, they provide for amendments to six European directives on waste, namely:

- Q Directive 2018/851/EU, amending the so-called mother directive on waste 2008/98/EC;
- Q Directive 2018/850/EU, amending the landfill directive 1999/31/EC;
- Q Directive 2018/852/EU, amending the packaging directive 94/62/EC;
- Q Directive 2018/849/EU, amending the directive on end-of-life vehicles 2000/53/EC, the directive on batteries and storage 2006/66/EC and the directive on waste electrical and electronic equipment, the so-called WEEE 2012/19/EU.

In short, the primary new development that these measures bring to environmental legislation concerns the percentages of separate collection to be achieved in the coming years, in particular up to 2035 (though establishing intermediate steps from 2020 to 2030 and from 2030 to 2035), namely:

- Q urban solid waste: the target is to recycle at least 65% by 2035, with intermediate stages of 55% by 2025 and 60% by 2030;
- Q packaging: the goal is to recycle at least 65% by 2025 and 70% by 2030;
- Q landfills: the objective is to limit the entry of waste into landfills to a maximum of 10% by 2035. To this end, Member States must endeavour to ensure that by 2030 all waste suitable for recovery or recycling – in particular municipal waste – is not landfilled, with the exception of waste for which landfilling is the best environmental option. On the subject of landfills, the introduction of article 15-ter to the 1999 directive established that the Commission shall adopt implementing acts to determine the method to be used to determine the permeability coefficient of landfills locally and throughout the area. And the introduction of article 15-quater confers on the Commission the task of adopting implementing acts to develop a criterion for waste sampling (until the concrete enactment of this new method, Member States use the national systems currently in place);
- Q separate collection of household waste: important changes are foreseen for the separate collection of household waste, such as textile waste, organic waste and hazardous household waste, not always collected separately at this time;
- Q waste prevention measures: the directives state explicitly that Member States must take a series of measures to prevent the production of waste upstream, such as domestic composting and the use of materials obtained from organic waste, to encourage the production and marketing of goods and components suitable for multiple use, and to provide financial incentives to encourage such virtuous behaviour.

These targets may be revised in 2024 (especially in view of the fact that they are considered excessively ambitious for some States that, for example, currently frequently use landfills). In this sense, the legislature therefore stated that, recognising the significant differences in treatment between different States, it will be possible to grant an extension up to a maximum of 5 years for States that in 2013 prepared for reuse and recycled less than 20% of urban waste or landfilled more than 60% of urban waste).

In compliance with the above European Delegation Act, the following laws have been approved: Italian Legislative Decree 116/2020 on waste and packaging, Italian Legislative Decree 118/2020 on waste batteries and accumulators (RPA) and waste electrical and electronic equipment (WEEE), Italian Legislative Decree 119/2020 on end-of-life vehicles and Italian Legislative Decree 121/2020 on landfills.

Finally, the rewording of article 6 of Directive 98/2008/EC on the cessation of the qualification of waste (End of Waste) deserves a brief comment. In particular, with the new amending resolution, the European law requires Member States to take appropriate measures to ensure that where a substance or article meets the requirements for End of Waste it cannot be classified as waste.

More specifically, having regard to the competence of the European Commission to define the general criteria for the uniform application of End of Waste conditions, it is established that if the latter does not do so for certain types of waste, Member States may establish detailed EoW criteria for certain types of waste that must take into account all the substance's or object's possible adverse effects on the environment and human health and meet the EoW requirements of the directive. Such decisions must be notified to the Commission by the Member State.

Moreover, the same resolution also states that Member States may decide on a case-by-case basis or take appropriate measures to verify that certain wastes have ceased to be such under the conditions set out in the directive, where necessary reflecting the EU EoW criteria and taking into account limit values for pollutants and all possible adverse effects on the environment and human health. Such decisions taken on a case-by-case basis need not be notified to the Commission.

Finally, on the subject of EoW we can note the amendment approved on 6 June 2019 and included in the Decree known as the “Reopen Building Sites Decree” (Italian Law Decree 32/2019, converted with Italian Law no. 1248). In particular, the rule establishes that pending the adoption of one or more decrees containing the EoW criteria for specific types of waste, ordinary permits for waste recovery plants must be granted on the basis of the criteria indicated in the measures governing simplified waste recovery (Ministerial Decree 5 February 1998, Ministerial Decree 161/2002 and Ministerial Decree 269/2005) “for the parameters indicated therein, for the

parameters relating to the type, origin and characteristics of waste, recovery activity and characteristics of what is obtained from these activities". Ordinary permits must, on the other hand, identify the necessary conditions and requirements "regarding the quantities of waste admissible to the facility and to be subjected to recovery operations".

The Ministry of the Environment (now the Ministry for the Ecological Transition) is authorised to issue specific guidelines "by decree not of a regulatory nature" for the uniform application of the regulations throughout the country.

### **Scenario of reference for ESG (environmental, social, governance) aspects**

#### **Sustainable development**

2021 saw the start of the revival of economic-productive systems, the resumption of social relations towards the "new normal" that follows the discontinuity generated by the health crisis. The pandemic emergency has joined the climate-environmental crisis, in a reciprocal relationship of causes and effects, with repercussions on the social context that still condition the scenario of future sustainability. It was also characterised by the careful management of the pandemic through vaccination campaigns, the continuation of remote work, the introduction of prevention and population monitoring systems to maximise safety while returning to work and social activities. It was also the year in which new criticalities emerged: in health, with the spread of new variants of Covid, social, with the rise in energy prices due to the cost of gas, and environmental, with the recording of increased levels of climate-changing emissions. 2022 is the year of the conflict between Russia and Ukraine which generated serious repercussions not only at the humanitarian level, but also at the economic level, with a considerable impact on the global financial markets.

In Italy, the Asvis report indicates that progress towards sustainable development is still uneven, despite several important initiatives, such as the project to integrate the protection of the environment, biodiversity and ecosystems, also in the interest of future generations, into the fundamental principles of the Constitution and the regulation at national level in relation to equal pay for men and women. In this context, essential service companies, close to the dynamics experienced by the territory, feel the solicitations and suggestions emerging from regulatory frameworks, such as the European Environmental Taxonomy, and managerial frameworks, with the spread of concepts such as stakeholder capitalism or "sustainable success" for listed companies.

#### **Standards in the reference markets at a local, national and supra-national level**

The regulatory context of the Acea Group is wide-ranging and articulated according to the specificity of the businesses handled and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations, from administrative authorisation profiles to those protecting the market and competition. Added to such aspects are the specific features of being a listed Company, with the related legal impacts, for example, in terms of regulating communications to the market. The regulatory scenario is therefore analysed from a multidisciplinary viewpoint, applying a 360° overview and continuous interpretative analysis, in order to detect developments of particular significance, thus identifying and assessing risks and opportunities in terms of strategy and operating management.

Among the issues worthy of mention, note should be taken of the measures introduced through Italian Law Decree 77/2021, the so-called "Simplification *bis* Decree", containing "governance for the National Recovery and Resilience Plan (NRRP) and initial measures to strengthen administrative structures and accelerate and streamline procedures", converted by Italian Law 108/2021. This is a package of structural reforms and investments for 2021-2026, intended to accelerate the implementation of the work called for in the Recovery Plan, strengthening administrative structures, streamlining procedures and establishing governance rules for the same.

The Decree also makes changes with regards to public tenders, in that the provisions do not exclusively affect the ordinary regulatory framework for public contracts (Code of Public Contracts, Italian Legislative Decree 50/2016), but also amend the emergency derogation rules such as "Reopen Building Sites" (Italian Law Decree 32/2019) – and the "Simplification Decree" (Italian Law Decree 76/2020), established to respond to the crisis caused by the pandemic. Finally, special attention was paid to Italian Law Decree 2469 "Draft 2021 annual market and competition law" with provisions to promote the development of competition, remove obstacles to opening markets and guarantee consumer protection.

#### **Environmental and energy impacts**

The natural environment is the scenario where the activities of the Group are performed and is to be preserved with a responsible and efficient use of resources, protecting sources, safeguarding the natural areas where the plants and service networks encroach, mitigating the physical and the external impacts generated in the ecological context of the operating processes. Despite the global adoption of periods of economic downtime or slowdown to limit the spread of Covid-19, Overshoot Day, when the Earth depletes its available renewable resources for the current year, arrived on 29 July in 2021, as it did in 2019, compared to a later arrival in 2020 (22 August). Nationally, this limit was reached on 13 May 2021, one day earlier than the previous year.

The global environmental outlook was the subject of COP26 in Glasgow. In this meeting, in which Italy served as a guide and co-leader, critical issues were examined and important decisions were taken. The 196 countries adhering to the UN Convention on Climate Change, although with results lower than expected, shared important goals, such as keeping the temperature increase to within 1.5° compared to the pre-industrial period, new and binding commitments towards decarbonisation, the cessation of deforestation by 2030 and the reduction of methane losses by 30%. It was also decided to double international funding for adaptation projects, especially in countries most vulnerable to the impacts of climate change, and a programme to define the "Global Goal on Adaptation" was approved; this will identify indicators to monitor the adaptation projects of individual countries. The European Union has continued its work to regulate, through Regulation 852/2020, the Taxonomy of eco-compatible activities with the aim of guiding private investment towards the promotion of an environmentally sustainable economy.

In 2022, the work of the Taskforce on climate-related financial disclosure (hereafter TCFD) continued, which promotes companies' reporting on climate change-related risks and opportunities and the description of impacts that these have on the company, so as to meet the expectations and needs of investors. Of particular importance in this context are the scenario analyses that companies are called upon to perform in order to assess the future impacts that the climate-related risks/opportunities generate on the company's business.

### Climate change

Sensitivity to the evolution of climate change and its effects on the businesses managed is a well-established theme at international level, which is also reflected in a greater demand for information in the annual financial report. Although there is no international accounting standard governing how the impacts of climate change are to be considered in the preparation of financial statements, the IASB has issued certain documents to support IFRS-adopters in meeting this stakeholder disclosure requirement. Similarly, ESMA, in its European Common Enforcement Priorities of 29 October 2021, highlighted that issuers should consider climate risks in the preparation of IFRS financial statements to the extent that they are significant regardless of whether or not these risks are explicitly provided for in the relevant accounting standards.

The Acea Group describes its considerations regarding actions attributable to mitigation of the effects of climate change as well as adaptation to climate change in the non-financial statement. In this context, considering the sectors of activity in which the Group operates through its investees, the Acea Group, in continuing to define updated future plans that are currently being developed and prepared, has identified certain risks arising from the current process of mitigation and adaptation.

The following is a summary of the considerations made by management with reference to the aspects considered significant for the purposes of preparing the financial statements in the sectors of activity in which it operates.

With reference to the short term, the management does not detect any significant specific impacts deriving from climate-related risks, to be considered in the application of the accounting standards. In all the relevant sectors of activity, the Group pursues excellence in service provision; this entails an ongoing commitment to the development of adequate infrastructures and the evolution of their management, with the application of technological innovation and digitalisation, as well as the preservation and protection of water resources, the development of electricity generation capacity from renewable sources, the energy efficiency of production processes, the pursuit of a circular economy approach and the implementation of controls on commodities supplied to customers.

With reference to the medium/long term, the management, while continuing to define updated development plans which are currently being prepared, does not foresee any further specific considerations to be taken into account in the application of the accounting standards for the preparation of the financial statements.

It should be noted that the assessment and, more specifically, the quantification of climate-related risks requires the application of climate scenario analyses - an activity that the Group has launched - and is, however, also exposed to assumptions about highly uncertain future developments, such as future technological developments, government actions or even developments in international political balances.

For the principal sectors in which the Group operates, the main effects arising from climate change have been identified as the need to continue to invest in infrastructure to prevent and/or mitigate the impacts arising primarily from physical risks.

Management has assessed that these investments do not reduce or modify the expectation of the economic benefits associated with the use of the assets recorded under tangible fixed assets as they are investments with regulatory relevance and therefore subject to specific reimbursement mechanisms. Therefore, a critical review of the useful life of fixed assets on the balance sheet was not necessary.

With specific reference to the sale of commodities, the Group monitors the useful life of the customer base and the related accounting assessments as a potential effect of reputational risk.

With reference to the existence of risks of asset impairment, management has considered that, although actions to mitigate/adapt to climate risk entail the need to plan maintenance/evolution of plants in order to guarantee the quality of service, the safety of managed assets and the maintenance of their performance - these activities are in any case considered within the scope of the cash flow forecast used as the basis for determining value in use.

Finally, it is highlighted that legislation introduced in response to climate change could result in new obligations that did not previously exist.

Trends in raw material purchase costs along with hedging derivatives require a careful policy of monitoring requirements and price hedging. Trends in the cost of commodities as a result of the effects of climate change could make certain sales contracts costly. In addition, the unavailability of commodities could make cash flow hedges from highly probable future transactions ineffective.

Finally, with particular reference to regulated sectors, the presence of chronic physical risks could lead to a reduction in service quality resulting in liabilities for penalties.

### The Russia -Ukraine conflict

The conflict between Russia and Ukraine has generated serious repercussions not only at the humanitarian level, but also at the economic level, with a considerable impact on the global financial markets. The consequent sanctions imposed by governments all over the world on the Russian economy and the countermeasures adopted by Russia contributed to the strong upward pressure on raw material prices (with particular reference to energy, metals and agricultural products) and the significant difficulties in trade activities at the international level.

The notable increase in inflation generated by the conflict leads us to consider a probable change in the monetary policy of the main central banks around the world towards greater restrictiveness and austerity, as done by the ECB in relation to the increase in interest

rates and the purchase of the public debt of the Member States. This change of direction generates inevitably an increase in financial interest rates, to consequently impact the real economy, the investments made by individual companies, their production levels and the employment rate.

It is therefore clear that the effects of the conflict on the global economic-financial conditions can be seen not only in companies whose investments or operating activities are mainly located in Russia, Belarus and/or Ukraine or that maintain commercial relationships with third companies operating in these countries, but all companies, as they find themselves in a greatly weakened economic-financial environment with rising interest rates.

It is necessary to note that on this point the Public Statement of the ESMA of 13 May 2022, referred to in Call for Attention no. 3/22 issued by Consob on the following 19 May, deals with the effects of the Russian invasion of Ukraine on the 2022 interim financial reports prepared following the standard IAS34. The Statement therefore has the objective of providing to the administrative and control bodies of regulated companies a series of recommendations on the process of producing the accounting disclosure, with particular emphasis on the controls necessary to check for any impairment (impairment tests) of non-financial assets.

The Statement stresses that the change of strategic, commercial and financial approach of companies following the conflict increased considerably the risk of significant impacts on the carrying amount of balance sheet assets and liabilities. The Statement therefore suggests reviewing and possibly updating the considerations made for the year-end financial statements, in particular the assumptions and the hypotheses on which the calculation of the prospective flows is based and the other elements that contribute to the estimate of the recoverable value.

The ESMA then recalls that in order to assess the existence of possible indications of impairment of non-financial assets included in the scope of IAS 36 (Impairment Testing), it is necessary to consider all the information sources, of both an external and an internal nature, to assess whether the effects of the invasion of Ukraine by Russia represent possible indications of impairment of the said assets. The Statement also stresses that the considerable increase in the general level of uncertainty caused by the conflict requires a careful assessment (in the context of estimating the recoverable value using the Value in Use method) of the forecast financial data used. To this end, the ESMA believes that, according to the type of asset to be tested and the related level of risk, it may be necessary to develop multiple scenarios around the forecast data considered, supported by reasonable and realistic parameters and estimation inputs. Again, in this sense, there must in any case be consistency between the forecast data used and the assumptions associated with the same for the value checks, and between the choices and strategic plans formulated by companies following the conflict.

With reference to the discount rate used for the estimate of the recoverable value, the Statement stresses and recalls that the same must reflect the current market conditions and the specific risk characteristics associated with the specific assets subject to impairment tests (excluding the risk of assets already reflected in the forecast flows). The Statement stresses finally that the risks associated with the phenomena of rising market interest rates and the inflation rate could have an impact also on the discount rate to be used for the purpose of estimating the recoverable value of the assets to reflect the said phenomena, unless the said risks are already reflected in the calculation of the forecast flows used.

### **Development and technological innovation**

In ACEA, the Innovation, Technology & Solutions Function reports directly to the CEO and has the task of ensuring a model of innovation for the Group through the adoption of processes and approaches typical of open innovation, with the involvement of internal and external stakeholders as defined by the Industrial Plan. The search for innovative solutions to achieve long-term goals for a decarbonised economy and smart urban infrastructures continues to be a central theme in the general technological scenario. In this context it is worth mentioning the participation of Acea in Zero Accelerator, created from the collaboration of key operators, to support innovative startups and SMEs engaged in reducing greenhouse gas emissions, optimisation of the waste cycle etc., and the *Casa delle Tecnologie Emergenti* in Rome, the first permanent living lab for ideas relating to the future Rome Smart City. Collaborative networks and partnership development to explore innovative solutions, business and technology opportunities and attract talent are a focal driver for Acea's positioning in the innovation ecosystem. To this end, it has adhered to initiatives such as InnovUp (formerly Italia Startup), SEP (Startup Europe Partnership), the Open Innovation programme that connects European scaleups with corporations, and Open Italy. Acea also works with the academic world and with specific Observatories, such as the Observatories for Digital Innovation, Startup Intelligence and Space Economy, all belonging to the Politecnico di Milano. The Group's industrial areas are committed to identifying innovative and technological approaches to improve industrial processes with a view to social and environmental sustainability. This commitment is also recognised at European level, there is already access to HORIZON 2020 funding programmes for the PlatOne project, in the area of power grids, to develop cutting-edge technological solutions capable of enabling energy flexibility mechanisms and in the PROMISCES project aimed at removing very persistent, mobile and potentially toxic substances in the soil-sediment-water system (identified within the European REACH Regulation) and contributing to the goal of zero pollution and improving the protection of human health.

### **Development of personnel**

For every organisation people represent a fundamental asset to remain competitive in a changing economic and social context. During the period in which the pandemic continued to represent the most complex challenge, the ongoing commitment of people allowed the Group to manage its services at a high level, providing continuity to the business with zero interruptions and in complete safety. Acea listens to the needs of its people and develops a People Strategy based on projects and initiatives that, by enhancing the main assets of the Business Plan, meet the needs of technological innovation, corporate culture, data analysis and monitoring, full utilisation of skills and development of well-being. The issue of Diversity & Inclusion has become increasingly important for organisations and Acea promotes greater sensitivity at all organisational levels through projects, initiatives and tools for the integration of these issues

in the modus operandi of the Company and its stakeholders: in 2021 it defined a Diversity & Inclusion Plan and a Dashboard in relation to the people strategy. Through training, the main lever for personal growth, Acea enhances the skills and talents of every individual and is continuously improving managerial and digital skills. Taking care of people's well-being forms part of the Company's awareness of its responsibilities towards its employees, especially within contexts, such as those still ongoing, of specific health and social emergencies. With reference to this, Acea has developed an integrated corporate welfare system, based on listening to employees and their needs and divided into six areas: health, psycho/physical well-being, family, reconciliation measures, income support measures and complementary social security.

**Sustainable management of the supply chain**

Aware of the positive contribution that sustainable supply chain management can offer to protecting the environment, ACEA is committed to defining purchasing methods that include intrinsic characteristics of the products and aspects of the process that limit environmental impact and foster initiatives aimed at minimising waste, reusing resources and protecting the social aspects involved in the procurement of goods, services and works. In tackling this green procurement issue, Acea has been using the minimum environmental criteria in force for several years, including non-compulsory bonus aspects in its tender procedures. In order to monitor the supply chain, Acea has continued to develop the Group's Vendor Rating system aimed at analysing, assessing and monitoring the performance of suppliers of goods, services and works to increase the quality of the services rendered. Each company can contribute to promoting sustainability along the supply chain, to this end Acea has undertaken a collaboration with Ecovadis, to carry out a performance assessment on specific sustainability criteria of its partners, with the prospect of integrating the sustainability indicator within the Vendor Rating model.

**Health and safety in the workplace**

Safety as a strategy, not to be observed only for compliance purposes, is based on the desire to promote the widespread dissemination of a safety culture, involving all employees, and on the possibility of measuring and monitoring results. To this end, Acea runs awareness-raising campaigns on the issue and has adopted an advanced risk assessment model and implemented control and mitigation measures. The Group's contractors and sub-contractors, who are key partners in the implementation of its businesses, are also involved in awareness-raising and safety initiatives. Acea promotes active participation in analysing indicator trends; this aspect is often considered to be suggestive of the level of maturity of the safety culture and the culture of improvement in an organisation. A Prevention and Protection Service Coordination Committee is active within the Group. Its purpose is to share the results of safety performance, experiences, good practices and sustainable solutions to prevent accidents in the company. Safety is at the centre of numerous innovative experiments. Projects aimed at making operations in the field increasingly safe continued in the first six months of 2022, such as the development of personal protective equipment with sensors that can signal proper usage (Smart PPE). In the year the full oversight of the prevention of and protection against the risk of Covid-19 infection continued.

## Operating Segments

ACEA's macro structure is organised in corporate functions and seven operating segments: Water, Energy Infrastructure, Generation, Commercial and Trading, Environment, Overseas and Engineering and Services.



## Trend of Operating segments

### Economic results by segment

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the financial years compared in observance of IFRS 8 accounting standards. Note that the results of the "Other" segment include those deriving from ACEA corporate activities as well as inter-sectoral adjustments.

€ million 30/06/2022	Environmen t	Commercia l and Trading	Oversea s	Wate r	Generatio n	Reti ng	IP	Adjustment s	Energy Infrastructur e	Engineerin g and Services	Corporat e	Consolidatio n adjustments	Consolidate d Total
Revenues	172	1,341	44	678	92	280	24	0	304	58	70	(395)	2,364
Costs	114	1,302	29	325	40	99	25	0	123	53	91	(395)	1,681
<b>EBITDA</b>	<b>58</b>	<b>38</b>	<b>15</b>	<b>354</b>	<b>52</b>	<b>182</b>	<b>(0)</b>	<b>0</b>	<b>181</b>	<b>5</b>	<b>(21)</b>	<b>0</b>	<b>682</b>
Depreciation/amortisatio n and impairment losses	20	32	6	181	9	66	1	0	67	4	15	0	334
<b>Operating profit/(loss)</b>	<b>38</b>	<b>7</b>	<b>9</b>	<b>173</b>	<b>43</b>	<b>115</b>	<b>(1)</b>	<b>0</b>	<b>114</b>	<b>1</b>	<b>(36)</b>	<b>0</b>	<b>348</b>
Capex	18	21	2	260	19	135	1	0	136	2	13	0	470

The revenues in the above table include the condensed result of equity investments (of a non-financial nature) consolidated using the equity method, as well as results from equity investments in the gas distribution segment in Abruzzo.

€ million 30/06/2021	Environmen t	Commercia l and Trading	Oversea s	Wate r	Generatio n	Reti ng	IP	Adjustment s	Energy Infrastructur e	Engineerin g and Services	Corporat e	Consolidatio n adjustments	Consolidate d Total
Revenues	110	877	39	637	56	289	17	0	306	62	65	(298)	1,854
Costs	79	837	25	311	20	105	19	0	125	53	83	(298)	1,235
<b>EBITDA</b>	<b>31</b>	<b>40</b>	<b>14</b>	<b>326</b>	<b>35</b>	<b>184</b>	<b>(2)</b>	<b>0</b>	<b>182</b>	<b>9</b>	<b>(18)</b>	<b>0</b>	<b>619</b>
Depreciation/amortisatio n and impairment losses	14	32	6	159	14	69	1	0	70	3	11	0	309
<b>Operating profit/(loss)</b>	<b>17</b>	<b>8</b>	<b>8</b>	<b>167</b>	<b>22</b>	<b>115</b>	<b>(3)</b>	<b>0</b>	<b>112</b>	<b>6</b>	<b>(30)</b>	<b>0</b>	<b>310</b>
Capex	15	36	3	247	22	137	2	0	139	3	16	0	482





### Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
WTE conferment	KTon	197	211	(14)	(7%)
Landfilled waste	KTon	29	20	9	44 %
Conferments to composting plants	KTon	96	98	(2)	(2%)
Conferments to Selection Plants	KTon	103	119	(15)	(13%)
Intermediated waste	KTon	83	80	3	3 %
Liquids treated at Plants	KTon	178	236	(59)	(25%)
M&A conferments	KTon	182	0	182	n.s.
Net Electricity sold	GWh	167	164	4	2 %
Waste produced	KTon	225	95	129	n.s.

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	171.9	109.9	62.0	56.5 %
Costs	113.6	79.2	34.4	43.5 %
EBITDA	58.3	30.7	27.6	90.1 %
Operating profit/(loss)	38.4	16.5	21.9	132.5 %
Average Workforce	778	590	187	31.7 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	18.5	36.1	(17.6)	(48.8%)	14.8	3.7	24.8 %
Net Financial Position	335.5	320.1	15.3	4.8 %	283.9	51.6	18.2 %

EBITDA € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Environment Segment	58.3	30.7	27.6	90.1 %
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	8.5 %	5.0 %	3.6 pp	

Environment closed the first half of 2022 with an EBITDA of € 58.3 million, up by € 27.6 million (+ 90.1 %). The increase recorded is attributable in part to the change in the scope (+ € 7.6 million) mainly attributable to consolidation of the **Deco** Group (+ € 6.0 million) and **Meg** (+ € 1.2 million) acquired at the end of 2021 and in part to the increase recorded by **Acea Ambiente** (+ € 23.3 million) as a consequence of the higher margins generated by the sale of electricity deriving from the positive effect on the selling prices, mainly of the San Vittore and Terni plants and above all from the sale of CO2 rights following Resolution no. 66/22 with which the National Committee for Management of Derivative 2003/87/EC and for support in the management of the project activities of the Kyoto Protocol, resolved in relation to the UL1 Plant in Terni the exoneration from the obligation to purchase CO2 quotas with retroactive effectiveness from 1 January 2021 with the consequence that the EUA quotas related to the year 2021 were sold for a total amount of € 11.1 million. Contributing to the change was also the reduction recorded by **Demap** for € 2.3 million due to the lower revenues generated by the reduced quantities input into the facility and the higher costs as a direct consequence of the effects generated by the fire the occurred at the end of 2021. Finally we can note that **Berg** recorded a lower margin of the treatment of liquids of € 0.9 million.

The average number of employees at 30 June 2022 was 778, an increase of 187 employees compared with 30 June 2021, due mainly to the change in the consolidation scope (+ 168 employees) and for the remainder to **Acea Ambiente** (+ 24 employees).

The investments of the Area came out at € 18.5 million (+ € 3.7 million compared to 30 June 2021) and refer mainly to the investments made by **Acea Ambiente** for system improvements carried out at the San Vittore and Aprilia plants, at the WtE plant in Terni and the one in Monterotondo Marittima. The investments made by **Cavallari** for € 1.4 million for the purchase of an industrial shed and a shredder and the change in scope for € 2.6 million also contributed to the increase. These increases were partly offset by the lower investments recorded by **Berg** (- € 1.3 million) due to higher investments made during 2021 related to the construction of a concentrator and for **Ferrocarr** (- € 0.7 million).

The net financial position amounted to € 335.5 million, up compared to 31 December 2021 by € 15.3 million and by € 51.6 million compared to 30 June 2021. The changes are mainly attributable to the dynamics of operating cash flow and compared to 30 June 2021, are affected by the purchase of equity investments by **Acea Ambiente** which recorded a worsening of the net financial position for € 77.6 million, partly offset by the positive effect deriving from the change in the scope (€ 14.7 million) with particular reference to **Ecologica Sangro** which contributed positively for € 21.7 million.



### Significant events in the first half of 2022 and subsequently

As regards the single local units, it should be noted that:

**Terni (UL1):** during the first half of 2022, the contractual planning for the delivery of pulper waste guaranteed the fuel requirements for the entire period. We can note that, with Resolution no. 66/22 of 24 March 2022, the National Committee for Management of Derivative 2003/87/EC and for support in the management of the project activities of the Kyoto Protocol resolved to revoke the authorisation to emit gas for the plant (authorisation number 1711) with retroactive effectiveness from 1 January 2021. Therefore, the Company sold all the CO<sub>2</sub> quotas accruing to financial year 2021 already credited to the Company's proprietary account equal to a total of 128,858 and those optioned for financial year 2022 of 30,000.

**Paliano (UL2):** in execution of the planning authorisation for the demolition of the treatment plant and the buried tanks issued by the Municipality of Anagni, in September 2020, and following the update of the final project authorised by the Municipality of Anagni with Determination no. 1003 of 16 September 2020, on 26 April 2021, the work resumed for the demolition of the treatment plant, the buried tanks and the former mineralised water production building. In December 2021, the Lazio ARPA transmitted the technical report on inspection and sampling prepared by the ARPA technicians following the sampling activities under discussion for which the necessary further studies with the technical consultants appointed are in progress, in order to prepare and send any observations on the subject. We are awaiting the Ministry of Ecological Transition to convene the services conference for the approval of the Risk Analysis already sent to the Bodies. The work has been completed, with a specific measure for closing the work by the Director of Works on 25 February 2022.

**San Vittore del Lazio (UL3):** the waste-to-energy plant is destined for the production of electricity from renewable sources, and in particular from SRF (Solid Recovered Fuel) produced by the treatment of urban waste from the territory of the Lazio Region. The San Vittore del Lazio plant is now the only waste-to-energy plant on a regional scale and represents a strategic terminal for the waste chain. During the first half of the year, lines 1, 2 and 3 of the plant guaranteed regular operation in terms of operating hours.

Regarding the disposal/recovery of waste produced in the waste-to-energy process, the Company signed, also for the current year, the related conferment contracts which guarantee operations of the three lines continuously. The expected performance of the plant during the period in question, both in terms of waste treatment and production of electricity, were affected by adverse weather conditions recorded in the first half of the year together with work planned in relation to the line 2 turbo-generator and to improvements of performance of line 1.

From March 2020 to date, in the context of the Covid-19 health emergency, with order no. Z00015 of 25 March 2020, the Lazio Region established that Acea Ambiente, in relation to the plant in question, was to receive and launch combustion, for lines 2 and 3, in addition to SRF, of unseparated urban waste originating from the homes of individuals who had tested positive for SARS-Cov-2, who were self-isolating or subject to mandatory quarantine.

To launch the activities ordered by the Lazio Region, specific commercial contracts were prepared with the suppliers and specific procedures were created for the management of the receipt, storage and supply operations for waste contaminated with COVID-19 sent for thermal destruction.

Following the presentation, on 7 August 2020, of the application for authorisation for construction of the fourth line, a number of sessions of the Service Conference were held, on 1 July 2021, 25 October 2021, 10 January 2022 and 24 January 2022. The last session ended with the expression of the environmental compatibility with prescriptions for the project, deferring to the subsequent Environmental Impact Assessment measure, the subject of a specific Management Determination, not yet issued.

**Orvieto (UL4):** with the Resolution of the Executive Committee of the Umbria Region no. 2 of 5 January 2022– “Regional strategic landfills; need for disposal and technical and operational specifications for their rational use. Guidelines while awaiting the approval of the Integrated Waste Management Plan” it was laid down that, given a maximum total volume foreseen for expansion of the three regional landfills, the Orvieto Landfill is considered expandable residually with respect to those located in Belladanza and Borgogiglione. A response was made immediately to this resolution disputing its content and proceeding on 1 February 2022 to the application for expansion, which was followed by communication of inadmissibility of the application under the terms of Resolution 2/2022 from the Region. This resolution was appealed in February 2022 to the Umbria Regional Administrative Court. Further exchanges of notes followed, as well as a meeting at the Region in the context of the technical forum set up again by Resolution 2/2022. To complete the planning for the whole of 2022, with note ref. 5172 of 1 June 2022, the AURI requested from the operators updated information on the treatment and disposal needs in the territories of reference.

Right after the continual discussions with AURI and the Region, the block on conferments of waste coming from out of the area was first postponed to the date of 30 June 2022 and subsequently, at the moment of the planning of the second half of 2022, eliminated guaranteeing the same flows authorised for the first half. With AURI Board of Directors Resolution no. 32 of 28 June 2022 the flows for the entire year 2022 were resolved.

We can note finally that with Resolution no. 600 of 15 June 2022 the Executive Committee of the Umbria Region pre-adopted the Proposed Regional Integrated Waste Management Plan (PRGR). In the intentions of the Region the plan should be approved by the end of 2022.

In addition, the tariff system applicable for 2022 still has to be defined in consideration of the uncertainties associated with the regulation system managed by ARERA. Precisely on this subject the Umbria Region issued DGR no. 375 of 27 April 2022 identifying the



plants necessary for the closure of the waste cycle. In particular, the Orvieto plants were identified as “minimum” for the TMB plant, part of the composting, part of the landfill; additional (that is at market) for the remaining unrestricted volumes. As a consequence of the aforesaid DGR, AURI, as the subject responsible for receiving and transmitting the PEFs, with a note ref. 5514 of 17 June 2022 requested the transmission of the financial plans within 3 weeks and convened a meeting on 28 June 2022. The assessments and numerical calculations are currently in progress for the preparation of the PEF as required in the ARERA mechanisms. PEFs that will certainly be the subject of preliminary analysis as this is the first year of implementation.

On 24 June 2022 ARPA transmitted a CEM with a demand for payment of the so-called ARPA contribution for the years 2017-2018-2019-2020-2021. The note was promptly replied to, pointing out that the Company had paid the portion that it was responsible for and as this was a long-standing question subject also to appeals, the convening of a forum was requested; in this ASM Terni – CNS, as the operator of the service in sub-area no. 4, and AURI must also participate.

**Monterotondo Marittimo (UL5):** on 27 August 2020, in accordance with the deadline envisaged by the calendar approved by the Tuscany Region, the Company submitted a request to review the Integrated Environmental Authorisation for its adjustment to the BAT Conclusions for waste treatment plants (as per Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 of the European Commission). Regarding this procedure, two Service Conferences were held and two different document additions requested, which the Company promptly provided, the last of which on 4 May 2021. We are currently awaiting any further briefs from the competent administration in preparation for the issue of the final measure, which, by virtue of the achievement of certification of the Environmental Management System’s compliance with UNI EN ISO 14001, will authorise the plant for 12 years. Finally, on 23 June 2021, the Tuscany Region sent the final approval of the non-substantial modification submitted in March 2021 related to the implementation of new tanks for the fire prevention water reserve and the reorganisation of the compost storage area. The work on the new fire-fighting tanks was completed at the end of 2021, while, for the building related to the storage area which is still in progress, the last complementary activities are expected to be completed by the end of July. In the period considered the plant operated continuously, except for the normal anomalies that can occur in a plant of this size. One difficulty in particular is noted: of obtaining on the market OFMSW in quantity and quality adequate for the saturation of the plants. This besides is widespread also among other plants for treatment of the organic fraction.

**Sabaudia (UL6):** with regard to the composting section of the Sabaudia plant, the Integrated Environmental Authorisation issued by the Lazio Region on 1 December 2008 is still being renewed. In any case the IEA was formally extended by the Lazio Region pending the conclusion of the authorisation process. On 9 January 2020 the Lazio Region accepted the request for unification of the Integrated Environmental Authorisation (IEA) proceedings and at the same time requested, of only the part of Environmental Impact Assessment (EIA), an update of the documentation, which was promptly sent.

The tender procedure was completed and the aforementioned works for the adaptation of the plant to the requirements of the Consorzio di Bonifica Agro Pontino were assigned following verification of the adequacy of the tenders. The works were handed over to the company on 24 June 2020 and completed on 10 March 2021. As it stands, part of the works (demolition and reconstruction of a roof) has not been possible to execute because it was subject to the issue by the Municipality of Sabaudia, which has been sent several formal requests, of an amnesty which must be followed by a planning authorisation.

On 23 September 2021, the Municipality of Sabaudia sent to the Superintendent the technical/explanatory report, with proposed measure, for the issuance of an amnesty/planning authorisation on a portion of existing buildings. With a note of November 2021, the Municipality of Sabaudia issued, with annexed the positive opinion of the Superintendency, the Planning Opinion related to the long-standing question related to the aforementioned buildings. As things stand, the Municipality's final investigation for the amnesty permit remains to be completed.

**Aprilia (UL7):** the plant is authorised for operation with an Integrated Environmental Authorisation issued by the Lazio Region with DD no. G00101 of 12 June 2021.

It is worth recalling that starting from May 2021 and then from 2 July 2021, following the verification of the prescriptions and forecast contained in the settlement agreement with TME, the plant is under the total management of Acea Ambiente. We expect the possibility of functional approval testing of the plant during the second half of 2022.

In the period considered the plant operated continuously, except for the normal anomalies that can occur in a plant of this size. One difficulty in particular is noted: of obtaining on the market OFMSW in a quantity adequate for the saturation of the plants. This besides is widespread also among other plants for treatment of the organic fraction. Further technical studies and assessments were also carried out on the performance of the evaporation section needed for treatment of liquid digestate, including important maintenance work. As of today the line guarantees good performance but a treatment technology has been identified and is considered fundamental to implement, in addition to the aforesaid evaporator, so as to guarantee the constant operating continuity without being constrained also by the availability of external treatment plants.

During the period under consideration, two works fundamental for the correct and continuous conduction of the plant came into operation, namely the line for production of Solid Recovered Fuel from plant surpluses (which enables waste to be delivered to the San Vittore del Lazio plant) and the compost bagging line (which will open up further market outlets for the placement of soil improver).

**Chiusi:** the company carries out purification, treatment and intermediation of liquid waste in the plants located in Le Biffe, Pianino and ex Comova. During the period in question, maintenance actions were carried out to ensure adequate residual treatment capacity in the suspended-biomass biological segment and to make it more efficient in terms of electricity consumption. Replacement of the bed



of oxygenators of the second oxidation reactor allowed a significant economic saving. Similarly, evident increased oxidative capacity for the segment made it possible to begin treatment of a flow of waste in line with the ambitious figure expected in the budget. We can also inform you that during the period the service of receiving liquid waste was never interrupted, ensuring also the maintenance of the urban waste water treatment service of the Municipality of Chiusi.

**Aquaser:** mainly operates, as a joint venture, as a waste intermediary with its Customers/Shareholders belonging to the ACEA Group. During the period of reference, the company consolidated its market position by strengthening its transport activities through the acquisition of vehicles and personnel that now allow the management, at least partially, of the corresponding services. Aquaser currently wholly or partially performs the service of loading, transport and recovery/disposal of waste from water purification for the companies of the ACEA Group. It also manages individual orders related to the service of loading, transportation and recovery/disposal of waste or soil improvers for the company Acea Ambiente, as well as other ancillary activities on behalf of third-party customers (mainly transport services). The recovery activities are carried out through energy recovery, conditioning or composting plants of third parties, and in part at the plants of the parent company, while disposal activities are almost all carried out at treatment plants/landfills of third parties. We can note finally that in December 2021, the Company obtained registration in Category 8 (intermediation) also for hazardous waste expanding therefore the range of possible services offered.

**Iseco:** operates in the Water Business, whose main activities are the management, maintenance and construction of plants, and the Milk - Dairy Business, whose main activities are the production of whey powder and the sale of related products for zootechnical and food use and the processing of seroderivatives on behalf of third parties. We can note that the following continued: (i) the process of production cycle specialisation, aimed at transforming the sero-derivatives with higher added value, also destined for human consumption, and (ii) the construction of the district treatment plant of Donnas, awarded to the Company in its capacity as principal of a temporary consortium and as the subject appointed for assembly of the electromechanical equipment and for future management of the plant.

**Acque Industriali:** through the management of specific platforms, provides intermediation and liquid waste treatment services to private companies operating both regionally and nationally, as well as activities collateral to those of the integrated water cycle consisting mainly in the recovery and disposal of biological sludge.

The Company designs and builds plants mainly related to the treatment of wastewater and sludge and waste in general, as well as to the treatment of atmospheric emissions, following up with their subsequent ordinary and extraordinary management, as well as carrying out design, direction and execution of works in the field of environmental clean-up of polluted sites, mainly in the industrial sector. It also performs research and development in the sectors of reference in partnership with research bodies at both a regional and national level.

In the half-year period intense discussions were carried out with the shareholder Acque to define a new Plan that identifies the Company as the strategic instrument for improvement of the environmental offer of the territory, in relation to both the treatment of liquid waste and coordination of the management of industrial discharges into public sewers, enhancing its mission in the industrial ecology sector, and its marked vocation to provide public utility services complementary to those offered by the operator of the integrated water service. In relation to what is stated above, the total flow conferred to the platforms was 30,115.16 tonnes. The modest result was greatly conditioned by the low rainfall of the period and by the consequent high concentration of landfill leachates. To mitigate the effects of the difficult trend related to the management of liquid waste treatment plants, a strong impulse was given to the waste intermediation activity and to the management of industrial waste water treatment plants of third parties.

The waste intermediation activity recorded in the first half of 2022 a volume of 21,028.34 tonnes, with an average margin of 14.45 €/tonne. The management of plants for third parties saw in particular the start of new contracts for the management of treatment plants of paper industries in the province of Lucca.

**Demap:** carries out its activity in the field of sorting plastic packaging from urban waste collection. It is one of the 33 or so Forced Selection Centres (FSCs) that have an agreement with the Corepla Consortium, established by law pursuant to Italian Legislative Decree 22/97 and now regulated by Italian Legislative Decree 152/06, responsible for achieving the recycling and recovery targets for plastic packaging of consumed products.

Separate collection of plastic packaging is regulated at a national level by a framework agreement between Anci and Conai and by the technical annexes concluded between Anci and the individual value chain consortia which, in the case of plastic packaging, provide that collection may be transferred to the sorting centre either selectively (mono-material collection) or jointly (multi-material collection). Demap carries out its business in compliance with current regulations and is authorised under Italian Legislative Decree 152/06 with procedure issued by the Province of Turin no. 133-25027/2010 of 23 June 2010.

As is known, this past 12 December 2021, a fire broke out at the storage shed (named DEMAP2) of waste consisting of plastic packaging deriving from the urban collection of separated fractions. The fire, which ended in the phase of possible environmental impact around 24 December 2021, released dangerous and toxic gases into the atmosphere which led the Municipality of Beinasco to undertake, after consultation with Civil Protection and local health authorities, a series of actions aimed at limiting or at least reducing to the minimum, any possible exposure of the population. During the week of 14 January 2022, all the verification operations, necessary for the reactivation of the CPI, were carried out in order to allow for, as soon as possible, the complete resumption of activities, after cleaning, mechanical and electrical maintenance. On 2 February, the sworn SCIA was presented to the Fire Department; with this the CPI of DEMAP1 was reactivated. On 16 February 2022, following the necessary testing, the plant resumed regular operation. We can



also inform you that in May, following the activity performed by the appointed technician, a new SCIA was presented. This adjusted the CPI to the storage volume of the DEMAP1 environmental authorisation, with the possibility of acquiring higher volumes of material on input to be selected, but remaining always at a receptive capacity of around 50% compared to that before the fire.

These operations on reduced volumes determined negative impacts on the result of the half-year period. The demolition and subsequent release from seizure of the area destroyed by the fire will enable the Company to return to operating on higher volumes of waste, after obtaining the necessary further authorisations from the Bodies responsible for control and supervision.

**Berg:** operates in the environmental services sector and in particular in the treatment of liquid and solid waste. Pursuant to article 2428 of the Italian Civil Code, it should be noted that the activities are carried out at the Frosinone plant, where the Storage and Treatment of Hazardous and Non-Hazardous Liquid and Solid Waste is carried out. In terms of authorisation, the plant has an Integrated Environmental Authorisation issued by the Lazio Region with Executive Resolution B0201/09 of 30 January 2009, expiring on 30 January 2025 (duration of 16 years by virtue of the site's EMAS registration). In May 2021, in accordance with the deadline envisaged by the calendar approved by the Lazio Region, the Company submitted a request to review the Integrated Environmental Authorisation for its adjustment to the BAT Conclusions for waste treatment plants (as per Commission Implementing Decision (EU) 2018/1147 of 10 August 2018 of the European Commission).

In the period in question the business performance was more or less in line with the expected results.

**Cavallari:** operates at four sites (Ostra, Castelplanio, Fabriano and Falconara Marittima, all in the province of Ancona) with activities structured in different market contexts in the areas of selection, treatment, recovery and sending for recycling of urban waste from separate collection and industrial waste. One of the main sectors is that related to the secondary selection of polymers deriving from separate collection of plastic as the Ostra plant is one of the 30 national centres affiliated with the Corepla Consortium, with the Coripet and with the other EPR systems, responsible for performing the forced selection activities by polymer and by colour of the plastic deriving from urban collection.

Another important context, from which the Company has historically launched and subsequently developed many of its activities, is that related to the selection and valorisation of industrial waste (multi-material). This market segment is still today one of the main ones of the company's business. The Company is also the plant of reference for management of ELTs (End-of-Life Tyres); for this market the Company holds the leadership for the entire Regions of Marche and Umbria.

We can note that at this moment the context of plastic selectors (FSCs) is awaiting the final definition of the segment agreement which will reconfigure the new supply chain agreement with all the EPR systems, while the contract in being has been in an extension phase for more than a year and a half and, at the moment, will be valid up to 30 September 2022 inclusive.

In the first half of 2022 the company operated at full capacity with volumes processed up at the secondary sites while, at the Ostra site, there was a reduction in flows treated owing to the planned activities of revamping the fuel production plant. The new plant installed, after the commissioning and approval testing stages, came into full operation with effects already evident and which will necessarily improve the trend as the year goes on.

**Ferrocarr:** the company represents a point of reference in the territory, being a platform for the main consortia of the chain such as Comieco (National Consortium for the recovery and recycling of cellulose-based packaging), Corepla (National Consortium for the recovery and recycling of plastic packaging), Rilegno (National Consortium for the recovery and recycling of wood packaging), Ricrea (National Consortium for the recovery and recycling of steel packaging) and Cial (National Consortium for the recovery and recycling of aluminum packaging). It operates with the largest entities, both public and private, performing the activity of recovering waste deriving from the separate collections of the surrounding municipalities and has among its customers the largest private companies in the area. In the first half of the year, Ferrocarr regularly continued the services related to existing relationships with all the companies that manage separate collection through contracts for direct assignment or through tender procedures.

**Deco** operates in the waste sector in Abruzzo and is engaged in the design, construction and management of plants for the treatment, disposal and recovery of municipal solid waste and plants for energy recovery from renewable sources. The scope of the business includes: a Mechanical-Biological Treatment (MBT) plant with an authorised capacity of 270,000 tonnes/year, a photovoltaic plant, a biogas plant and two disposal plants. The Company also holds 100% of **Ecologica Sangro**, a company operating in Abruzzo in the sector of integrated management of solid urban waste.

We can note that the technical-commercial action constantly carried on by the company in searching, in Italy and abroad, for solutions to valorise the SRF produced, made it possible to offset the constant cost increases recorded at other final destination plants and to optimise the production mix of the various areas of the company's activity.

The national scenario continues to be characterised by emergency situations owing to an insufficient and non-uniform plant network, in support of the activities of disposing of and recovering the urban waste produced, in a framework in which a National Waste Plan would be necessary. The situations of the greatest emergency are still present in Sicily, Calabria, Campania and in the territory of the City of Rome. Attempts are made to tackle them through extra-regional conferment of waste to the plant network, dedicated to recovery activities, present around the country.

The Company's MBT plant, owing to its strategic location, is one of the plants of reference in support of the waste emergency of Campania and the City of Rome. In addition, owing to the waste emergency of the City of Rome, the Lazio Region has asked the Abruzzo Region to sign an interregional agreement that would permit a limited circulation of untreated and unseparated between the two regions, enabling the plants in Abruzzo to make themselves available for the treatment of waste produced in the bordering region.



**Meg:** located in San Giovanni Ilarione in the province of Verona, it operates in the plastic recycling business, a segment which is downstream with respect to that of post-consumption plastic selection in which Acea is already present with the companies Demap and Cavallari. In the first half of 2022, the Company regularly performed the services provided for in the contracts signed with the Chain Consortia with the contractualised contributors of multi-material on input, with which the Company has for years had an economic relationship of a private-law type.

A sharp increase in requests for the material produced has been recorded with an increase in the number of customers interested in increasing the level of recycled material in the production chains. In the first half of 2022, the plant underwent technical upgrading work, which enabled the creation of a new treatment line (gravimetric separator) with the production of both pellets and flakes. The new line immediately guaranteed the expansion of the market of reference and a natural diversification.

**AS Recycling:** a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic selection FSC (Breakdown of plastics into the various polymer categories for sorting).

**Serplast:** during February 2022, Acea Ambiente acquired 70% of the equity of this company which operates in the sector of recovery and sending for recycling of plastic waste for the production of Secondary Raw Materials. In particular, the Company subjects the plastic waste on input, coming from the urban and industrial circuit, to mechanical processes of separation, shredding, automatic selection, washing and granulation. The Company is located in Cellino Attanasio in the province of Teramo. We can note that during the first half of 2022, the Company's plant underwent technical upgrading work, which made it possible to complete the installation of a number of production lines to expand the activity, increasing the quantities of materials processed, and thus increasing the range of products offered, guaranteeing an expansion of the relevant market.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Electrical Energy sold - Free	GWh	3,044	3,165	(121)	(4%)
Electrical Energy sold - Protected	GWh	762	966	(204)	(21%)
Electricity - Free market customers (P.O.D.)	N/1000	493	476	17	4 %
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/1000	672	730	(58)	(8%)
Gas Sold	MSmc	131	124	7	5 %
Gas - No. Free Market Customers	N/1000	228	230	(2)	(1%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	1,340.7	877.4	463.3	52.8 %
Costs	1,302.3	837.0	465.3	55.6 %
EBITDA	38.4	40.4	(1.9)	(4.8%)
Operating profit/(loss)	6.7	8.3	(1.7)	(19.9%)
Average Workforce	437	428	10	2.3 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	20.6	49.4	(28.8)	(58.4%)	36.0	(15.5)	(42.9%)
Net Financial Position	(234.4)	(297.4)	63.0	(21.2%)	(75.5)	(158.9)	n.s.

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Commercial and Trading Segment	38.4	40.4	(1.9)	(4.8%)
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	5.6 %	6.5 %	(0.9 pp)	

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed H1 2022 with an EBITDA of € 38.4 million, down compared to the same period of 2021 by € 1.9 million. The decrease is attributable mainly to **Acea Energia** (€ 3.6 million), as a result of the reduction in energy and gas margins (€ 11.5 million) partially offset by the reduction in external costs (€ 6.4 million), the higher revenues from energy-efficiency projects (€ 1.2 million) and the sale of boilers (€ 1.0 million).

With regard to the effects on the primary margin, the increase recorded by **Acea Energia** derives from opposing effects. In detail, the **free market** energy margin deteriorated by € 5.6 million compared to 30 June 2021, mainly due to a reduction in unit margins in the Retail segment (- 31%) which was not fully offset by the slight rise in consumption (+ 7%). The **gas market** generated a margins reduction of € 5.2 million compared to 30 June 2021 due to the lower unit margin, despite the growth in the customer base (+ 3%) and in general consumption (+ 4%). Compared to the previous year, the energy margin relative to the **optimisation** of energy flows is positive, at € 4.3 million (€ 3.5 million on 30 June 2021) as a consequence of the energy crunch; however this effect is gradually being recovered and this is expected to continue in the coming months. This margin also includes activities of buying, selling, exchanging and trading electricity, heat, natural gas, methane and other fuels and energy carriers, from any source produced or acquired, for own use or for third parties. The energy margin relating to the **protected market** fell by € 1.3 million compared to 30 June 2021 due to the natural customer churn (- 7%) and the related increase in take-up of the free market.

Operating profit/loss saw a reduction of € 1.7 million, primarily attributable to the lower margins and opposing effects of the higher amortisation/depreciation (+ € 2.0 million), offset by lower write-downs of € 2.2 million, including the reallocation of the cost of the process of objecting to the limitation period disputed by customers during the half-year, net of the reimbursement received from the distributor in relation to **Acea Energia**.

With reference to the workforce, the average number at 30 June 2022 stood at 437 employees, slightly up compared to 30 June 2021 by 10 employees. This change is primarily attributable to **Acea Energia** (4 units) and to **Acea Innovation** (5 units).

Investments in the Segment amounted to € 20.6 million, down by € 15.5 million compared to 30 June 2021, are mainly attributable to **Acea Energia** and refer to the cost of acquisition of new customers pursuant to IFRS15 as well as the significant improvements to the support systems for the management of Contact Center processes and the analysis and monitoring of customer margins. Investments by **Acea Innovation** for e-mobility projects (€ 2.2 million) also contributed.

Net financial position at 30 June 2022 was positive, standing at € 234.4 million, a decrease of € 63.0 million compared to 31 December 2021 and an increase of € 158.9 million compared to 30 June 2021. The changes are mainly attributable to **Acea Energia** and mainly derive from the operating cash flow dynamics. Meanwhile the change compared to 30 June 2021 is impacted by the positive effect deriving from the sale of the stakes held by Acea Energia in Acea Produzione to the parent company as part of the project to reorganise the Group's strategic equity investments for a sale value equal to the book value (€ 129 million).

#### Significant events in the first half of 2022 and subsequently

##### **Energy Management**

Acea Energia carries out the necessary "Energy Management" activities for the Group's operations, with particular regard to sales and production activities. The Company also liaises with the Energy Market Operators (GME) and with TERNA. In relation to the institutional entity Terna, the Company is the input Dispatch User for Acea Produzione and other companies in the Group. It performed the following main activities in the period:

- the optimisation and assignment of electricity produced by the Tor di Valle and Montemartini thermoelectric plants and by the S. Angelo hydroelectric plant,
- the negotiation of fuel procurement contracts for the power generating plants,
- the procurement of natural gas and electricity for the sales company to sell to end customers,
- the optimisation of the supply portfolio for the procurement of electricity and management of the Energy segment companies' risk profile.

In the first half of 2022 Acea Energia purchased electricity from the market for a total of 3,719 GWh, of which 2,648 GWh through bilateral contracts and 1,071 GWh through Borsa, for resale to end customers of the free market and for the optimisation of energy flows and the purchasing portfolio.

##### Electricity distribution

With regard to the sales market, service quality on the retail portfolio is continuing to improve.

In the first half of 2022, electricity was sold on the standard-offer market for a total of 753 GWh, with a 21.2% reduction on a trend basis. The number of withdrawal points totalled 676,007 (727,574 at 30 June 2021). The sale of electricity on the free market amounted to 2,878 GWh for Acea Energia and 166 GWh for Umbria Energy, for a total of 3,044 GWh, with a slight decrease compared to the same period last year of 3.8%, primarily related to the B2B segment. The average number of withdrawal points in the period totalled 490,483 (476,170 at 30 June 2021).

In addition, Acea Energia and the other sales companies of the Group sold 131 million Sm<sup>3</sup> of gas to end customers and wholesalers which involved 228,805 re-delivery points, while at 30 June 2021 they were 224,962.

##### AGCM and ARERA proceedings

With regard to the proceedings started by the **Antitrust Authority** and **ARERA**, the main updates are described below:

**Proceeding PS9815 of the AGCM for unsolicited activations:** on 15 May 2019 the EU Court of Justice ruled on the preliminary ruling of the Lazio Regional Administrative Court, stating that: **(i)** there is no conflict between the directives on unfair commercial practices and on remote contracts (29/2005 and 83/2011) and the sectoral directives (72/2009 and 73/2009); **(ii)** in the energy sector it is also possible to apply the general discipline for the protection of consumers (with consequent competence of the AGCM, pursuant to art. 27, paragraph 1 *bis*, of the Consumer Code). In accordance with Directives 2009/72 and 2009/73, it follows that ARERA is not competent to sanction such conduct. On 28 February 2020 Acea Energia received a communication that the Lazio Regional Administrative Court set a public hearing for 20 July 2020 for the annulment of the fine. On 24 September 2020 the sentence was received with which the Lazio Regional Administrative Court rejected the appeal submitted in 2016 by Acea Energia with regard to the AGCM order on the HHV regarding unsolicited activations of electricity and gas supplies.

On 23 December 2020, an appeal for the sentence of the Lazio Regional Administrative Court to be overturned was submitted. There have been no further developments.

**Proceeding A513 of the AGCM for abuse of dominant position:** on 17 October 2019 the Lazio Regional Administrative Court issued sentence no. 03306/19, which upheld the appeal brought by ACEA S.p.A. and its subsidiaries and, as a result, annulled sanction measure no. 27496 of 20 December 2018 that found that ACEA S.p.A. and its subsidiaries had abused their dominant position in violation of art. 102 of the TFEU, which had led to the imposition of an administrative fine of € 16,199,879.09.

On 17 January 2020 the notice of appeal was served by the Authority, represented and defended by the Attorney General's Office, asking the Council of State to annul and/or overturn sentence no. 11960/2019 handed down by the Lazio Regional Administrative Court, and as a result reject the companies' request in 1st instance.

On 14 February 2020 the cross appeal was filed with the restatement of the grounds of appeal that were taken up by the judgement of first instance. More specifically, in the first part the appeal focuses on the sole ground of appeal rejected by the Lazio Regional Administrative Court concerning the lack of investigation regarding the definition of the relevant market; in the second part, it proposes – thus covering them in full – the fourth to seventh grounds of the appeal that the Regional Administrative Court declared “absorbed”, having considered sufficient the acceptance of the second and third grounds of the appeal for the annulment of the fine.



On 30 April 2020 ACEA received a communication in which AIGET, on 23 April 2020, filed a formal instrument of incorporation in support of AGCM's appeal.

**Proceeding PS10958 of the Antitrust Authority (AGCM):** on 21 April 2020, the AGCM sent Acea Energia a request for information regarding "each commercial offer related to electricity and natural gas services, proposed to domestic users and micro-enterprises, starting from H2 2019 until Q1 2020", in particular: i) copy of the technical and financial conditions - TFC - and the general conditions of supply - GCS - related to the aforementioned commercial offers, ii) number of contracts signed by domestic users and micro-enterprises for each commercial offer proposed in the period considered; iii) copy of promotional messages relating to the same commercial offers disseminated through the different communication channels (web, radio, TV, advertising brochures); iv) copy of the scripts used by sales agents in the same period (H2 2019 - Q1 2020) to propose the aforementioned commercial offers to customers, both via telesales and door to door.

On 23 April 2020, following the request, the Company sent the AGCM a communication in which, in view of article 103 of Italian Legislative Decree no. 18 of 2020 and the Bulletin on the interpretation of article 103 of Italian Law Decree no. 18 of 17 March 2020, as amended by article 37 of Italian Law Decree no. 23 of 8 April 2020, approved by the Board of Authorities at its meetings on 1 April and 10 April, it requested confirmation that the deadline for responding to the request for information was suspended and became effective only from 16 May 2020.

Following telephone conversations – in the absence of a formal response from the AGCM to the Company's aforementioned request – the Authority agreed to a postponed deadline for submitting the required documentation.

On 21 May 2020, Acea Energia therefore collected all the required documentation and submitted it to the AGCM, together with a response illustrating the criteria used to collect the documentation.

**Fact-finding investigation concerning the financial items relating to electricity destined for the States within the Italian State:** pursuant to resolution 58/2019/E/eel, on 20 March 2019 the Authority initiated a fact-finding investigation against Acea Energia with the aim of acquiring information and useful data concerning the management of the financial items relating to electricity destined for Vatican City State.

In accordance with this Resolution and pending the conclusion of the aforementioned investigation, the Authority has specified to the Italian Energy and Environmental Services Fund that it should proceed on a transitional basis and subject to adjustment with the equalisation of the costs incurred by Acea Energia for 2017 for the purchase and dispatching of electricity intended for standard-offer-market customers.

With Resolution 180/2019/C/EEL, the Authority decided to challenge the extraordinary appeal brought by the Azienda Autonoma di Stato per i Servizi Pubblici della Repubblica di San Marino for the annulment of Resolution 670/2018/R/eel (which updated the transmission tariffs for the year 2019) and Resolution 58/2019/R/eel.

Pending the conclusion of the investigation, the Authority asked the Cassa per i servizi energetici e ambiente – on a temporary basis and subject to adjustment – to suspend any disbursements relating to the equalisation of the costs incurred by Acea Energia for 2018 for the purchase and dispatching of electricity intended for standard-offer-market customers.

With Resolution no. 491/2019/E/eel the Authority closed the preliminary investigation by instructing Acea Energia and Areti on the actions to be taken by the end of 2019. Acea Energia informed the Authority that it had complied with the requirements. Resolution 491/2019/E/eel, moreover, gave a mandate (i) to Terna, the relevant distribution companies and CSEA to recalculate the charges for withdrawals by Vatican City State by applying the criteria highlighted in the preliminary findings attached to the same resolution (ii) to the Director of the Sanctions and Commitments Department of the Authority for the documents resulting from the evidence found. As a result of this, with Determination 5/2020/eel, the Authority initiated two sanction proceedings against Acea Energia and Areti. On 12 June 2020, Acea Energia sent ARERA its proposal of commitments, including waiver of the amount receivable accrued in relation to the system, payment of compensation to ARERA and the obligation to send two-monthly reporting for a period of ten years. With Resolution 262/2021, ARERA partially amended the methods for carrying out the recalculation activities indicated in Resolution 491/2019 and CSEA then sent the definitive recalculations to Acea Energia on 9 July 2021. The items must be settled at the end of the penalty proceedings initiated with Determination 5/2020/eel. Acea Energia submitted a proposal of commitments to ARERA on 4 March 2022. The Company has thus chosen to estimate the potential commitments. Subsequently, ARERA published its resolution 150/2022/S/eel with which it provisionally accepted the proposal of commitments submitted by Acea Energia. Then began the phase during which third parties could submit their comments, to which Acea Energia must respond. After this phase, ARERA will publish the resolution of final approval of the commitments, thus ending the sanctioning procedure.

With Resolution no. 576/2021, ARERA amended the regulation concerning the financial items relating to electricity destined for the Included States, with the aim of bringing it into line with the principles of national regulation. In particular, the Authority intervened on transmission and transport fees, on dispatching and on the regulation of imbalances.

Lastly, note that on 27 July 2022, with Resolution 354/2022/S/eel "Approval of the proposal of commitments submitted by Acea Energia S.p.A. and closure of the relative sanctioning procedure", ARERA accepted the commitments proposed by Acea Energia.

**Proceeding PS10958 of the Antitrust Authority (AGCM):** on 18 October 2021, the Antitrust Authority (hereinafter also "AGCM") sent Acea Energia an invitation to eliminate any potentially unfair commercial conduct, within the meaning of Art. 4, paragraph 5 of the "Regulation on preliminary investigations concerning misleading and comparative advertising, unfair trade practices, violation of consumer rights in contracts, violation of the prohibition of discrimination and unfair terms" adopted by the Authority with its resolution of 1 April 2015.



In particular, the invitation concerned, on the one hand, the failure to refer to the existence and extent of the "marketing charges", indicated in the technical and economic conditions present on the site, within the advertising material of the offers conveyed by the Company via its own website and, on the other hand, the circumstance that the technical and economic conditions and the general conditions of supply did not specify the monetary value of the security deposit provided for by Art. 6, paragraph 9 of the GCS through a reference to ARERA resolutions and not in its monetary value.

On 19 November 2021 the Company responded to this request, accepting the Authority's invitation and communicating its willingness to update all the offers made on its website, clearly indicating, for each of them, the existence and amount of any additional components applied at the Company's discretion.

In addition, the Company informed the AGCM that for all offers other than PLACET and gas protection, it removed from the general conditions of supply any reference to the "right to ask the customer to pay a deposit as a guarantee for each supply according to the criteria laid down by ARERA" and inserted the wording "None" in the paragraph of the summary sheet entitled "Guarantees requested from the customer".

Subsequently, following brief discussions with the AGCM, the Company sent the Authority an addendum to the reply previously sent, containing a specification of the methods for representing offers made through its website. Specifically:

- Q the Company informed the Authority that it will also indicate marketing charges, with the same graphic evidence with respect to the energy/gas component, in the card relating to the offer present on the site. Furthermore, in order to further strengthen the information set made available to consumers, the Company represented that, with regard to the item "Wholesale price" present on the card of each offer, it will insert - by the end of January 2022 - a specification in which, next to the aforementioned item, information is also reported on the average wholesale price expressed in €/kWh for electricity or €/Smc for gas, referring to a predetermined and explicitly indicated time period;
- Q the Company also announced that it has made further changes to its website. In detail, with a view to further strengthening protection for its users, a number of clarifications were made regarding the "Loyalty bonus of € 80", by clarifying that this bonus will be paid in the bill after the 12th month of supply, and the wording "100% discount on the monthly contribution for one year", by changing the reference to the aforementioned discount, clarifying that the Company will be responsible, for the first year of supply, for payment of the monthly contribution indicated in the economic conditions

On 3 March 2022, the Company received a communication with which the AGCM stated that, at its meeting on 1 March 2022, it would close the application for intervention, the Company having ceased any incorrect commercial conduct reported in the communication of 18 October 2021 and related to the representation of all amounts due by customers for the supply of electricity and gas.

**Proceeding PS12263 of the Antitrust Authority (AGCM):** On 7 April 2022 the AGCM sent a request for information about the use of advertising statements intended to suggest, infer or evoke a lower social or environmental impact, or which attributed a positive environmental or social impact to the products and services advertised by the Company, or to its economic activities.

In its request information, the AGCM indicated that such advertising statements are increasingly coming to influence consumers' purchasing decisions and that therefore, they must be specific and unambiguous, scientifically verifiable and communicated correctly. In consideration of the above, on 6 May 2022 the Company replied to the AGCM's request, indicating the activities and arguments justifying the use of each advertising statement.

Specifically, Acea Energia informed the AGCM that it drafted all sales contracts and business communications in strict accordance with the requirements of ARERA. The advertising statements used by Acea Energia and mentioned by the Authority in its request for information thus conform to the regulatory framework, the scope of application outlined by ARERA and most importantly with the actions taken in practice by the Company, as the volumes of electricity for all the energy supply contracts defined as "renewable" for commercial purposes are proven by the guarantees of origin acquired by Acea Energia and cancelled by the GSE.

The Company provides the evidence that the volumes of energy for all the "renewable" energy supply contracts are proven by the guarantees of origin acquired by Acea Energia both when the offer is advertised and also in the terms and conditions contained in each offer, as published on the Company's website.

With regard to natural gas, the Company has indicated that even in the absence of a specific instruction from ARERA, the statements mentioned by that Authority in its request for information are borne out by the fact that from the second half of 2021 onwards (when the Company started retailing offers with the wording "Gas with offsetting of CO<sub>2</sub> emissions", the CO<sub>2</sub> emissions produced by the customers' energy consumption were offset by the purchase of certified carbon credits (VER: Verified Emission Reduction). This meets some of the UN Sustainable Development Goals by subsidising eco sustainability projects across the globe; the projects chosen by the Company are the 300MW Hydropower in India, and the REDD+ Tambopata National Reserve in Peru.

Finally, the Company also indicated that for natural gas, it provides evidence both when the offer is advertised and also in the terms and conditions forming part of each offer, as published on its website (where the Company states that: "For the supply of natural gas, Acea Energia offsets the emission of CO<sub>2</sub> generated from the use of natural gas with the purchase of certified carbon credits (VER: Verified Emission Reduction). These certificates subsidise international projects aimed at reducing the atmospheric emissions of greenhouse gases and at reaching various UN Sustainable Development Goals"), as evidence that the CO<sub>2</sub> emissions produced from the customers' energy consumption are offset with the purchase of certified carbon credits.

In general, the Company has shown that its advertising statements are written in a way that excludes any misleading element (as might be the case if the guarantees of origin only referred to part of the energy supplied by the Company in these offers), and they allow the consumer the opportunity to take an informed decision.



At the same time, thanks to the information published on its website, the Company also avoids the possibility of a consumer being attracted by vague or unspecific statements. As mentioned, the Company does not make generic use of the word “green”. Instead, it specifies the reasons why it makes certain environmental statements and gives specific references to the offsetting mechanisms.

Additionally, by operating in full accordance with the regulatory framework, the Company objectively ensures that the consumer’s decision to take up Acea Energia’s 100% Eco offer will contribute to incentivising the production of renewable energy in the electricity network as a whole. In this regard, the Company highlighted that, as has emerged from the recent proposed amendment to Directive 2005/29/EC, “It was considered that introducing mandatory information requirements on environmental characteristics would best be done by sectoral legislation, as the characteristics in question differ significantly according to product category”. In this case, as there is a sector regulation that applies specifically to the way in which statements about environmental benefits are to be crafted, it is possible to demonstrate the existence of such benefits using a standard methodology - defined by the regulator itself - which allows an assessment of the environmental impact.

In conclusion, the Company has given a specific response to the requests for information made by AGCM relative to the various sources of supply, both renewable and non, and relative to the volumes of energy delivered in 2021, by providing the additional information requested about the energy delivered in 2021 for which the guarantees of origin were acquired jointly, and the volumes for which the guarantees of origin were acquired separately.

Regional Administrative Court of Lazio, Proceedings listed with case no. 7436/2022: Petition to suspend and cancel the Revenue Agency Director’s decision of 17 June 2022 (no. 221978/2022) concerning “Definition of the requirements, reporting criteria and mode of payment of the extraordinary contribution pursuant to Art. 37 of Law Decree No. 21 of 21 March 2022. Definition of the terms for the exchange of information with the Finance Police”: in a petition filed on 27 June 2022, Acea Energia challenged the Revenue Agency’s decision no. 221978/2022 of 17 June 2022, which is the regulatory and administrative measure identifying the criteria and terms for payment of the extraordinary contribution to counter rising utility bills, introduced in Art. 37 of Law Decree No. 21 of 21 March 2022, converted into Law No. 51 of 20 May 2022 (also known as the “Ukraine *bis*” or “Price Cuts” Decree).

The government introduced an extraordinary measure to counter the rise in utility bills, to be paid by energy operators and specifically by:

- companies generating electricity for sale on national territory;
- companies producing methane or extracting natural gas;
- resellers of electricity, methane and natural gas;
- companies producing, distributing and selling petroleum products;
- companies importing, for resale, electricity, natural gas or methane or petroleum products or who import the same goods from other EU Member States;

Art. 37 provides:

- (i) in paragraph 2, that the taxable base for the contribution consists of the increase in the balance between credit and debit transactions in the period from 1 October 2021 to 31 March 2022, compared to the period from 1 October 2020 to 31 March 2021. The law clarifies that the total used for calculation purposes will be “the total credit operations, net of VAT and the total debit operations, net of VAT as indicated in the periodic VAT returns filed pursuant to Article 21-*bis* of Law Decree No. 78 of 31 May 2010 converted with amendments by Law No. 122 of 30 July 2010, for the periods indicated in paragraph 2”;
- (ii) the same paragraph 2 also clarifies that the amount of the levy will be 10 percent, in cases where the increase from the comparison of the balances of credit and debit operations during these time periods is higher than 5,000,000 euros, and that the levy will not apply if that increase is below 10 percent;
- (iii) as regards the mode of payment of the contribution, paragraph 5 requires it to be paid by 30 June 2022, according to the procedure indicated in Art. 17 of Legislative Decree No. 241 of 9 July 1997. It also provides that the terms, conditions and reporting criteria will be defined in a provision issued by the Director of the Revenue Agency after consulting the energy regulator. The decision which is now appealed was taken in execution of that provision;
- (iv) finally, in order to safeguard the interests of consumers, the legislator introduced a measure which is intended to prevent the extraordinary contribution from having undue repercussions on consumer prices for electricity and energy products, by providing that “for the period from 1 May to 31 December 2022, the operators required to pay the contribution indicated in paragraph 1 must report to the AGCM by the end of each calendar month, on the average prices of purchase, production and sale of electricity, natural gas, methane and petroleum products in the previous month”.

The rationale behind the provisions of Art. 37 is the government’s intention to limit the impact on consumers and businesses of rising energy prices and tariffs, by introducing a solidarity subsidy to be imposed on energy operators due to the extra profits they would have earned due to the extraordinary economic situation. However, the indicated tax base does not take into account whether or not the operators actually earned those extra profits targeted by the government.

This is because the levy has been designed in such a way as to prevent the exclusion from the comparison of the two profit items that are merely apparent and not actual, or, on the contrary, to consider costs not recognised in the VAT debit operations but which do actually affect the operating results of the company paying the levy.

The energy industry associations have highlighted these issues on numerous occasions, also indicating the reasons why the increase between the balance of credit and debit operations in these time periods does not allow a clear identification of the additional wealth that would justify the levy. At a hearing before the Italian Senate, the AGCM also indicated the operational issues involved in identifying the “excess profits” calculated in a different way from those of the “conventional balance sheet margin”.

According to Acea Energia, the appealed measure is unlawful and it has thus requested the Regional Administrative Court:

- as a precautionary measure, to suspend (Art. 56 of the Code of Administrative Procedure) the contested decision made by the Revenue Agency Director and thus to suspend the appellant's obligation to pay the extraordinary levy introduced by Art. 37 of Law Decree 21/2022 as converted into Law 51/2022 and amended by Art. 55 of Law Decree 50/2022, in full, and in any case as to the sum of 7,824,321.08 euros, while indicating its willingness to pay a security deposit; the question of constitutional legitimacy was to be referred to the Constitutional Court pursuant to Law Decree 21/2022 as converted into Law 51/2022 and amended by Art. 55 of Law Decree 50/2022 and thus the appellant requested that the suspension order should remain in force until the new hearing to be held after the constitutional matter has been resolved;
- to accept the petition on the merits - if not already accepted in the interim proceedings and if still relevant - after the issue of constitutional legitimacy has been referred to the Constitutional Court (Law Decree 21/2022 as converted into Law 51/2022 and amended by Art. 55 of Law Decree 50/2022) in the terms indicated above.



### Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Water Volumes	Mm3	21	20	1	6 %
Volumes fed into the grid	Mm3	38	38	0	n.s.
Number of customers (user accounts served)	Number	122,791	121,657	1,134	1 %

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	44.0	38.5	5.5	14.2 %
Costs	28.6	25.0	3.6	14.5 %
EBITDA	15.4	13.5	1.9	13.8 %
Operating profit/(loss)	9.0	7.6	1.4	18.6 %
Average Workforce	2,376	2,300	76	3.3 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	1.6	4.6	(3.0)	(65.3%)	2.8	(1.3)	(44.1%)
Net Financial Position	(21.8)	(18.9)	(2.9)	15.1 %	(10.6)	(11.2)	105.5 %

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Overseas Segment	15.4	13.5	1.9	13.8 %
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	2.3 %	2.2 %	0.1 pp	

The Segment currently includes the water companies that manage the water service in Latin America. Specifically:

- Aguas de San Pedro (Honduras), 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic), wholly owned by the Group, provides the service to the local Municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- AguaAzul Bogotá (Colombia), of which the Group holds 51%, is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors;
- Consortio Agua Azul (Peru) is controlled by the Group which owns 44% and provides the water and discharge service in the north of the city of Lima. Control of the company was taken by virtue of the amendment of the shareholders' agreements and the purchase, on 13 January 2020, of additional shares in the company from the outgoing shareholder Impregilo International Infrastructures N.V., which increased the Group's shareholding from 25.5% to 44.0% (+18.5%);
- Acea Perú is wholly owned by Acea International and was established on 28 June 2018. This company was established with the specific intent to manage the aqueduct service in the city of Lima through consortia;
- Consortio Servicio Sur controlled by Acea International (50%), by ACEA Ato2 (1%) and by local partners Conhydra, Valio and India overall equal to 49%. The Consortio was established on 5 July 2018 with the specific aim of managing the corrective maintenance service for the drinking water and sewerage systems of the Directorate of Services Sur of Lima (Peru). The Consortio's activities ended during 2021 and it is currently in liquidation;
- Consortio ACEA controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 15 December 2020. Consortio ACEA signed a three-year contract for the management of pumping stations for drinking water in Lima Centro;
- Consortio Acea Lima Norte controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 5 January 2021. Consortio Acea Lima Norte signed a three-year contract for maintenance of the water and sewerage network in the northern zone of Lima.
- Consortio Acea Lima Sur controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 6 October 2021. Consortio Acea Lima Norte signed a three-year contract for corrective maintenance of the water and sewerage network in the Sud di Lima zone.

The Segment closed the first half of 2022 with EBITDA of € 15.4 million, which is up by € 1.9 million compared to 30 June 2021. This increase is partially due to the change in scope following the consolidation of **Consortio Ace Lima Sur** from October 2021 (€ 0.4 million) and partly due to the positive exchange effect (€ 1.2 million).

The average number of staff at 30 June 2022 was 2,376, an increase of 76 people compared to 30 June 2021 due to the change in scope following the consolidation of **Consortio Acea Lima Sur** (+ 204 employees) and the increase of **Consortio Acea Lima Norte** (21



people), offset by the reduction of 173 people at **Consortio Servicio Sur** after termination of the management of the water and sewerage network of the Sur di Lima Directorate of Services.

Investments for the first half of 2022 amounted to € 1.6 million, down € 1.3 million compared to the same period in the previous year. This reduction is mainly attributable to **Aguas de San Pedro** (€ 0.6 million) and to Consorcio Lima Norte (€ 0.3 million), which in 2021 had started maintenance on the water and sewerage network in North Lima.

Net financial position at 30 June 2022 was positive, amounting to € 21.8 million, an improvement of € 2.9 million compared to 31 December 2021 and of € 11.2 million compared to 30 June 2021. These changes mainly relate to **Aguas de San Pedro**.

**Significant events in the first half of 2022 and subsequently**

No significant events occurred in the period.



### Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Water volumes	Mm3	255	303	(48)	(16%)
Energy consumed	GWh	371	341	31	9%
Sludge disposed of	KTon	94	97	(3)	(3%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	678.2	637.1	41.1	6.5%
Costs	324.5	310.9	13.6	4.4%
EBITDA	353.7	326.2	27.5	8.4%
Operating profit/(loss)	173.1	167.2	5.9	3.5%
Average Workforce	3,496	3,480	17	0.5%

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	259.7	522.1	(262.4)	(50.3%)	246.9	12.8	5.2%
Net Financial Position	1,752.9	1,681.4	71.5	4.2%	1,664.7	88.2	5.3%

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Water Segment	353.7	326.2	27.5	8.4%
EBITDA – Group	682.5	618.8	63.7	10.3%
Percentage	51.8%	52.7%	(0.9 pp)	

EBITDA for the Segment stood at € 353.7 million at 30 June 2022, an increase of € 27.5 million compared to 30 June 2021 (+ 8.4%). The bulk of this increase is attributable to **ACEA Ato2** (€ 25.8 million) and **ACEA Ato5** (€ 2.6 million) and was impacted mainly by the recognition of technical quality bonuses for the years 2018-2019 (Deliberation 183/2022/R/idr of 26 April 2022) totalling € 26.9 million; this increase was offset by **Gori** (€ 5.3 million) due to the increased cost of sludge disposal (€ 2.8 million) and non-recognition of the tariff proposal (€ 2.1 million).

The water companies' contribution to EBITDA, valued at equity, amounting to € 13.9 million, has risen by € 5.2 million mainly due to the effect of the increases posted by **Publiacqua** (€ 2.5 million) and by **Gruppo Acque** (€ 1.7 million), attributable in part to the lower depreciation and in part to the non-recurring gains. The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

€ million	30/06/2022	30/06/2021	Change	% Change
Publiacqua	4.7	2.2	2.5	112.5%
Acque Group	6.6	4.8	1.7	36.1%
Umbra Acque	1.3	1.1	0.2	20.6%
Nuove Acque and Intesa Aretina	0.2	0.4	(0.1)	(38.2%)
Geal	1.1	0.2	0.9	n.s.
<b>Total</b>	<b>13.9</b>	<b>8.7</b>	<b>5.2</b>	<b>131.0%</b>

The quantification of revenues for the period deriving from the integrated water service is valued in line with the new MTI-3 method. The tariff components of the GRC were valued on the basis of the current EFPs in force in accordance with the provisions of resolution 580/2019/R/idr, art.7.2, without the incorporation of the new features introduced by resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - financial charges, tax charges, deflators, inflation), also in view of the fact that the current state of contact with Area Governing Bodies (EGAs) does not allow for a different forecast of the revenues of the IWS. The following two tables in the section summarise on the one hand the status of the procedures for approving tariff proposals and on the other hand revenues from SII, broken down by company and component, as well as the considerations underlying the determination of revenues for the period.

Operating profit/loss was impacted by the rise of € 19.1 million in depreciation/amortisation, mainly attributable to **ACEA Ato2** (€ 11.3 million) and **GORI** (€ 2.3 million), mainly due to the investments made in 2021 and 2022, and to the entry into operation of assets.

The average workforce at 30 June 2022 stood at 3,496, which is a slight increase compared to 30 June 2021 (17 employees).

Investments by the Segment amounted to € 259.7 million, an increase of € 12.8 million compared to the same period of the previous year. This increase relates to the higher investments made by **ACEA Ato2** (€ 13.4 million) and **SII** (€ 1.6 million) partially offset by the lower investments made by **Gori** (€ 1.4 million) and **ACEA Ato5** (- € 2.1 million). The investments of the Segment refer mainly to



extraordinary maintenance work, reconstruction, modernisation and expansion of plants and networks, the reclamation and expansion of water and sewer pipes of the various Municipalities and work on purification and transport plants (ducts and feeders).

The Segment's net financial position at 30 June 2022 was € 1,752.9 million, which is a deterioration of € 88.2 million compared to 30 June 2021 and a deterioration of € 71.5 million compared to 31 December 2021, mainly attributable to **ACEA Ato2** and related to the investments during the period and the operational cashflow dynamics.

### Significant events in the first half of 2022 and subsequently

#### Lazio - Campania area

##### ACEA Ato2

The Integrated Water Service in OTA2 Central Lazio - Rome started on 1 January 2003. The management of the OTA Municipalities took place gradually and the Municipalities currently managed are 80 compared to 113 of the entire OTA. Nonetheless, compared to the same period in the previous year, it should be noted that on 14 July 2021 with Regional Council Resolution n° 10, which followed Regional Executive Resolution n° 752 of 3 November 2020 on the same subject, Optimal Territorial Area n° 2, Central Lazio-Rome, was modified including in it the Municipality of Campagnano di Roma, which previously belonged to OTA n° 1 North Lazio-Viterbo. In this way the total number of Municipalities of OTA 2 went up from 112 to the current 113. In the second quarter of 2022, from 1 April the acquisition of the drinking water and sewerage service for Marano Equo completed the acquisition of the IWS for that municipality, taking the total number of integrated municipal water services to 81.

The overall situation as at 30 June 2022 is summarised in the table below.

Acquisition situation	No. of Municipalities
Municipalities that declared they do not wish to be part of the Integrated Water Service*	7
Municipalities with Protected Entity	2
Municipalities fully acquired into the Integrated Water Service	81
Municipalities partially acquired, for which ACEA Ato2 provides one or more services:	16
Municipalities to be acquired	7

\* Municipalities with less than 1,000 inhabitants which had the right to express their will in accordance with paragraph 5 of Legislative Decree 152/06.

The process of acquiring the municipal water services has been severely hampered by the COVID-19 emergency, which meant that most of the discussions with the municipal authorities had to be held in video calls.

However, this situation changed radically as a result of Art. 22 of Law 233 of 29 December 2021 converting Law Decree 152 of 6 November 2021 containing "Urgent provisions on the implementation of the National Recovery and Resilience Plan (NRRP) and for the prevention of Mafia infiltration", which provided that paragraph 2-bis of Article 147 of Legislative Decree 152/2006 would now include the following: "2-ter By 1 July 2022, the independent water service operators for which the Area Governing Body has not yet given an opinion on the meeting of the safeguarding criteria indicated in paragraph 2-bis, subparagraph b), will be included in the single management system identified by the same body. By 30 September 2022, the governing body will allocate to the single operator all the management entities not exempted under the above mentioned subparagraph 2-bis".

For this reason there has now been an acceleration of the acquisition process for the 14 municipalities in which the drinking water service is not currently managed: Agosta, Anguillara Sabazia, Anticoli Corrado, Ardea, Campagnano di Roma, Canale Monterano, Cerreto Laziale, Civitella San Paolo, Labico, Ladispoli, Licenza, Roviano, Sant'Angelo Romano and Trevi nel Lazio.

The Company provides the full range of **drinking water distribution** services (collection, abstraction, retail and wholesale distribution). Water is drawn from springs on the basis of long-term concessions.

Water sources supply drinking water to approximately 3,900,000 residents in Rome and Fiumicino and in more than 61 Municipalities in the Lazio region, via five aqueducts and a system of pressurised pipes.

Three further sources of supply provide non-drinking water used in the sprinkler system of Rome.

In order to safeguard the sources of supply and implement an increasingly sustainable management of water resources, in the first half of 2022 the Company completed its study of the quantity of potential groundwater resources and the possible impacts related to the withdrawal of water, by monitoring meteorological and climate variables and implementing appropriate interpretative models. Under the Collaboration Agreement with the National Research Council's Institute for Water Research (Italian acronym: CNR-IRSA), the Company has continued work on developing a software program to model the availability of water resources over time, and to elaborate early warning systems to identify water shortages. With reference to the distribution networks, the campaign to reduce physical and commercial losses and improve network efficiency has continued.

By 30 June 2022:

- the districting of a further 1,180 km of the water network was completed. The districting of the networks, namely the delimitation of the distribution districts (or measurement districts), has the purpose of making the network operation more efficient, controlling in detail the level of the losses in the individual districts and guiding the instrumental research activities for their reduction. Overall, as of 30 June 2022, there are approximately 11,587 miles of districted water pipes with continuous remote monitoring;





- Q the search for hidden leaks was carried out through a punctual and systematic analysis of the networks according to the anomalies emerging from the monitoring of the water districts implemented;
- Q pressure regulator devices have been installed in order to actively manage water pressure and reduce pipe bursts across the distribution network; one such device is the regulation hub at Colle Oppio (Rome), which has improved the efficiency of the water service across a wide area of Rome's 1st municipal district.

In the purification sector, the process of authorising additional ozonolysis stations at the plants of "Montagnano" (Ardea) and "Cobis" (Rome) is now almost complete. These sectors are expected to become operational by November 2022.

Silos are also being installed to store dewatered sludge at the purification plants of "Montagnano" (Ardea), "Cobis" (Rome) and "Crocetta" (Pomezia). A procedure is also underway to build a thermal dryer at the "Cobis" purification plant (Rome), and this is expected to be completed by the end of April next year.

Also with regard to sludge management, work will shortly begin on building a tank for the pumping of dewatered sludge at the "Roma Est" treatment plant. The same tanks will be built for the "Roma Sud" and "Roma Nord" plants. Finally, seven systems for the processing of liquid waste are awaiting delivery for installation at seven purification sites.

During the period, five skids were installed for the dosing of peracetic acid, as well as two MBR systems, one of 750 PE (population equivalent) at the "Trigoria" site in Rome, and the other of 5,000 PE at the "Castel di Guido" treatment plant, also in Rome.

Compressors are still being replaced at the principal treatment plants, including new-generation turbo blowers. As at 30 June 2022, three of the five new turbo blowers at the "Roma Est" treatment plant had been installed and tested. One of the three machines has been installed at "Roma Nord". This process will also be carried out at the "Cobis" treatment plant (Rome), with the installation of two new-generation compressors.

The Company is continuing with its plan of reclamation and expansion of sewer pipes, with a particular focus on improving hygiene and sanitation, by eliminating unauthorised drains and centralising the water purifiers to improve efficiency. At 30 June 2022, four SNAN systems (VELF07, GUIF10, TIVF03 and CARF01, with a total capacity of 6,000 PE) had been positioned, and three purification plants had been decommissioned (Parco della Tiburtina, Carchitti and Morosina, with a total of 15,000 PE).

Resolution 183/2022/R/idr of 26 April 2022 defined the incentive mechanism for the regulation of the technical quality of the integrated water system (RQTI) for the years 2018-2019, which for ACEA Ato2 amounted to € 23.6 million.

#### **ACEA Ato5**

ACEA Ato5 provides integrated water services on the basis of a thirty-year agreement signed on 27 June 2003 by the company and the Frosinone Provincial Authority (representing the Authority for the OTA comprising 86 Municipalities). In return for being awarded the concession, ACEA Ato5 pays a fee to all the municipalities based on the date the related services are effectively acquired.

The management of the integrated water service in the OTA 5 region – Southern Lazio – Frosinone involves a total of 86 Municipalities (the management of the Municipality of Paliano still remains to be acquired, while the Municipalities of Conca Casale and Rocca D'Evandro are "outside the scope") for a total population of about 489,000 inhabitants, a population served of 455,164 inhabitants, with a service coverage equal to approximately 93% of the territory. The number of users is 200,091.

The drinking water system comprises supply, abstraction and distribution plants and networks that use 7 main sources from which an equal number of aqueduct systems originate.

The sewerage and treatment system comprised a network of sewers and collectors connected to waste water treatment terminals. There are 232 sewerage pumping stations managed by the Company and 127 treatment plants, including the "inaccessible" plants and those outside the OTA (Rocca d'Evandro and Conca Casale).

With regard to the acquisition of the plants relating to the management in the Municipality of Paliano, in November 2018 the Council of State finally decided on the appeal filed by the Municipality of Paliano against the decision of the Regional Administrative Court no. 6/2018 – which upheld the appeal filed by the Company against the Municipality of Paliano, in order to obtain the annulment of the measure by which the Municipality opposed its refusal to transfer the service – with decision no. 6635/2018 rejected the appeal filed by the Municipality of Paliano and consequently upheld the decision handed down by the Regional Administrative Court of Latina, reaffirming that the safeguard regime granted to AMEA was "limited to a period of three years from the date of signing of the Management Agreement between OTAA 5 and ACEA Ato5; this deadline therefore expired in 2006, so that, after that date, AMEA's management was to be considered without title".

Since ACEA Ato5 has so far failed to initiate compliance proceedings with a view to verifying the voluntary compliance of the Municipality, which is suitable for preventing the possible appointment of an acting commissioner as has already happened in similar cases, a series of meetings have taken place at the Operational Technical Secretariat of OTAA 5 Lazio Meridionale - Frosinone aimed at seeking an amicable settlement of the dispute and at initiating the preparatory activities for the transfer to ACEA Ato5 of the management of the IWS in the Municipality of Paliano. In this perspective, the Parties – with minutes of 26 November 2018 and 29 November 2018 – performed the update of the previous survey of networks and existing plants in the Municipality of Paliano, necessary for the management of the IWS.

To date, the parties are sharing the IWS handover report, which should also result in the waiver of pending litigation between them. The Parties subsequently held other meetings in order to define not only the technical scope but also the administrative and commercial scope in order to finalise the transfer of the Management of the Water Service of the Municipality of Paliano to ACEA Ato5. However, the Municipality has not provided all the requested information. ACEA Ato5 informed the OTS of this situation on 3 December



2020, and, in the meantime, on 15 December 2020 the Lazio Region also requested clarifications from the Municipality of Paliano and the Area Authority regarding the non-completion of the operations to transfer the Integrated Water Service to ACEA Ato5, warning that in the event of failure to comply with this obligation, procedures would be initiated for the application of substitute powers pursuant to art. 172, paragraph 4 of Italian Legislative Decree no. 152/2006, as amended. The Municipality of Paliano requested an extension to the deadline of thirty days assigned by the Lazio Region. We are therefore awaiting the initiative of the Municipality of Paliano and the Area Authority required to finalise the transfer of the IWS of the Municipality of Paliano.

With regard to the Municipality of Atina, whose management of the IWS has been transferred to ACEA Ato5 as of 19 April 2018, it should be noted that Municipal Council Resolution no. 14 of 17 April 2019, by which the Municipality resolved to “establish the sub/optimal territorial area called Atina Territorial Area 1, with reference to optimal territorial area no. 5, for the continuity of the autonomous and direct management of the water service pursuant to art. 147, paragraph 2 bis of Italian Legislative Decree no. 152/2006, declaring the Integrated Water Service a ‘local public service without economic importance’”.

OTAA 5 appealed the above resolution before the Lazio Regional Administrative Court - Latina Section - also serving the Company and the Lazio Region.

As far as ACEA Ato5 is concerned, while the legal action taken by the AGB is suitable to protect the interests of the Company, it has deemed it appropriate to file suit.

On 1 June 2021 with Note no. 2241/2021 the Lazio region also expressed itself on the subject, repeating the unacceptability of the Municipality’s request for recognition of the Atina 1 Sub Area within the Optimal Territorial Area 5 Frosinone, because this would be contrary to the current national and regional legislation (Italian Legislative Decree No. 152 of 3 April 2006, and Regional Law no. 6 of 22 January 1996). The Municipality therefore continues to have the obligation to award in free concession of use to the operator of the integrated water service the water infrastructures it owns, as provided for in art. 153 paragraph 1 of Italian Legislative Decree 152/2006.

For ACEA Ato5, Resolution 183/2022/R/idr of 26 April 2022 also defined the incentive mechanism for the regulation of the technical quality of the integrated water system (RQTI) for the years 2018-2019, which generated the recognition of a bonus amounting to € 0.7 million

With regard to significant events that took place during the period, it should be noted that:

**[Appeal to the Lazio – Latina Regional Administrative Court \(docket no. 308/2021 section I\) for the annulment of Resolution no.1 of 10 March 2021](#)**

ACEA Ato5 has petitioned the Latina division of the Regional Administrative Court of Lazio, requesting the application of appropriate precautions and the cancellation of Deliberation No. 1 of 10 March 2021 (published on 18 March 2021) containing the tariff decisions for 2020-2023 made pursuant to ARERA Deliberation No. 580/2019/r/idr "Approval of the Water Tariff Method for the third regulatory period MTI-3 " as amended - in which the OTAA 5 Conference of Mayors approved the IWS (integrated water services) tariff for the 2020-2023 regulatory period. Specifically, the operator challenged the part of the Deliberation that rejected the justified requests for recognition of the increased cost of adapting to the service quality standards (OpexQC), recognition of the higher costs of arrears (COMOR) and the part that postponed the recognition of the adjusting payments due to the operator (RcTOTa) to future regulatory periods and to the end of the concession (on the Residual Value - RV at the end of the concession).

At the hearing on 26 May 2021, the Regional Administrative Court, recognising that the matter was highly complex and required further analysis, set the trial for 15 December 2021. On 21 December 2021, the Lazio Regional Administrative Court - Latina Section with Sentence No 691/2021 deemed the appeal inadmissible. The Company appealed to the Council of State with a hearing set for 10 March 2022, at the end of which the Board rejected the appeal and adjourned the case for a decision.

**[Injunction order for payment of € 10,700,000 and counterclaim by OTAA 5 for concession fees](#)**

On 28 February 2017, sentence no. 304/2017 of the Court of Frosinone was published, related to civil judgement RG 1598/2012, pending between ACEA Ato5 and the Optimal Territorial Area Authority no.5.

Indeed we recall that Acea ATO 5 S.p.A. had acted, in 2012, with the proposition of a monitory action intended for the recovery of its credit (for the amount of € 10,700,000.00) arising from the Settlement Agreement signed with the Area Authority on 27 February 2007, in implementation of the resolution of the Mayors’ Conference no.4 of 27 February 2007 relating to recognition of higher operating costs incurred in the three-year period of 2003-2005 in the start-up phase of the Concession.

The Area Authority had opposed the injunction, disputing the existence of the credit and the validity of the Transaction on the presumption that the same had been replaced by the annulment by own determination of Resolution no. 4/2007 (made as a result of subsequent Resolution of the Mayors’ Conference no. 5/2009). Furthermore, the same Area Authority had disputed the legitimacy of the Transaction, since, in its words, the same had been adopted in violation of the regulations in force pro-tempore and specifically the Normalised Method as per Italian Ministerial Decree 1.08.1996. Finally, the Area Authority – in formulating an objection to the injunction order, for the substantial reasons mentioned above – had also filed a counter-claim intended to obtain the payment from the Company of the concession fees related to the 2006-2011 period and quantified as € 28,699,699.48.

In this context, the Court of Frosinone, with sentence no. 304/2017:

- rejected the grounds for opposition formulated by the Area Authority, highlighting, on the one hand, that the annulment, by own determination, of Resolution 4/2007 (as a result of subsequent Resolution no.5/2009) had no effect on the underlying private



relationship, and therefore on the validity of the Settlement Agreement of 27.02.2007; on the other hand, that the Transaction did not violate the Normalised Method since the so-called “price cap” principle is only valid for any tariff increases;

- Q annulled the injunction order on the assumption of the nullity of the Resolution of the Mayors’ Conference no. 4/2007 and of the Settlement Agreement adopted by the Area Authority in violation of the public regulations requiring the identification of the financial coverage of the act itself;
- Q dismissed the alternative plea (for the eventuality that the Settlement Deed is declared invalid) made by the lawyers representing Acea ATO 5 S.p.A. seeking recognition of the claim by the Area Authority;
- Q referred the case for pre-trial examination as regards the counter-claim formulated by the Area Authority, which, it is useful to note, in its closing briefs nevertheless recognised the successful payment, by the Operator, of a large part of its debt, describing the existence of a residual credit of approximately € 7,000,000.00. At the hearing on 17 November 2017, the following documents were filed on behalf of ACEA Ato5: copy of the transfer of 31 July 2017 for € 2 million; copy of the transfer of 4 October 2017 for € 2,244,089.20 and the Acea Memo dated 16 November 2017. With reference to the latter memo, the following were highlighted:
  - a. the commitment of ACEA Ato5 to pay € 1,370,000 by December 2017;
  - b. the dispute of any other indebtedness regarding concession fees.

In response to production of the above documents, the counterparty – initially convinced to recognise the sums of the transfers of 31 July 2017 and 4 October 2017 as contributing to the sums due by ACEA Ato5 for the Concession Fee – acknowledged the production of the documents, declaring the requirement, including due to the content of the Memo dated 16 November 2017, to “refer” to O.O.T.A. 5. In light of the above, the Judge, having acknowledged the counterparty request, postponed the hearing to 27 February 2018. During the aforesaid hearing, documents were submitted attesting to the latest payments by ACEA Ato5 in favour of O.O.T.A.5. Consequently, the Company – through its lawyers – described that:

- a) in response to the commitment to pay € 1,370,000 by December 2017 – ACEA Ato5 paid:
  - Q € 1,287,589 on 5 January 2018, directly to OTAA 5;
  - Q € 85,261.93 on 22 November 2017 to the Consorzio Valle del Liri (as part of the larger payment of € 178,481.68 in execution of the settlement agreement of which said Area Authority is part, in which, under art.2.1, it was acknowledged that the payment of € 178,481.68 would count towards the 2010-2011-2012-2013-2016 fees); for a total of € 1,372,850.93.
- b) with these latest payments, ACEA Ato5 has fully paid the entire concession fee related to the 2006-2012 period: the above is also expressed by Executive Resolution of the OTS no. 88 of 08.11.2017. In particular, express recognition is given of the fact that “in response to established and/or subsequent payments of the concession fee by the Operator, it has to date paid up to the year 2012”.

At the outcome of the aforementioned hearing, the new Judge who took charge of the case, having noted the discrepancies that emerged in the respective accounts of ACEA Ato5 and OTAA 5, granted a postponement to 4 May 2018, inviting the parties to clarify the reasons for such discrepancies and specifying that if they could not the court would appoint an expert to do so. At this hearing there was a further postponement until 21 September 2018.

At this meeting, in light of the Conciliation Panel established on 11 September 2018 with OTAA 5 – pursuant to art. 36 of the Management Agreement to which the question concerning the determination of concession fees was also referred, among others – the Parties asked the judge for a postponement, the hearing being scheduled for 15 February 2019, then postponed to 17 September 2019. At this hearing there was a postponement until 20 December 2019. The proceedings were first postponed to 17 March 2020, then automatically postponed to 11 September 2020 and then to 15 December 2020. The case was further postponed to 12 February 2021, then again to 26 March 2021. At the hearing on 27 April 2021, the Judge reserved judgement on the technical expert and, on 30 April 2021, set the date to appoint the expert for 11 May 2021 and, subsequently, the launch of the expert appraisals for 26 May 2021. The technical expert’s report was to be submitted by 10 November 2021 and the technical expert’s examination was set for the hearing on 30 November 2021. At the subsequent hearing of 15 December 2021, the Company formalised a settlement proposal, in order to settle the dispute amicably. This proposal will be evaluated by the Mayors’ Conference of OTAA 5. The judge set the date of 12 April 2022 for the hearing of the final arguments and then adjourned the case to a later hearing on 31 May 2022. At that hearing, the court acknowledged the rejection by OTAA 5 of the settlement proposed by the Company and set the parties a period of time by which to file their final arguments, adjourning the matter for a decision.

In connection with these proceedings, the appeal must be considered against judgement no. 304/2017 of the Court of Frosinone that revoked the court order of € 10,700,000, initially issued by said Court.

The first hearing was automatically postponed to 11 May 2018. On this occasion the Court, having heard the respective positions of the parties, postponed the case to 20 November 2020 for the oral discussion and the ruling of the sentence pursuant to art. 281 sexies of the code of civil procedure. The proceedings were postponed to 30 June 2021. At the hearing on 30 June 2021, the Court of Appeal adjourned the matter firstly until 6 July 2022, and then until 10 May 2023.

The Company did not consider cancelling the receivable or setting aside any risk provisions for two reasons:

- Q the issue in question, which relates to the recognition of the amount owed by the Operator (of € 10,700,000.00) in connection with the 2007 settlement, the subject of sentence no. 304/2017 of the Court of Frosinone, appealed by ACEA Ato5 to the Court of Appeal of Rome (RG no. 6227/2017), was referred to the Conciliation Board for further investigation, including legal matters;
- Q The legal assessments made by the lawyers illustrate, on the one hand, the validity of the appeal and, on the other hand, the fact that the nullity of the transaction does not per se determine the non-existence of the receivable.



The validity of the appeal and of the decision not to cancel the receivable were further confirmed by the conclusions of the Conciliation Board, established by the Area Authority and the Operator, in accordance with the provisions of article 36 of the Management Agreement, in order to reach a settlement of the various disputes pending between the parties.

At the hearing on 6 July 2022, the Court of Appeals adjourned the hearing ex officio to 10 May 2023.

In the Conciliation Proposal sent to the parties on 26 November 2019, previously approved by the Board of Directors of the Company on 19 December 2019 and currently being examined by the Mayors' Conference of AAT05, the Conciliation Board has in fact, among other things:

- Q ascertained the existence of significant differences between the concession fees approved in the various tariff arrangements and the amounts to be paid to the Municipalities. In the opinion of the Board, the actual existence of such differences leads one to believe that Resolution no. 4/2007 of the Area Authority was based on credible elements, also found afterwards, where it identified the "savings on the concession fees to be paid to the Municipalities" (which could constitute the financial funding to pay a loan stipulated by the Area Authority) as the financial coverage for the payment to the Operator of the sums envisaged in the settlement. This conclusion, highlighting the plausibility of the sources of coverage identified by the Area Authority to finance the settlement, confirms the validity of the appeal filed by the Company against sentence no. 304/2017, by which the Court of Frosinone declared the nullity of Resolution no. 4/2007 of the Area Authority and of the settlement agreement precisely because of the alleged failure to identify the related financial coverage in violation of the disclosure regulations, since the reference to "unspecified savings on the concession fees to be paid to Municipalities" was not considered adequate and sufficient;
- Q considered that there are valid and grounded reasons to grant the Operator's request for recognition of higher operating costs incurred in the three-year period 2003-2005 to the reduced extent agreed to by the parties in the settlement, thus confirming the existence of the corresponding receivable in the Company's financial statements.

#### Updating of the concession fee

With Resolution no. 1 of 26 March 2018, Conference of Mayors ordered that the payment of the instalments of loans taken out by Municipalities, from the second half of 2013 until the end of the Concession, shall be disbursed directly by the Operator. Consequently, with the tariff update ordered on 1 August 2018, by immediately implementing the provisions made by ARERA contained in the sanctioning measure DSAI/42/2018/idr, with regard, among other things, to the fees relating to unmanaged Municipalities, the mortgage component of the Concession Fee was adjusted in 2019 by adding the amount of the same specified in the annex to aforesaid Resolution no. 1 of 26 March 2018. No adjustment of the mortgage component was implemented for the years 2013-2017, as Resolution no. 1 of 26 March 2018 did not imply any change to the amount of the mortgage component approved in the various tariff provisions. In addition, any recalculation of loan costs (MTp) must be approved by the Conference of Mayors and must be included in the Economic and Financial Plan (EFP) of the next tariff update in view of the fact that, even at the time of approval of the tariff update 2018-2019, approved by the Conference of Mayors on 1 August 2018, nothing was established regarding the fees for the above years. For the reasons set out below, the Company did not consider that the obligation to pay this difference to the Area Authority had failed, and therefore it did not reduce the provisions in its financial statements for concession fees:

- Q The aforementioned Resolution of the Conference of Mayors has made no provision for the difference;
- Q In compliance with the regulations in force, the quantification of the concession fees is the exclusive responsibility of the Area Authority and therefore any recognition of the difference (with consequent extinction of the relative obligation) can only take place following the revision of the tariffs for the years 2013-2017 and the relative Economic and Financial Plan (EFP) by the Area Authority;
- Q When reviewing the tariffs for the two-year period 2018-2019 and the related EFP, the Area Authority implemented the reduction in concession fees only as from 2018 (with a substantial reduction of about € 1,658 thousand in 2018), leaving those for the 2013-2017 years unchanged;
- Q For the 2013 financial year, the AGB had issued invoices to the Company for the difference between the concession fee resulting from the relevant tariff and the charges for the loans that the Operator had paid to the municipalities based on the aforementioned Resolution;
- Q The exact quantification of the concession fees for the aforementioned years and the assessment of their reallocation and treatment for tariff purposes was an open issue for both parties, so much so that it was referred to the Conciliation Board established between OTAA 5 and the Operator, in accordance with the provisions of art. 36 of the Agreement.

It should also be noted that since it is a so-called "pass-through cost" in the tariff definition, i.e. charged as a tariff without any economic return for the Operator (a sort of collection on behalf of third parties), its effect is substantially neutral in the Operator's financial statements: it is recorded as revenue and at the same time and in equal measure as a cost. For this reason, even if the Company mistakenly did not fulfil its obligation to pay the difference and recognised out-of-period income as an adjustment to the amount due for the concession fee, it would have had to recognise out-of-period income of the same amount following a reduction in the adjustments for the years 2013-2017, with clear economic effects that are insignificant from both a statutory and fiscal point of view. It should be noted that on 27 November 2019 the aforementioned Conciliation Board submitted to the Company and to the Area Authority a specific Conciliation Proposal, with an attached deed still to be signed. In these documents, the Conciliation Board has, among other things, put forward a proposal to reduce the tariff adjustments claimed by the Operator by the difference of € 12,798 thousand between the concession fees approved in the various tariff arrangements for the years 2013-2017 and the amounts to be paid directly to the municipalities on the basis of Resolution no. 1 of 26 March 2018. This proposal for allocation to offset existing receivables confirms the Operator's indebtedness of this difference, corroborating the Company's decision not to release the related liabilities in its financial statements.



### Conciliation Board with OTAA 5

With regard to **relations with OTAA 5**, the Company has tried to reach a settlement of the various disputes pending against the Area Authority, convinced of the need to put an end to a very long season of clear conflict between the Granting Body and the Licensee Company, culminating with the resolution passed by the Conference of Mayors of OTA5 aimed at the termination of the Management Agreement that forced the Company to appeal to the Latina Regional Administrative Court that annulled the above resolution.

In this context, in recent years and especially during 2018 an enormous effort has been made – including organisational efforts – to reconstruct the relations between the Company, the Area Authority and the individual Municipal Administrations of Ato5.

Similarly, the possibility of establishing a Conciliation Board with the Area Authority has therefore become concrete, with the aim of settling the main issues still in dispute by the parties.

In this regard, on 11 September 2018 OTAA5 and the Company signed report no.1 in which the parties expressed their mutual willingness to open a Conciliation Board on the various disputes pending between them.

Also in the same minutes, the Parties shared the rules of operation of the Conciliation Board and the criteria for the appointment of that Board and, in particular, each party appointed its own member.

The Chairperson of the Conciliation Board was selected by the Prefect of Frosinone, at the joint request of the parties, and was jointly appointed on 16 May 2019. The Board officially took office on 27 May 2019, thus starting the 120-day period within which it had to arrive at a proposal for an amicable settlement of the issues submitted for its assessment. On 17 September 2019, the Conciliation Board announced that it had completed the preliminary work on all the items assigned to the roundtable. However, it noted that due to the number and complexity of the issues under examination, a considerable amount of work was required to prepare a document presenting a comprehensive and reasoned conciliation proposal. It therefore requested and obtained from the parties an extension of 30 days from 24 September 2019.

Following a detailed and in-depth investigation, the Conciliation Board prepared a draft of the Conciliation Proposal, presented to the parties' legal counsel at the meeting held on 11 November 2019. At that meeting, the Parties invited the Board to draw up a draft of the Conciliation that would take into account the report illustrated in that meeting, as well as the proposals made by the Operator, to be submitted for examination and approval to the relevant Bodies.

On 27 November 2019, the Conciliation Board submitted the final Conciliation Proposal to the Parties together with the draft of the Conciliation Deed, which each party will be free to accept or reject, i.e. to accept it in full or even only in part. As a matter of fact, the aim and underlying criterion of the assessments of the Board include the formulation of a unified conciliation proposal, capable of creating balance between the respective positions and interests of the parties, minimising the negative impacts on users and on the service tariff and which will allow for the establishment of a more pleasant atmosphere in relations between the Operator, the Area Authority and the users of OTAA5, overcoming the previous period characterised by conflict, which also caused serious detriment to the Operator in its relations with users.

Specifically, with reference to the individual mutual claims referred for its assessment, the solutions proposed by the Conciliation Board in the aforesaid Conciliation Proposal are as follows:

- Q judgement pending with the Court of Frosinone, docket number 1598/2012, relating to the 2006-2011 licence fees - the Board of Arbitrators would propose recognition of the debt owed by the Manager for the requested amount of € 1,750,000; it should be noted that this amount is to be understood as an additional recognition with respect to the amount indicated in the settlement proposal made in the context of the aforementioned pending proceedings - see the description in the preceding paragraph "Injunction order for € 10,700,000 and counterclaim OTAA 5 concession fees";
- Q quantification of the concession fee relative to the period 2012-2017, and the linked destination of any economies for a total of € 12,798,930.00 - the Board proposes, also taking into account the regulatory guidelines provided by ARERA, that these are taken out of the tariff adjustments in favour of the Operator;
- Q recognition of the amount owed by the Operator (€ 10,700,00.00) - the Board proposes recognition of this credit in favour of the Operator; - compensation of damages suffered by ACEA Ato5 against delayed delivery of services by the Municipalities of Cassino, Atina and Paliano - the Board holds the Operator's claim to be founded but, in consideration of the difficulty in quantifying the damage suffered and with an eye to amicable settlement, proposes that the Operator renounces this claim with regard to the Area Authority;
- Q compensation of damages for the lack of handover of the ASI and Cosilam plants, assessed in the amount of € 2,855,000.00 - the Board holds that the requirements to dispute a deed which is now final are not met; nonetheless, the Operator will renounce the claim against recognition of the credit for € 10,700,000.00;
- Q recognition of penalties totalling € 10,900,000.00 applied by AATO 5 against the Operator and annulled by the Latina Regional Administrative Court by judgement no. 638/2017; Although the Operator has substantially renounced the application of the said penalties related to the period 2014-2015, the Board proposes partial acceptance of the Area Authority's claim for a total amount of € 4,500,000. In relation to this point, the Conciliation Proposal provides for an irrevocable commitment to make investments, in the territory of the ATO5, of an amount corresponding to the quantification made by the Conciliation Board, with no tariff recognition and therefore at the total expense of the Operator;
- Q recognition of interest on the delayed payment of concession fees on the part of ACEA Ato5, assessed in the amount of € 650,000.00 - the Board proposes recognition of this claim;
- Q request for an Operator repayment plan in relation to the Area Authority for debt positions relating to the concession fee for 2013/2018 which, at 30 June 2019, amount to around € 10,167,000; the Board proposes offsetting this debt by the recognition of a credit of € 10,700,000;



- Q discounting of the Adjustments 2006/2011, and for 2014, 2015, 2016 and 2017, assessed in the amount of € 1,040,000.00 - the Board proposes recognition of this credit in favour of the Operator;
- Q non-invoicing of adjustments 2006/2011, due to the adjustment of 2012 volumes, assessed in the amount of € 1,155,000 - the Board proposes recognition of this claim in favour of the Operator.

The “Conciliation Proposal” and the draft “Conciliation Deed” were approved by the Company’s BoD at a meeting held on 19 December 2019. On 4 February 2020, the Company informed the OTS of AATO 5, with note no. 53150/20, that on 19 December 2019 the BoD approved the Conciliation Proposal formulated by the Conciliation Board and the draft of the Conciliation Deed between AATO 5 and ACEA Ato5 and that, moreover, the Chairperson was given a mandate to sign the Conciliation Deed, confirming in particular the commitment to carry out interventions for a total amount of € 4,500,000 without any tariff recognition, in conciliation and for the reasons set out above.

However, in light of the conduct throughout the conciliation process, and in particular during the final meeting held on 11 November 2019 in which the Conciliation Board explained the Conciliation Proposal to the legal representatives of the parties and as the Company's Board of Directors had already approved the related Conciliation Deed on 19 December 2019 and then communicated this decision to OTAA 5 on 4 February 2020, the Company believed that as at 31 December 2019 an implicit obligation had already arisen for the commitments envisaged in the Conciliation Deed, and in particular for the aforementioned commitment to carry out interventions in the territory without any tariff recognition, having already created a valid expectation in the OTAA 5 Area Authority and in the municipalities of the territory that the Company intends to honour these commitments and bear the related charges. Based on the information available, considering the approval of the Conciliation Deed by the Conference of Mayors to be probable and consequently also considering the related implied obligation to be likely, at the end of 2019 the Company decided to allocate a provision for risks for € 4,500,000.

To date, the Conference of Mayors has not yet been scheduled for final approval of the two documents. Specifically, it should be noted that the Mayors’ Conference on 28 October 2021 resolved that the approval of the Conciliation Deed could only be considered upon the outcome of, at least, the preliminary phase of the Criminal Proceeding 2031/2016 pending before the Court of Frosinone. Subsequently, on 26 January 2022, the OTS of OTAA 5 sent the Company a letter ordering it to set up an interest-bearing escrow account within 15 days at the latest, into which the sum of € 12.8 million relating to the aforementioned savings on concession fees for the period 2012-2017, as quantified in the joint report of 29 April 2019 attached to the work of the conciliation roundtable, which - according to the OTS - was allegedly invoiced by the Manager, would be transferred. The Company acknowledged this letter on 10 February 2022, pointing out, among other things, that the Conciliation Board itself in its report, with specific reference to the savings on the 2012-2017 licence fees, had clarified that “these sums can only be considered virtually and abstractly (and not also in actual financial terms) as being available to the Manager” and that they would indeed represent a suitable financial source to cover the debt of € 10,7 million owed to the Manager or, alternatively, - as proposed in the draft conciliation agreement - to reduce the total amount of the tariff adjustments still due to the Manager, which far exceed the amount in question.

However, the Company is willing to set up a round table to discuss the matter further and find the most suitable solution to reconcile their mutual interests.

In view of the foregoing and pending the examination of the Conciliation Proposal by the Conference of Mayors of OTAA 5, the Company considers the draft Conciliation approved by the Board of Directors of ACEA Ato5 at the meeting of 19 December 2019, as a still valid reference in relation to the overall composition of the issues submitted by the parties to the Conciliation Board and, therefore, considers that the same continues to represent - to the extent of the net amount of € 4.5 million to be paid to the AGB under it - an implicit obligation that can be enforced against it. Therefore, the provision for risks originally posted on the financial statements on 31 December 2019 was confirmed when preparing the Company's 2021 financial statements and those for the 2022 half-year.

As further confirmation of the continuing validity of the Conciliation Proposal between the parties, it should be noted that on 1 February 2022, the AGB requested the payment of the invoices for concessionary charges issued with reference to the years 2019-2022 and not those issued with reference to the years 2012-2018, which were the subject of the Conciliation Board meeting.

The Company responded to this reminder with three separate letters sent on 3 February 2022, 17 February 2022 and - most recently - on 2 March 2022, in which, respectively, it disputed the amounts of some of the invoices requested by the AGB (the amounts of which do not match those of the invoices in its possession), it put forward a proposal for a payment by instalment plan and reiterated, however, that this instalment proposal is not an alternative to the Conciliation Board, nor does it change its content in any way, but only concerns the settlement of the portion of debts referring to the 2019-2021 period.

In a letter of 29 April 2022, the OTS repeated its claims about the concessionary charges and called a meeting for 6 May 2022. The OTS in its letter dated 6 May 2022 reiterated its arguments but confirmed its willingness to attend the meeting. The meeting finally took place on 9 May 2022. Following that meeting, the parties agreed on the need to begin technical talks in order to investigate the outstanding points. The technical talks are still ongoing, as of the reporting date.

#### Criminal proceeding no. 3910/18

With regard to criminal proceeding no. 3910/18 r.g.n.r. of the Public Prosecutor in the Court of Frosinone, on 2 January 2019 a preventive seizure decree was issued on 18 December 2018 by the Judge for Preliminary Investigations at the Court of Frosinone as part of criminal proceedings no. 3910/18 r.g.n.r., pending for the alleged violation of art. 4 of Italian Legislative Decree 74/2000 (inaccurate declaration). Pursuant to the aforementioned provision, the preventive seizure of financial resources in the accounts held in the name of ACEA Ato5 up to a value of € 3,600,554.51 was ordered. On 11 January 2019, a request for a review was filed, whose discussion hearing was scheduled for 1 February 2019 before the Court of Frosinone, as a unified bench. At the outcome of the aforementioned hearing in the Council Chamber, the Court of Frosinone upheld the proposed re-examination request and, as a result,



cancelled the preventive seizure decree, ordering the restitution to the person entitled thereto. Based on the aforementioned restitution order, the Company sent a formal request to the Single Justice Fund for the restitution of the sums released. To date, the restitution procedure has been resolved with the release of the sums by the Single Justice Fund. This case was combined with criminal proceeding no. 2031/16 r.g.n.r.

At the same time, however, a court summons had been sent to a former Executive of the Company. At the hearing set for the discussion of the preliminary matters and for the opening statement of the proceedings itself, it will be recorded that the facts of the count of indictment are the same as those for which criminal proceeding RGNR 2031/2016 is pending.

The first evidentiary hearing was held on 19 October 2021. The case was adjourned until 16 November 2021, for the lifting of the reservation imposed by the court in view of the plea of lack of territorial jurisdiction made by the plaintiff's counsel. The plea on procedural matters was rejected and the case was adjourned firstly until 19 April 2022 and then until 27 September 2022 for the questioning of the witnesses named by the Public Prosecutor.

#### ARERA sanctioning measure concerning IWS tariff regulation

With determination no. DSAI/42/2018/IDR of 21 May 2018, ARERA started a sanctioning procedure regarding the tariff regulation of the integrated water service, the result of the audit carried out by the ARERA in collaboration with the Special Energy Unit and the water system of the Guardia di Finanza from 20 to 24 November 2017 at the Company's offices.

On 4 July 2019, ARERA published Resolution 253/2019/S/IDR of 25 June 2019 imposing administrative fines on ACEA Ato5, pursuant to article 2, paragraph 20, letter c) of Italian Law 481/95, for a total amount of € 955,000.00 for violations alleged in Determination DSAI/42/2018/IDR.

On 3 October 2019 the Company filed an appeal with the Lombardy Regional Administrative Court against the aforesaid measure to have it thrown out, and to have the amount of the fine reviewed.

Moreover, following the submission of the appeal, the Company sent a specific request to the Authority asking for details of the timing of the approval procedures for the 2016-2019 tariffs, as well as the 2018-2019 update.

Regarding the appeal in question, there is no information as of today regarding the setting of the hearing. In any case, also because of the penalty payment reminder sent by ARERA on 16 October 2019, the Company paid the entire penalty imposed on it.

#### AGCM sanctioning measure - Proceeding PS9918

On 5 July 2018, in implementation of the Resolution adopted by the Italian Antitrust Authority on 27 June 2018, an audit took place at the registered office of the Company following the initiation of the proceeding pursuant to art. 27, paragraph 3 of Italian Legislative Decree no. 206 of 2005, as well as pursuant to art. 6 of the "Regulation on preliminary investigations concerning misleading and comparative advertising, unfair commercial practices, violations of consumer rights in contracts and unfair terms" (hereinafter Regulation). The proceedings were opened in response to reports made to the Authority by the Consumer Associations CO.DI.CI. and Federconsumatori Frosinone regarding alleged incorrect and aggressive behaviour towards consumers and small businesses by ACEA Ato5 in the period January 2015 - June 2018.

On 20 February 2019, the AGCM, with regard to the PS/9918 proceeding, announced that it had extended the deadline for the conclusion of the proceeding to 23 May 2019.

On 28 February 2019 the AGCM announced that it had extended the deadline for the conclusion of the preliminary phase of procedure PS/9918 – set at 20 March 2019 – with the simultaneous clarification of the high charges against the Company. In particular, the Authority abandoned some of the initial disputes, confirming instead that it had detected some critical issues concerning: (i) initiation of collection procedures pending complaint for the period prior to the corporate procedure of 2018; (ii) consumption limitations, for the period prior to the change made in January 2019 to the procedure implemented by the Company with regard to the limitation period; (iii) management of hidden water losses. On 20 March 2019 the Company filed a defence brief and supporting documentation. On 4 July 2019, the Authority notified the Company of the sanctioning measure with a pecuniary administrative sanction totalling € 1.0 million was imposed. On 3 October 2019 the Company filed an appeal with the Lazio Regional Administrative Court – registered under docket no. RG 12290/2019 section I – against the aforesaid sanctioning measure, requesting its cancellation with precautionary suspension. In the Chamber of Council of 6 November 2019 to discuss the request for precautionary suspension, the Regional Administrative Court of Lazio issued Order no. 7223 with which it rejected the application for precautionary suspension.

The decision of the Regional Administrative Court does not address the individual grounds of the appeal, which will only be ruled on at the hearing, yet to be scheduled. In particular, according to the administrative judge "with regard to the extent of the financial penalty imposed and the feared consequences on the business activity, it does not appear to be extremely serious and urgent as per art. 119, paragraph 4 of the Italian Criminal Code for the granting of the requested precautionary protection, also taking into account the fact that the claimant company is in any case entitled to file a request for payment in instalments".

In view of the aforesaid decision, since the Company has the power to do so, on 3 December 2019 the Company submitted to the Authority a request for payment in instalments, which the Authority accepted on 21 January 2020.

On 26 February 2020, a request for information was received from the Italian Competition Authority pursuant to art. 3, paragraph 2 of the "Regulation on preliminary investigations concerning misleading and comparative advertising, unfair trade practices, violation of consumer rights in contracts, violation of the prohibition of discrimination and unfair terms" regarding the effectiveness of the measures put in place by Acea Ato 5 following sanction no. 27798 of 5 June 2019, adopted at the outcome of the PS9918 preliminary investigation procedure.

In particular, with reference to the July-December 2019 and January-February 2020 periods, the Authority requested specific information about:



- a. the number of claims received, distinguishing and specifying the reason for each individual claim;
- b. number of claims accepted and number of claims rejected;
- c. number of payment reminders and disconnection notices sent to the users;
- d. number of executive procedures begun to collect overdue amounts;
- e. number of water service disconnections carried out, indicating the reasons and the procedures followed.

On 17 March 2020, the Company responded to the aforementioned request, highlighting the improved pro-consumer management of the relationship with users.

In particular, the evidence submitted confirmed that:

- Q No requirements had been imposed by the Authority with regard to the verification referred to in Sanction Order no. 27798 of 5 June 2019. In fact, the Company had already improved its performance of the activities in question during the audit;
- Q The Company had for some time already implemented or modified its procedures – in compliance with current sector legislation – in order to best meet the changing needs of consumers, also to take into account the regulatory measures recently adopted by ARERA.

In light of these considerations and taking into account the data available to date, no relevant findings emerged with regard to the requests made by the Authority. At present, there are no updates nor have additional requests been received from the Authority.

#### Criminal proceeding no. 2031/2016

With regard to criminal proceeding no. 2031/2016 concerning the financial years 2015, 2016 and 2017, on 4 January 2019 the current Chairperson of the Company was served with an invitation to appear in person subject to investigation and information of guarantee for alleged offences attributable to false financial statements and false corporate communications. This measure also affected the Chairpersons of the Company and the representatives of the control bodies in office in those financial years. The preliminary hearing was held on 26 October 2021, adjourned to 15 November 2021, in order to assess the admission of civil parties and then adjourned to 13 December 2021 for the same obligations and then to 10 January 2022, in order to dissolve the reservation on the admission of civil parties. After lifting the reservation, the investigating judge made an order accepting all the parties allegedly damaged by the crime in dispute, apart from “Free Monte” and “Codici Onlus”. After action was taken by several civil parties, ACEA Ato5 and Ato5 Lazio Meridionale Frosinone were also summonsed in civil proceedings, for the charges ascribed to the defendants.

In light of this, the hearing was adjourned until 18 February 2022, when ACEA Ato5 filed an appearance as a civil party. The judge then adjourned the case until 14 March 2022 to allow the Public Prosecutor and the civil parties to file counterclaims on the plea lack of territorial jurisdiction made by the defendants’ counsel.

In an order dated 14 March 2022 the judge rejected the plea of lack of jurisdiction and adjourned the case to a hearing on 28/03/2022, when the defendants would be called. The preliminary hearing was then adjourned until 29 April 2022 for the Public Prosecutor's indictment and for the examination of the civil parties and the party held liable. The judge also set two other dates (23 May 2022 and 27 June 2022) for a hearing of all the defence arguments. The discussion hearing was adjourned until 19 September 2022.

#### Civil judgment RG 4164/2013 (Opposition to the injunction of the Municipality of Fiuggi)

With Injunction No 1131/13, No rg 1966/2013, issued by the Court of Frosinone on 25 July 2013, the Municipality of Fiuggi was ordered to pay to ACEA Ato5 the sum of € 185,685.00 for outstanding invoices relating to the supply of water to users attributable to the Municipality.

The Municipality of Fiuggi served a writ of summons opposing said injunction, requesting the revocation of the same and, by way of counterclaim, the condemnation of Acea to pay the Municipality of Fiuggi the sum of € 752,505.86 by way of loan instalments accrued and unpaid from 2009 to 1 August 2013, as well as subsequent accruals and maturities, plus interest until payment in full, and to order ACEA Ato5 to reimburse the Municipality of Fiuggi all the expenses that, due to the lack of timely intervention by the obligated water operator, were incurred by the Municipality.

The Municipal Administration also requested that ACEA Ato5 be sentenced to pay compensation to the Municipality of Fiuggi for the pecuniary and non-pecuniary damages suffered and to be suffered, leaving the quantification to a designated expert. A designated expert was therefore ordered to verify and quantify the claims of the parties.

Pending the proceedings, the parties entered into negotiations with a view to verifying the possibility of settling the dispute amicably. At present, the proposals put forward by the counterparty are not deemed acceptable, therefore, whilst not ruling out the possibility of reaching an agreement, it was deemed appropriate to reconsider the continuation of the proceedings.

Following the filing of the expert's report, which was contested in every aspect by the Company, an additional investigation was carried out and the related activities were scheduled. The case is pending before the Court of Frosinone No 4164/2013.

At the hearing of 2 March 2021, the designated expert was examined and the Judge, lifting the reservation, adjourned the case for the definition of conclusions to the hearing of 11 March 2022.

The dispute was settled by the parties in an agreement signed on 30 December 2021. The objection to the injunction order will be suspended until the parties’ fulfilment of their commitments has been verified. The opposition proceedings will firstly be adjourned in order to allow verification of compliance, and will only be closed after the due and proper performance of the settlement agreement pursuant to Art. 309 of the Code of Civil Procedure. As a result, the Company has decided to set aside these sums in a provision for risks, in order to cover any costs deriving from the agreement. The case was thus adjourned until 17 March 2023 in order to verify compliance with the obligations of the settlement agreement.





See also the additional information contained in the paragraph “Information on services under concession” and with reference to the proceedings Italian Legislative Decree no. 231/2001 in the paragraph of this “Report on Major Risks and Uncertainties”. Moreover, with reference to additional complex cases related to legal controversies, filed or being filed, between ACEA Ato5 and the Environmental Authority, see the “Update on primary legal controversies” paragraph of this document.

#### Notice of 2013 assessment and tax audits

On 23 October 2019 sentence no. 475/1/2019 was filed by the Provincial Tax Commission of Frosinone rejecting the appeal filed by the Company against the administrative fine imposed by the Revenue Agency for violations ascertained by the Guardia di Finanza for 2013.

It is the intention of the Company to challenge the aforementioned judgement and to lodge an appeal before the Regional Tax Commission.

The deadline for this action is six months from the date of filing of the judgement, therefore 23 April 2020. This deadline was extended to 11 May 2020 due to the health emergency. The appeal has been presented and at present we are waiting for the hearing to be scheduled.

During 2019, the Guardia di Finanza also continued its audit of income taxes for the years 2014 to 2018.

On 31 December 2019 the parent company ACEA S.p.A. and the subsidiary ACEA Ato5 were served by the Revenue Agency – Dir. Prov. of Frosinone - Audit Office - of two notices of assessment for IRES for 2013 and 2014.

These notices of assessment are a consequence of the findings of the tax assessment reports drawn up on 25 October 2018 (mentioned above) and on 30 October 2019, in which the auditors of the Guardia di Finanza found:

- for the tax year 2013:
  - undue decrease in income of € 10,703,757;
  - positive income components not recorded and not declared for € 829,552;
  - negative income elements unduly deducted for € 1,559,616.

With this report on findings (PVC), the second and third points are resolved, given that the critical points noted in the report and initially ascribed to the tax year 2013 had an impact on subsequent years:

- for the tax year 2014:
  - positive undeclared income components of € 18,800,000.

The Company appealed these fines with the Provincial Tax Commission of Frosinone on 28 February 2020 in compliance with the deadline of 60 days from the date of notification of the aforementioned notices of assessment, jointly and severally with the parent company Acea, with regard to the assessments of the IRES tax for 2013. The meeting for discussion originally set for 18 November 2020 was postponed to 19 January 2021. Supported by the opinion of its tax advisors, the Company believes that there is a risk of losing the case in the “remote” tax proceedings. On completion of the proceeding of 13 April 2021, the Provincial Tax Commission of Frosinone informed the company that it had accepted the IRAP 2014 and IRES 2014 appeals, ordering the Revenues Agency to pay for the legal expenses. An appeal was lodged by the unsuccessful party against the aforesaid judgement.

On 23, 29 and 30 December 2021, Acea S.p.A. and the Company were served by the Revenue Agency - Dir. Prov. of Frosinone - Audit Office - two notices of assessment for IRES for 2016 and IRAP for 2015 and 2016. These notices of assessment are also a consequence of the findings of the Tax Assessment Reports drawn up on 30 October 2019, in which the auditors of the Guardia di Finanza found:

- for IRES and IRAP purposes for 2016:
  - an unrecognised non-recurring gain arising from the higher GRC recognised by ARERA for € 3,337,920.00; and
  - an undue decrease in non-deductible negative income components for € 1,559,616.88.
- for IRES and IRAP purposes for 2015:
  - an un-deductible contingent liability recorded in the 2015 financial statements and related to the non-management of the municipalities of Atina, Cassino Centro and Paliano for the years 2012, 2013 and 2014 for € 3,480,308;
  - the recognition in 2017 of non-recurring gains and adjustments for lower depreciation and amortisation, which amounted to € 2,144,875 in 2015.

The Company appealed the verification notice with the Provincial Tax Commission of Frosinone within the deadline of 60 days from the date of notification of the aforementioned notices of assessment, jointly and severally with the parent company Acea SpA. With reference to the findings related to the lack of jurisdiction disputed for 2015 described above, supported by its tax advisors, having carried out the appropriate assessments of the risk profiles related to the aforementioned findings, the Company allocated a provision for tax risks for approximately € 701thousand; whereas, with reference to the other findings, supported by the opinion of its tax advisors, the Company believes that there is a risk of losing the case in the “remote” tax proceedings.

Relative to the appeals submitted by the Company against the notices of assessment for corporation tax (IRES 2015 and 2016), the Provincial Tax Commission has set a hearing date on 27 September 2022.

#### AGCM feedback on purification and charge of sewerage and purification fees

On 13 March 2020, a request was received from the AGCM for information pursuant to art. 3, paragraph 2 of the “Regulation on preliminary investigations concerning misleading and comparative advertising, unfair commercial practices, violation of consumer rights in contracts, violation of the prohibition of discrimination and unfair terms”, with specific reference to the application of the tariff for purification services in the territory of the municipality of Vicalvi and the other municipalities managed by ACEA Ato5.



This request stemmed from the clarification note sent by the Municipality of Vicalvi at the beginning of 2020 and recalled by the same Authority in which it was asked to justify this attribution in view of the fact that only Imhoff tanks are used in the municipal territory and there are no purification plants.

Specifically, the Authority asked to know:

- Details of the municipalities in which no purification service is offered;
- The number of users residing there who are charged for the purification service;
- Any initiatives taken for the activation of new and/or additional treatment plants, specifying the date of their entry into operation.

In this regard, having to deal with the exceptional operational difficulties related to the extraordinary emergency situation created following the spread of COVID-19, which inevitably affected the timing of the collection of the requested information and the preparation of the subsequent response – whose deadline was set at 2 April 2020 – it was considered appropriate to request an extension of the deadline to 30 April 2020.

On 30 April 2020 the Company responded to the request for information received from the Antitrust Authority regarding the application of the tariff for purification services in the territory of the Municipality of Vicalvi and the other municipalities managed by ACEA Ato5, with note no. 0141201/20.

In particular, with regard to users residing in the municipalities not currently served by purification who are charged for the aforementioned service, equal to 387 users (out of approximately 17,028), the Company replied to the Authority that it would promptly return this charge and exempt the aforementioned users from the purification portion of the tariff. The return has been arranged automatically and regardless of any petition or request by users, and even in the absence of any report about the lack of a purification system available to the users, in accordance with the provisions of the ruling of the Constitutional Court no. 335/2008.

Subsequently, the Company acknowledged the numerous initiatives currently under way to ensure the operation of treatment plants located in the municipalities not yet served, also on the basis of specific commitments made with Optimal Territorial Area Authority no. 5 and included in the Works Programme (WP).

Finally, with specific reference to the position of the Municipality of Vicalvi, the Company has provided the necessary clarification regarding the charge made to users residing in the aforementioned municipality of the tariff relating to the purification service, specifying that this charge is legitimate due to the presence in the municipal territory of Imhoff tanks, delivered to the Company at the time of the transfer of the IWS, which are in fact, both at an operational and regulatory level, purification plants, so much so that the costs of managing them have been recognised and approved by OTAA 5 in the 2016-2019 tariff preparation.

The above demonstrates that, unlike what was stated by the Municipality of Vicalvi, the provision of a charge in the tariff for the costs of managing Imhoff tanks – through the tariff item relating to the purification service applied to users whose discharges flow into such system – is entirely lawful, and as recognised by the Operational Technical Secretariat of OTAA 5 it is consistent not only with the tariff method approved by ARERA with Resolution no. 580/2019/ldr, but also and above all with the principles affirmed by the Constitutional Court with judgement no. 335 of 2008, according to which the tariff, as a contractual consideration, must “express the industrial cost of the water service represented...by the integration of collection, supply, distribution, collection and purification services”. At present, there are no updates nor have additional requests been received from the Authority.

With reference to **progress of the procedure for approving the water tariffs for OTAA 5**, at present water tariffs for the 2012-2015 period have been approved by ARERA (Resolution 51/2016/R/ldr of 11 February 2016).

In fact, recall that the water tariffs are established by the governing bodies for the area, or by other competent entities identified in regional law, and then sent to ARERA for approval. In the case of inaction by governing bodies for the area, the Operator may take the initiative.

#### Regulatory period 2016 - 2019

With Resolution 664/2015/R/ldr of 28 December 2015, ARERA approved the Tariff Method for the second regulatory period “MTI-2”, defining the rules for calculating costs included in tariff recognition, as well as identifying the reference macroeconomic parameters and those associated with the division of risk in regulation of the water sector. After publication of MTI-2, the Company continued to provide the Area Authority with information and clarifications useful for preparation of the 2016-2019 tariff. Despite the sending of these documents, the Area Authority did not prepare any tariff proposals for the 2016-2019 period. Therefore, seeing the inaction of the Area Authority, on 30 May 2016 the Company sent to the OTAA 5, via certified email, cc’ing ARERA, the tariff request pursuant to art. 7, para. 7.5 of Resolution 664/2015. With a note ref. no. 19984/P of 13 July 2016, ARERA convened the Area Governing Body and the Operator for a meeting on 19 July 2016. After this meeting and based on the tariff preparation carried out by the OTAA 5 OTS, the Conference of Mayors was convened for 29 July 2016. This Conference also did not lead to any tariff decision. Responding to the tariff request made by the Operator on 30 May 2016, ARERA sent OTAA 5, on 16 November 2016, a formal warning to take action, within 30 days, to make the tariff decisions for which it was responsible for the second regulatory period 2016 - 2019, noting that, after this deadline the Operator’s request would be understood to have been accepted and would be sent to the Authority for evaluation in the subsequent 90 days. After the warning from ARERA, on 13 December 2016 OTAA 5 approved the tariff proposal.

At present, definitive approval by ARERA is awaited.

#### Two-year update 2018 - 2019

With Resolution 918/2017/R/ldr of 27 December 2018, ARERA created regulations for the two-year update to tariffs for the integrated water service.



Implementing this regulatory framework, on 1 August 2018 the Conference of Mayors of OTAA 5 formalised approval of the tariff multiplier for the years 2018 and 2019 in the maximum amount established under the Tariff Method, 8%, through Resolution no. 7, without prejudice to the study done by ARERA for the change in the theta which determines tariff changes exceeding the limit established in MTI-2. Additionally, with Resolution 8 of 1 August 2018, the Conference of Mayors approved, pursuant to art. 3, para. 1, of Resolution ARERA of 28 September 2017, 665/2017/R/Idr, the new tariff structure (TICSI).

As described in detail below, note that on 21 May 2018, with Resolution DSAI/42/2018/IDE of 21 May 2018, ARERA began a sanctioning procedure relative to the Company, which ended with the application of a fine, in relation to a series of findings relative to tariff adjustment for the integrated water service for the years 2012-2017 (hence also regarding tariffs also approved by the Authority itself, 2012-2015).

In any case, at the time of the 2018-2019 tariff update approved by the OTAA 5 Conference of Mayors on 1 August 2018, the appropriate adjustments were made based on that indicated by the Regulatory Authority in the context of the aforementioned sanctioning procedure.

At present, approval by ARERA is awaited.

It should nonetheless be specified that article 15, para. b) of Resolution ARERA 918/2017/R/Idr of 27 December 2017 establishes that Operators are required to apply, after preparation of the two-year update by the Area Governing Bodies, and until approval by the Authority, the tariff update prepared by the Governing Bodies, in compliance with the price limit pursuant to par. 3.2 of Resolution 664/2015/R/IDR.

Additionally, during October 2019, the Company sent a specific request to the Authority asking for details of the timing of the approval procedures for the 2016-2019 tariffs, as well as the 2018-2019 update.

To that end, below is that clarified by ARERA in its Communication of 5 February 2020, which states: *“With reference to the two-year update proposals for the tariff structure for 2018-2019, sent to the Area Governing Bodies pursuant to Resolutions 917/2017/R/Idr and 918/2017/R/Idr, but not yet involved in specific approvals by the Authority, it is clarified that:*

- ❑ *the Authority will complete the investigations intended to ascertain the consistency of the relevant technical and tariff data, in the context of the verifications on the specific regulatory structures proposed for the third regulatory period (2020-2023), in observance of the MTI-3 water tariff method, pursuant to Resolution 580/2019/R/Idr;*
- ❑ *for the two-year period 2018-2019 the tariff determinations adopted by the competent entities remain valid, which will be assessed by the Authority as part of the quantification of the adjustment components referred to in article 27 of MTI-3 when approving the new regulatory framework.”*

### Regulatory period 2020 - 2023

With Resolution 580/2019/R/Idr of 27 December 2019, ARERA approved the Tariff Method for the third regulatory period “MTI-3”, defining the rules for calculating costs included in tariff recognition, as well as identifying the reference macroeconomic parameters and those associated with the division of risk in regulation of the water sector. After publication of MTI-3, the Company provided the Area Authority with data, information and clarifications useful for preparation of the 2020-2023 tariff. Despite the sending of these documents, the Area Authority did not prepare the tariff proposals for the 2020-2023 period by the deadline set in the regulations in effect (31 July 2020). Therefore, seeing the inaction of the Area Authority, on 15 December 2020 the Company sent to the OTAA 5 and to ARERA, via certified email, the tariff request pursuant to art. 5, para. 5.5 of Resolution 580/2019.

On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021.

This is in contrast with the tariff adjustment request, prepared by the Operator pursuant to art. 5, para. 5.5 of resolution ARERA 580/2019/R/Idr, containing the regulatory framework for the 2020-2023 third regulatory period and showing significant differences for the 2020-2023 period, with reference to operating costs and the tariff multiplier.

With reference to operating costs note that the lack of recognition by OTAA 5 of the operating costs suffered by the Operator, documented in the requests presented during the preparatory work for the tariff structure, definitively formalised by the Operator in the tariff update request sent on 15 December 2020, was not adequately justified and technically represented in the Technical Report issued by OTAA 5 and accompanying its tariff proposal. Hence at present the Operator is not aware of the reasons these costs were excluded from the tariff recognition approved by OTAA 5 on 10 March 2021.

The Mayors’ Conference has not yet approved the tariff review for the 2022-2023 period, and therefore the Financial Plan approved by AAT05 in its Deliberation No. 1/2021 will remain in force. In this respect various considerations should be made.

The Financial Plan:

- ❑ does not set a certain date for the billing of the past tariff adjustments amounting to 50 million euros (out of the total 101 million euros);
- ❑ allows for the billing of 51 million euros only from 2024 onwards - that amount cannot be billed immediately and also, it has not been included correctly in the formula for calculating the authorised tariff change;
- ❑ does not take into account 3.3 million euros of operating costs for 2020-2021, which entails a financial loss of the same amount for 2021;
- ❑ sets a tariff change that is incompatible with the level of investment and operating costs over the Plan time period, as it does not take into account the financial deficit created for the operator from the previous tariff orders.

This delayed financial coverage is also aggravated by the dragging out of the process by which ARERA approves the tariffs for 2016-2019 and the 2018-2019 update. Consequently, although the Mayors’ Conference has authorised the GRC for 2016-2019 and 2020-2023 to cover the allowable costs (albeit for a lower amount compared to 2020-2023), the operator is exposed to the uncertainty



surrounding the billing of the past adjustments, which are needed to maintain financial equilibrium over the short-term and also in the medium-long term.

In view of the restrictions imposed by ARERA's tariff method, particularly with regard to the two-year time lag in recognising the allowable costs on the tariff, in the current tariff plan for 2020-2023 the AAT05 Mayors' Conference has not guaranteed the funding needed in order for the operator to cover its financial commitments, specifically the plan for repayment of the debt and water service management costs deriving from OTAA 5's previous violations of the tariff approvals.

In view of this situation, the operating costs efficiency drive continued in the first half of 2022, and all the measures needed to improve the Company's financial position and support its continued operation have now been taken.

The objectives of these actions include:

- Q repayment plans to pay off outstanding liabilities towards third-party suppliers and infragroup payables,
- Q more intensive use of reverse factoring on the main contracts signed in 2022,
- Q a set of coordinated actions designed to reduce bill collection times and thus improve the percentages of amounts received,
- Q the remodelling of targeted investments designed to guarantee the continued provision of services and also the financial sustainability of investments in the context of the 2020-2023 period and for the duration of the Plan,
- Q the cutting of operating costs due to the lower revenues coming from the Economic Financial Plan approved by the OTAA 5 Conference of Mayors;
- Q the filing of an appeal against Deliberation No. 1 made by the Conference of Mayors, approving the tariff proposal for 2020-2023,
- Q the making of an application for financial rebalancing which is a measure provided for in the regulation, if there are tariff-related uncertainties that could potentially create a financial imbalance.

With reference to the tariff deliberation, the Regional Administrative Court rejected the appeal on the grounds of lack of jurisdiction. The Company appealed the sentence before the Council of State.

With reference to the request for rebalancing, containing an illustration of the causes and the extent of the economic and financial imbalance in the management of the IWS of ATO 5 and the proposal of the rebalancing measures assumed, including the request for access to the financial equalisation measures, the OTAA 5 Operational Technical Secretariat responsible for transmitting the request to ARERA began the necessary checks, making use of qualified external consultants. As of the date of preparation of this report, there are no elements that can be used to predict the outcome of the request.

In view of this situation, in which the significant uncertainties from the previous year have persisted, the Directors have taken measures to improve the Company's financial position and to address the financial tensions described above.

The objectives of these actions include, among other things:

- Q a request for a technical discussion group to be arranged with the OTS, in order to offset the reciprocal debtor positions already discussed at the conciliation roundtable, and to start a repayment plan on the items excluded from the roundtable, compatibly with the current tariff scenario,
- Q the filing of an appeal with the Regional Administrative court and Council of State, against Deliberation No. 1/2021 made by the OTAA 5 Conference of Mayors,
- Q submission of the request for economic-financial rebalancing as provided for in Articles 9 and 10 of the Standard Agreement approved by ARERA in its resolution 656/2015/R/idr,
- Q the signing of medium-long term repayment plans to restructure the debts (to external suppliers and intercompany) expiring on 31 December 2021,
- Q the adoption of new intercompany repayment plans relative to the portion of outstanding debts not restructured as of 31.12.2022,
- Q the consolidation and increased usage of reverse factoring as the standard form of paying off new debts from 2022 onwards,
- Q the further increase in the use of repayment plans (with external and internal suppliers) covered by reverse factoring.

In view of the uncertain regulatory situation surrounding the Company, on 16 June 2022 the parent Acea SpA authorised the capitalisation of Acea Ato5 by waiving its claims to: the non-financial items (trade and other) due as of 31 December 2021, the overdue capital portion of the interest-bearing loan and the portion of interest due as of 31 December 2021, for a total of € 96,337,589.84. It also restructured the liability on the interest-bearing shareholder loan by waiving the interest accruing from year to year and the capital line, which year on year will become due in the years 2022, 2023 and 2024 if the Company requests it and if the uncertain conditions remain.

The capitalisation operation performed by the parent Acea SpA is intended to re-establish financial equilibrium, thanks to the reduction in the stock of accounts payable to the parent company and to the significantly positive effects on NFP, thus freeing up financial resources to be allocated gradually to paying off prior trade payables to third-party suppliers.

The Company must take into account the as yet unforeseeable outcome of the 2022-2023 two-year tariff updating process, which is currently under way with the Area Authority, in order to review its going-concern assessment in terms of updating the economic and financial projections and prospective cash flow from service management. Therefore, it is not yet possible to rule out the continued existence of the many significant uncertainties identified when the Company was preparing its financial statements for 2021, which could generate significant doubts as to the continuation of the business.



Nevertheless, the Directors have maintained the going-concern assumption in the preparation of the half-yearly reports to 30 June 2022, considering that the actions to be taken to preserve continuity, which have been further reinforced by the decisions of ACEA SpA, will be enough to allow the ordinary management of the business. They are also confident that the tariff proceedings described above, and the ARERA tariff approvals, will be concluded as envisaged, within a reasonable period of time.

Finally, on 26 July 2022, the OTS of the Area Authority sent a certified email containing the Deliberation No. 4 of the Mayors' Conference (20 July 2022), concerning "Recognition of loan instalments for the integrated water service to be refunded to the Municipalities - Art. 13 (2) of the Management Agreement, deed no. 7205 of 27/06/2023". In accordance with point 4) of that Deliberation, the OTS has sent a list of the instalments of the loans covered by the Area Authority, supplementing the list contained in Deliberation No. 1/2018 made by the Conference of Mayors, and indicating that the new instalments will be included in the cost component on the next available tariff update. On 28 July 2022 the Company thus made an application to view all the documents needed to identify the loans recognised in Deliberation 4) made by the Mayors' Conference, as reported by the OTS.

### Acea Molise

Acea Molise Srl manages the Integrated Water Service in the following multi-regional and multi-area contexts:

- Molise Region: direct management of the Integrated Water Service in the municipality of Termoli (single OTA);
- Lazio Region: the services covered are as follows:
  - direct management of the Integrated Water Service of the Municipality of Campagnano di Roma (OTA 2 Lazio);
  - operation of the purification plant in the Municipality of Valmontone (OTA 2 Lazio).

The Termoli and Campagnano concessions expired at the end of 2021 and were extended by the granting authorities as follows:

**MUNICIPALITY OF TERMOLI:** the management of the IWS in the Municipality of Termoli has been technically extended until 30 June 2022, pending the conclusion of the call for tenders concerning the "Entrusting of the implementation of measures to protect the territory and water and to improve the integrated water service in the Municipality of Termoli - Public Private Partnership - Project Finance with right of pre-emption of the promoter (Art. 183, paragraph 15, Italian Legislative Decree No. 50/2016)".

Despite the fact that Acea Molise was the promoter of the Project Finance with the right of pre-emption, on viewing the qualifications for the tender, the Company realised that it did not possess all of the required qualification requirements. Therefore, consideration was given to the opportunity to still participate in the tender and submit an improved offer (losing the right of pre-emption) with the pooling of TWS (Acea group) and third-party operators of Acea's liking. In addition to broadening requirements, this solution would allow for significant group synergies.

On 29 March 2022, the Board of Directors of the parent company Acea Spa (sole shareholder of Acea Molise) gave a favourable opinion to the Company's request to participate in the tender called by the Municipality of Termoli (with the pooling of TWS and third-party operators), and at the same time resolved on the relevant financial support, up to a maximum amount of € 5 million.

Following this, on 30 March 2022, the Board of Directors of Acea Molise, having taken note of the resolution of the partner Acea Spa, also expressed its favourable opinion to participate in the tender with the establishment of pooling.

On 31 March 2022, Acea Molise, in collaboration with the Group Tenders unit, submitted, through a platform made available by the Municipality of Termoli contracting station, an improved offer, investments side, in relation to the tender documents.

The Central Single Contracting Authority met on 19 May 2022, with a note ref. 32122, and communicated the completion of the works by the tender commission with the proposal of awarding the Project Financing in favour of Acea Molise S.r.l. With Executive Resolution no. 1089 dated 20 May 2022, the contract in question was finally awarded to Acea Molise Srl.

The award of the Project Financing tender called by the municipality of Termoli therefore allows the company to continue with good reason in the management of the integrated water service in that municipality, pending regional decisions by the single area operator. A wide-ranging objective of interest to the Acea Group, is in fact the participation in a potential tender for the management of the integrated water service for the entire Molisano area, which could be announced by the first half of 2023. At present, there is evidence of the approval of the regional Area Plan, defined by the EGAM in collaboration with Sogesid (a company 100% owned by the Ministry of Economy and Finance), and officially published on the Molise Region website, and there is news of the imminent establishment of a management company with 100% public capital to which the entire integrated water service of the single OTA of Molise will be entrusted.

Therefore, developments are awaited regarding the decisions of the Molise Region and the EGAM regarding the operational mode of management of the integrated water service in the Molisano area: through total in-house management or with the (hoped-for) help of a private partnership.

**MUNICIPALITY OF CAMPAGNANO DI ROMA:** The concessionary management of the drinking water distribution service of the Municipality of Campagnano, entrusted in 1991 and extended in 2000 to the entire Integrated Water Service, expired on 31 December 2020 and has been extended until 31 December 2021, pending the ratification by the Regional Council of the move of the Municipality of Campagnano di Roma from OTA1 North Lazio-Viterbo to OTA2 Central Lazio-Rome.

On 14 July 2021, the Regional Council of the Lazio Region, by Resolution no. 10, ratified the transfer of the Municipality of Campagnano di Roma, from OTA1 North Lazio-Viterbo to OTA2 Central Lazio-Rome, an area whose single operator is the company ACEA Ato2. During the second half of 2021, a series of meetings took place with the municipality and the Acea Ato2 Area Operator to define the handover of the integrated water service.

Despite the commitment of the parties involved in the management transition, on 14 December 2021, with a letter ref. 37728, the Mayor of the Municipality of Campagnano di Roma, due to the complexity of the procedural process, both administrative and technical,



for joining OTA2, asked Acea Molise if it could continue the management of the integrated water service of the same Municipality, for an additional year, and therefore until 31 December 2022, as a reasonably estimated term for the conclusion of the management transition to ACEA Ato2. At the same time, he asked Acea Molise for its availability, as of 1 January 2022, to also operate the municipal arsenic treatment plant (Water purifier station) upon tariff adjustment.

On 20 December 2021, with a letter ref. 24984. Acea Molise Srl expressed its willingness both to continue the municipal integrated water service for an additional year and to expand its scope of management by taking over the Water purifier station.

Currently, all preparatory activities for the management handover are underway in consultation with the Operational Technical Secretariat (OTS) of OTA2 Central Lazio-Rome, and it is assumed that these will materialise by 30 September 2022.

**MUNICIPALITY OF VALMONTONE:** The management contract for the Valmontone Purification Plant naturally expired in April 2022, and the business was to be taken over by the single area operator ACEA Ato2 Spa.

However, the Parties have agreed to postpone the expiration of the contract by 3 months, to 31/07/2022, in order to allow Acea Molise Srl to conclude all activities pertaining to waste disposal, as indicated in the loading and unloading register in the company's name.

### GORI

The Company manages the Integrated Water Service for the "Sarnese-Vesuvian" District Area of the Campania Region (which comprises 59 Municipalities of the Province of Naples and 17 Municipalities of the Province of Salerno), for a total of 76 Municipalities (however, the Municipalities of Calvanico and Roccapiemonte in the Province of Salerno are managing their water services, not having yet ensured the start of IWS management by the company). The award of the aforesaid IWS management lasting thirty years and starting from 1 October 2002 (and expiring in 2032) was finalised with the signing of a specific agreement with the granting authority Sarnese Vesuvian Area Authority (now replaced by the Campania Water Authority as per Law 15/2015 of the Campania Region) on 30 September 2002.

Established pursuant to regional law 15/2015, the Sarnese-Vesuvian District of the Campania Region covers an area of approximately 900 square kilometres with a population of approximately 1.47 million inhabitants.

A total of 5,226 km of water network in the Sarnese-Vesuvian District of the Campania Region is currently managed, consisting of 866 km of primary abstraction network and 4,360 km of distribution network, and a 2,689 km drainage system.

Gori currently manages 13 water sources, 115 wells, 202 tanks, 116 water pumping stations, 196 wastewater pumping stations and 12 waste treatment plants.

### Operating Agreement between Campania Region, the Campania Water Authority and GORI

On 8 November 2018, an Operating Agreement was entered into between the Campania Region, the Campania Water Authority and GORI ("Operating Agreement") aimed at the complete implementation of the Integrated Water Service in the Sarnese-Vesuvian District area within a framework of economic-financial equilibrium of the management for its entire residual duration and the pursuit of the following related objectives: (i) GORI's assumption of the service's management and the taking over of the so-called "Regional Works" (i.e. several major infrastructures of the IWS falling within the territory of the Sarnese-Vesuvian District area, managed for a long period by the Campania Region and transferred by the latter to the operator GORI in the period between 2019 and 2021) and their consequent efficiency improvement; (ii) approval by the Campania Region of plans for the payment in instalments of the debt accrued by the Company for the wholesale supplies (of water and sewer and purification services) provided from 2013 onwards, and the concurrent resolution of the complex legal dispute that has arisen with respect to the payment for the regional "wholesale water" supplies and the regional "wastewater collection and purification" services; (iii) the creation of conditions to facilitate GORI's access to the credit market; (iv) the commitment of the parties to the extent of their remit to restore/maintain the economic-financial equilibrium of the IWS of the OTA, if the need should arise.

As a result of the Operating Agreement, the Company entered into a long-term loan agreement with a pool of banks on 18 July 2019, with an availability period of 4 years, a ten-year term and a final maturity for repayment on 31 December 2029.

Moreover, the Covid-19 health emergency and rising raw material and energy costs have inevitably led to significant socio-economic criticalities, for which the national government, the Campania Regional Council and also ARERA have adopted and are adopting a series of measures in order to mitigate the effects, above all - as far as it is of interest here - to provide greater protection to the users of the IWS (suspension of credit collection activities and suspension/interruption of service for defaulting users, as well as deferment of payments). As a result of this situation, the Campania Region and GORI - also in order to ensure a socially sustainable tariff in this historical period and, at the same time, maintain the level of planned investments and, more generally, ensure the economic and financial balance of the management of the IWS of the Sarnese-Vesuvian District area - have already determined to reschedule the payments of the sums due by GORI to the Region as debt for past wholesale supplies, reaching on 20 November 2020 the stipulation of an Additional Act to the Operating Agreement, with which the payment of the instalments due in the period from December 2020 to December 2021, amounting to approximately € 34.4 million, is postponed to 2028.

Similarly, as part of the preparation of the 2020÷2023 Regulatory Framework approved by the Campania Water Authority by means of Executive Committee Resolution no. 35 of 12 August 2021, the deferment of the instalments provided for in the repayment plans established by the Operating Agreement for the years 2022, 2023 and 2024 (and amounting in total to approximately € 34.4 million) to the years 2030, 2031 and 2032 is planned. In any case, the Campania Region, Campania Water Authority and GORI will still be required to identify suitable solutions to ensure that the economic and financial balance of IWS management is maintained.



With reference to the judgement of the Lombardy Regional Administrative Court (RAC) no. 1619 of 29 June 2018 we can inform you that the Council of State, accepting partially the appeal of the aforesaid Municipalities, with the recent judgement no. 5309 of 13 July 2021, revised the judgement of the Lombardy R.A.C. Milan office no. 1619/2018, on the premise that ARERA had not carried out a correct enquiry regarding *“the quantification of the tariffs”*, because it had not assessed whether the Area Plan had been effectively implemented after 2009 and, that is, after the proceeding to revise it had been launched; it therefore argued, for the purposes of the aforesaid *“quantification of the tariffs”*, on the verification of effective implementation of the Area Plan *“... taking into account the need to verify the congruity of the costs with respect to the planned objectives also “in relation to the investments planned” (art. 149 Italian Legislative Decree 152/06) ... which implies the need for an enquiry ... on the status of implementation of the [area] plan as a condition for assessing concretely the operating costs and a possible concrete assessment of the situation determined in order to identify the adequate tariffs...”*. The Council of State then concluded providing for a temporary reduction of 30% of the tariff increase provided for in Resolution no. 104/2016/R/idr *“while awaiting renewal of the enquiry proceeding”* of ARERA in preparation for the assumption of new decisions (also confirming the decisions made with ARERA resolution 104/2026/R/idr) regarding *“quantification of the tariffs”* – *“as in any case the amount of the earlier consolidated tariffs is not in question and as a preponderant weight has to be attributed in any case to the approval of the plan”* – without affecting the fact that *“renewal of the enquiry has no constrained content; it could end obviously in confirmation of the tariff decision cancelled herein only for insufficient enquiry but on the basis of new elements, that is the precise verification of the implementation of the plan and of the presumable justified future modulation of the works planned or on the basis of a more specific different motivation or, on the contrary, if the Authority so decides, it could end in confirmation wholly or in part of the jurisdictional cancellation order (which has only a preliminary conformative effect while awaiting renewal of the technical assessments). This reduction is ordered, until the new decision of the Authority, which must intervene promptly and expressly and concretely motivate on the effects deriving, for the purposes of covering the costs, from any remaining non-implementation of the plan, unless final adjustments are ordered after the renewal (if the reduction in the increase cancelled herein were to be calculated in an amount of less than thirty percent)”*. In this regard, it is specified that since the Campania Water Authority (i.e., the competent government authority) has not adopted the tariff structure for the 2020-2023 four-year period, ARERA gave notice to the Campania Water Authority on 02 July 2021 to *“comply pursuant to paragraph 5.6 of resolution 580/2019/R/IDR and art. 3, paragraph 1(f) of the Prime Ministerial Decree of 20 July 2012”* and, therefore, to proceed, within 30 days from receipt of said memo, with the decisions and submissions within its remit with reference to the years 2020-2023, *“noting that, after this deadline the operator’s request would be understood to have been accepted by the competent authority as the tariff structure, as a result of the provisions of art. 20 of Law no. 241/1990, and would be sent to the Authority for evaluation and approval in the subsequent 90 days.”* Following ruling no. 5309/2021 of the Council of State, ARERA gave another notice to the Campania Water Authority (which had communicated that it had *“deferred the approval of the 2020-2023 regulatory scheme, as prepared by the offices, in order to verify the impact of the Ruling [of the Council of State] on the Regulatory scheme in question and pending the acquisition of specific clarifications [...]”* from the Authority regarding the effects of said ruling) and the Operator – each within the scope of its own remit and *“[...] pending the said renewal [of the supplementary investigation ordered from it by the Administrative Judge] [...]”* – to proceed with adopting the 2020-2023 tariff structure *“[...] while guaranteeing the economic and financial balance of the management [...]”* and taking account *“[...] (also for the purposes of verification of compliance with the price limit set by the regulation in force pro-tempore) of the effects of what was established by the aforementioned ruling [...]”*, thus in terms of “price limits” of invoicing users. Therefore, ARERA - with Resolution 373/2021/R/idr of 7 September 2021 - has already initiated the procedure for compliance with Ruling No 5309/2021 of the Council of State, with the primary and express purpose of *“... renewal of the preliminary enquiry - limited to the profiles referred to in the grounds [of Ruling No 5309/2021] - underlying the tariff determinations referred to in Resolution 104/2016/R/idr”*. Moreover, ARERA with subsequent Resolution 247/2022/R/idr of 31 May 2022, ordered the Campania Water Authority: *“... to employ and submit to the regulatory Authority, within and no later than 90 (ninety) days starting from the receipt of this measure, the specific determinations, within its competence and responsibility, regarding the tariff preparations relating to the operator GORI S.p.A, for the years 2012 and 2013, without prejudice to the timelines set by the Authority with regard to the regulatory fulfilments pertaining to subsequent years; ... for the purpose of a complete renewal of the preliminary investigation with regard to the aforementioned tariff arrangements, to ensure that the submission to the Authority of the determinations ... be accompanied by all the data and information already requested by the Offices of the Authority with the communication of 11 November 2021, referred to in the grounds, along with - also taking into account the report produced by the appellant municipalities - the information required to provide all the elements useful to the conduct of the proceedings in question within a clear and consistent framework; ... to extend to 30 September 2022 the deadline for the conclusion of the proceedings, initiated by Resolution 373/2021/R/idr, for the renewal of the preliminary investigation underlying the tariff determinations referred to in Resolution 104/2016/R/idr, in compliance with ruling No 5309/2021 of the Council of State ...”*. To date, within the scope of the investigations carried out, it emerges that no immediate restitution should be made to users, given that any reduction of 30% (if confirmed) would in any case be absorbed by the tariff adjustments accrued by the Operator GORI and still open, as confirmed by the resolution of the Executive Committee of the CWA No 35 of 12 August 2021. Therefore, it is necessary to wait for the measures that the Authority will adopt by the deadline (30 September 2022) in execution of ruling No 5309/2021 of the Council of State. For the reasons stated and on the basis of the opinion of the legal consultants consulted for this purpose, as it stands there are no economic impacts expected from this Council of State ruling, including in light of the fact that it will nevertheless be necessary to wait for any new ARERA resolutions.

#### 2020-2023 Regulatory Framework

On 12 August 2021, the Executive Committee of the Authority definitively approved the 2020-2023 Regulatory Framework for the operator GORI SpA with Resolution no. 35; also on 12 August 2021, the offices of the CWA then sent the regulatory framework to



ARERA via the IT procedure. Under this CWA-approved regulatory framework, a Theta of 1 is provided for the years 2020, 2021 and 2023 and a Theta increase of 2.4 is provided for the year 2022.

In the resolution in question, the CWA also decided to postpone any further and final determination regarding possible corrective measures on the regulatory frameworks referring to previous periods not considered in the approved proposal, in order to wait for the measures that ARERA will have to take in execution of the provisions established by the ruling of the Council of State, Sixth Section, No 5309/2021 of 13 July 2021; more specifically, the Council of State ordered ARERA to renew the preliminary investigation underlying the tariff determinations approved by the same ARERA with Resolution no. 104/2016/R/idr concerning the *"approval for the purposes of establishing the value of adjustments in the context of the tariff method for the second regulatory period MTI-2, tariff provisions regarding the Sarnese-Vesuvian optimal territorial area, for the 2012-2015 period"*, without prejudice to the fact that *"renewal of the enquiry has no constrained content; it could end obviously in confirmation of the tariff decision cancelled herein only for insufficient enquiry"*.

Consequently, with Resolution no. 373/2021/R/idr of 7 September 2021 and the subsequent Resolution no. 18/2022/R/idr of 18 January 2022, ARERA started the procedure for the renewal of the aforementioned preliminary investigation, at the outcome of which it provided, initially, for the adoption of the final measure by 31 December 2021, then extended to 15 March 2022, due to the extension of the term intervened with the aforementioned Resolution no. 18/2022/R/idr.

At the moment, as part of the aforementioned enquiry procedure initiated by ARERA, the Campania Water Authority ("CWA") – at the specific request of the Authority and in response to the requirements of Council of State Sentence No 5309/2021 – has ascertained the validity of the Area Plan, approved in 2000 and regularly updated in 2007, and has ascertained that the managing entity GORI S.p.A. ("GORI" or "Operator" or "Company") effectively implemented the Area Plan up to the end of 2011 in accordance with the provisions of sector-specific legislation.

In addition, on 25 May 2022, ARERA, at the outcome of the initial preliminary investigation activities conducted, convened a preliminary investigation meeting pursuant to point 2 of Resolution no. 373/2021/R/IDR, *"with the aim of ensuring the widest "cross-examination with the appellant entities", as judged by the Council of State in the aforementioned ruling, before the adoption of the measure concluding the proceedings, (...omissis...) "aimed at representing the outcomes of the preliminary investigation activities carried out by the writing offices, and to allow the relevant subjects to provide contributions or comments during the meeting in question"*.

As a result of the aforementioned meeting, ARERA adopted, on 31 May 2022, Resolution no. 247/2022/R/IDR, concerning *"Determinations for the renewal of the preliminary investigation with regard to the tariff arrangements for the operator GORI S.p.A. for the years 2012 and 2013, and extension of the deadline for the conclusion of the proceedings aimed at complying with ruling No 5309/2021 of the Council of State"* by which the Authority has further extended, to 30 September 2022, the deadline for the conclusion of the proceedings, initiated by Resolution 373/2021/R/idr (for the renewal of the preliminary investigation underlying the tariff determinations referred to in Resolution 104/2016/R/IDR, in compliance with ruling No 5309/2021 of the Council of State) and assigned to the Campania Water Authority a deadline (no later than ninety days from the receipt of this measure, i.e., by 29 August 2022) for the adoption and submission of the relevant determinations to the Authority, also providing - where the Campania Water Authority does not ensure, in compliance with the terms and procedures for the adoption and submission of the relevant documents - the zeroing of the share of the related operating costs referred to in Article 154, paragraph 1, of Italian Legislative Decree 152/06.

At present, to the best of its knowledge, the Campania Water Authority is preparing the documents to be submitted to the Executive Committee for final approval and subsequent submission to the Authority within the prescribed deadlines.

Revenues as of 30 June 2022, which total € 125 million, were determined on the basis of the regulatory scheme approved by the Campania Water Authority with Resolution 35/2021, in compliance with ARERA Resolution 580/2019/R/idr, adjusted on the basis of the provisions of ARERA Resolution 639/2021, with which the Authority defined the criteria for the two-year update (2022-2023) of the tariff arrangements for the Integrated Water Service.

Verification of parameters to identify the regulatory quadrant and the presence of OP<sup>new</sup> relative to systematic changes in operator activities in the "presence of the supply of a new service (e.g. purification or sewers for an operator whose management was previously limited to aqueduct services or, in other cases, in the presence of expansion with an upstream supply chain), pursuant to article 18.2, 18.3, letter c) and 18.4 of Annex A to resolution ARERA 580/2019/R/idr, determined placement in the VI regulatory quadrant. Nonetheless, as already noted, in order to guarantee the social sustainability of the tariff, while respecting economic/financial balance in managing the IWS, Campania Water Authority resolved on a tariff increase lower than the maximum limit allowed under the regulatory method MTI-3.

It should also be noted that, for the calculation of the Guaranteed Revenue Constraint (GRC) as at 30 June 2022, the constraint component relating to the Op<sub>social</sub> supplementary water bonus, pertaining to the year 2022, has been set equal to zero because, although it has been recognised within the regulatory framework approved by the CWA, a specific deliberative act is actually missing, considering that *"the disbursement of the supplementary water bonus is subject to any determinations that will be made, in this regard, by the Campania Water Authority to maintain the facility provided in the 2018-2019 two-year period, identifying at the same time the number of beneficiaries entitled to the supplementary water bonus and the related access procedures"*; while the Op<sub>social</sub> component related to the years 2020 and 2021 (not recognised in the respective financial statements) was considered in the calculation of the Constraint, as resolved by the Executive Committee of the Campania Water Authority in Resolution no. 2 of 5 May 2022, by which it approved the criteria for the allocation of the supplementary water bonus for the 2020-2021 two-year period.

Also considered were the purely regulatory components CO<sub>Asludge</sub> and CO<sub>EE</sub>.

The Opex<sub>QC</sub> and Opex<sub>QT</sub> components were calculated in the amount of what was requested in the related cost recognition requests, within the limit of what was recognised in 2019.





The OP<sup>new</sup> included in the calculation were quantified in the same manner as in previous years, and therefore, on the basis of the full cost recovery principle, the costs effectively incurred on plants transferred at 30 June 2022 are covered, as demonstrated in the accounting documents.

At 30 June 2022, the works transferred to the Operator are: Waterworks at Mercato Palazzo with transfer in October 2016, waterworks at Boscotrecase and Cercola with transfer in March 2018, waterworks in the Nolana area with transfer in September 2018, waterworks at Campitelli and Boccia a Mauro to complete the Vesuvius area with transfer in December 2018, the Angri Wells Field with transfer in February 2019, the Nolana Area treatment plant with transfer in March 2019, the completion of the Sarnese Area with transfer in April 2019, the Medio Sarno 2 treatment plant with transfer in July 2019, the transfers relating to the Medio Sarno 3 treatment plant and the Sorrentine Peninsula water area in December 2019, the transfer of the Foce Sarno treatment plant in December 2020, and finally the transfer of the Alto Sarno treatment plant in January 2021.

External operating costs Opex<sub>end</sub> were defined based on what is established in article 17.1 of Annex A to resolution ARERA 580/2019/R/idr when measures were introduced to incentivise efficient behaviour by operators; to that end, calculation of the per capita level of operating costs incurred by GORI in 2016 placed GORI in class B1 of the regulatory matrix pursuant to article 17.1 of resolution ARERA 580/2019/R/idr, while calculation of estimated operating costs, using the statistical model found in article 17.2 of Annex A to resolution ARERA, transformed into per capita terms, placed the operator in Cluster A of the regulatory matrix. Therefore, GORI was placed in quadrant 4 of the regulatory matrix. The Opex<sub>end</sub> thus defined, adjusted by the inflation coefficient provided by the Authority as part of the 2022-2023 two-year regulatory update, amount to € 74.8 million.

The GRC was also updated pursuant to art. 27.1 of Annex A of ARERA Resolution no. 580/2019/R/idr as subsequently amended and integrated which envisages that, for the purposes of determining the GRC for the 2020-2023 regulatory period, some cost items (electricity cost, balance of payments and penalties, Authority contribution, cost of wholesale supplies, activity costs connected to the IWS due to systemic changes in the conditions of the service or to the occurrence of exceptional events) are subject to a final assessment, as adjustment components (Rc), relative to the year (a-2).

With regard to the calculation of the Constraint for the costs for wholesale water services by the Campania Region at 30 June 2022, the tariff approved by the CWA by Resolution no. 7 of 26 June 2019 was considered. This determines the 2020-2019 regulatory scheme for the proposed wholesale water tariff for the "Campania Region" operator and is equal to € 0.20452/m<sup>3</sup>, with the application, for the year 2022, of a theta equal to 1.060 (6% increase).

The pertinent cost at 30 June 2021 on the CO<sub>ws</sub> relating to regional water supplies, according to the principle of full cost recovery, was approximately € 3.1 million, entered for the same amount in GRC and in the related costs.

As regards the CO<sub>ws</sub> of the collection and purification service, here again they were calculated starting from the quantification of the recognised costs which, to determine the relevant costs at 30 June 2022, according to the full cost recovery principle, amounted to approximately € 3.7 million. Reference was made to the tariff for wastewater collection and purification services, equal to 0.310422 €/m<sup>3</sup>, (as a result of application of the ARERA 338/2015/R/idr resolution to the regional tariffs for wholesale services, recognised by the Parties within the minutes of the meeting of 4 March 2016 between the Campania Region, the Area Authority and Gori), applying it to volumes treated by the regional plants.

**[A case pending before the Council of State concerning an appeal brought by the Municipalities of Angri \(SA\), Casalnuovo di Napoli \(NA\), Roccapiemonte \(SA\), Roccarainola \(NA\) and Scisciano \(NA\), for amendment of the sentence of the Regional Administrative Court of Lombardy, Milan office no. 1619/2018 of 29 June 2018, which rejected the appeal for the annulment of the ARERA resolution 104/2016/R/idr of 10 March 2016 approving the 2012-2015 Regulatory Framework of the Sarnese-Vesuvian District](#)**

The Council of State, accepting partially the appeal of the aforesaid Municipalities, with the recent judgement no. 5309 of 13 July 2021, revised the judgement of the Lombardy R.A.C. Milan office no. 1619/2018, on the premise that ARERA had not carried out a correct enquiry regarding "the quantification of the tariffs", because it had not assessed whether the Area Plan had been effectively implemented after 2009 and, that is, after the proceeding to revise it had been launched; it therefore argued, for the purposes of the aforesaid "quantification of the tariffs", on the verification of effective implementation of the Area Plan "... taking into account the need to verify the congruity of the costs with respect to the planned objectives also "in relation to the investments planned" (art. 149 Italian Legislative Decree 152/06) ... which implies the need for an enquiry ... on the status of implementation of the [area] plan as a condition for assessing concretely the operating costs and a possible concrete assessment of the situation determined in order to identify the adequate tariffs...». The Council of State then concluded providing for a temporary reduction of 30% of the tariff increase provided for in Resolution no. 104/2016/R/idr "while awaiting renewal of the enquiry proceeding" of ARERA in preparation for the assumption of new decisions (also confirming the decisions made with ARERA resolution 104/2026/R/idr) regarding "quantification of the tariffs" – "as in any case the amount of the earlier consolidated tariffs is not in question and as a preponderant weight has to be attributed in any case to the approval of the plan" – without affecting the fact that "renewal of the enquiry has no constrained content; it could end obviously in confirmation of the tariff decision cancelled herein only for insufficient enquiry but on the basis of new elements, that is the precise verification of the implementation of the plan and of the presumable justified future modulation of the works planned or on the basis of a more specific different motivation or, on the contrary, if the Authority so decides, it could end in confirmation wholly or in part of the jurisdictional cancellation order (which has only a preliminary conformative effect while awaiting renewal of the technical assessments). This reduction is ordered, until the new decision of the Authority, which must intervene promptly and expressly and concretely motivate on the effects deriving, for the purposes of covering the costs, from any remaining non-implementation of the plan, unless final adjustments are ordered after the renewal (if the reduction in the increase cancelled herein were to be calculated in an amount of less than thirty percent)». In this regard, it is specified that since the Campania Water Authority (i.e., the competent government authority) has not adopted the tariff structure for the 2020-2023 four-year period, ARERA



gave notice to the Campania Water Authority on 2 July 2021 to “comply pursuant to paragraph 5.6 of resolution 580/2019/R/IDR and art. 3, paragraph 1(f) of the Prime Ministerial Decree of 20 July 2012” and, therefore, to proceed, within 30 days from receipt of said memo, with the decisions and submissions within its remit with reference to the years 2020-2023, “noting that, after this deadline the operator’s request would be understood to have been accepted by the competent authority as the tariff structure, as a result of the provisions of art. 20 of Law no. 241/1990, and would be sent to the Authority for evaluation and approval in the subsequent 90 days”. Following ruling no. 5309/2021 of the Council of State, ARERA gave another notice to the Campania Water Authority (which had communicated that it had “deferred the approval of the 2020-2023 regulatory scheme, as prepared by the offices, in order to verify the impact of the Ruling [of the Council of State] on the Regulatory scheme in question and pending the acquisition of specific clarifications [...]” from the Authority regarding the effects of said ruling) and the Operator – each within the scope of its own remit and “[...] pending the said renewal [of the supplementary investigation ordered from it by the Administrative Judge] [...]” – to proceed with adopting the 2020-2023 tariff structure “[...] while guaranteeing the economic and financial balance of the management [...]” and taking account “[...] (also for the purposes of verification of compliance with the price limit set by the regulation in force *pro-tempore*) of the effects of what was established by the aforementioned ruling [...]”, thus in terms of “price limits” of invoicing users. Therefore, ARERA – with Resolution 373/2021/R/idr of 7 September 2021 – has already initiated the procedure for compliance with Ruling No 5309/2021 of the Council of State, with the primary and express purpose of “... renewal of the preliminary enquiry – limited to the profiles referred to in the grounds [of Ruling No 5309/2021] – underlying the tariff determinations referred to in Resolution 104/2016/R/idr”. At the moment, as part of the aforementioned enquiry procedure initiated by ARERA, the Campania Water Authority - at the specific request of the Authority - has ascertained the validity of the Area Plan, approved in 2000 and regularly updated in 2007, and has ascertained that the managing entity GORI has effectively implemented the Area Plan until the end of 2011 in accordance with the provisions of sector legislation. Consequently, on the basis of what has been ascertained by the CWA, it is already possible - at least logically - to exclude any curtailment to the tariff increases established by ARERA Resolution no. 104/2016/R/idr, given that the same Authority will also have to adopt the determinations required by the Council of State as a result of the aforementioned CWA verifications. Furthermore, within the scope of the investigations carried out, it emerges that no immediate restitution should be made, given that any reduction of 30% (if confirmed) would in any case be absorbed by the tariff adjustments accrued by the Operator GORI and still open, as confirmed by the resolution of the Executive Committee of the CWA No 35 of 12 August 2021. At this stage, it is therefore appropriate to await the measures that the Authority will adopt in execution of ruling No 5309/2021 of the Council of State. In this last regard, it should be noted that ARERA, in Resolution no. 247/2022/R/idr of 31 May 2022, ordered the Campania Water Authority: “... to employ and submit to the regulatory Authority, within and no later than 90 (ninety) days starting from the receipt of this measure, the specific determinations, within its competence and responsibility, regarding the tariff preparations relating to the operator GORI, for the years 2012 and 2013, without prejudice to the timelines set by the Authority with regard to the regulatory fulfilments pertaining to subsequent years; ... for the purpose of a complete renewal of the preliminary investigation with regard to the aforementioned tariff arrangements, to ensure that the submission to the Authority of the determinations ... be accompanied by all the data and information already requested by the Offices of the Authority with the communication of 11 November 2021, referred to in the grounds, along with - also taking into account the report produced by the appellant municipalities - the information required to provide all the elements useful to the conduct of the proceedings in question within a clear and consistent framework; ... to extend to 30 September 2022 the deadline for the conclusion of the proceedings, initiated by Resolution 373/2021/R/idr, for the renewal of the preliminary investigation underlying the tariff determinations referred to in Resolution 104/2016/R/idr, in compliance with ruling No 5309/2021 of the Council of State ...”. To date, within the scope of the investigations carried out, it emerges that no immediate restitution should be made to users, given that any reduction of 30% (if confirmed) would in any case be absorbed by the tariff adjustments accrued by the Operator GORI and still open, as confirmed by the resolution of the Executive Committee of the CWA No 35 of 12 August 2021. Therefore, it is necessary to wait for the measures that the Authority will adopt by the deadline (30 September 2022) in execution of ruling No 5309/2021 of the Council of State. For the reasons stated and on the basis of the opinion of the legal consultants consulted for this purpose, as it stands there are no economic impacts expected from this Council of State ruling, including in light of the fact that it will nevertheless be necessary to wait for any new ARERA resolutions.

[Cases pending before the Regional Administrative Court of Campania, Naples office, initiated with an appeal filed by the Municipalities of Nocera Inferiore \(SA\), Roccapiemonte \(SA\), Roccarainola \(NA\), Casalnuovo di Napoli \(NA\), Scisciano \(NA\) and Lettere \(NA\), for the annulment of the resolutions of the Extraordinary Commissioner of the Sarnese-Vesuvian Area Authority No 19/2016 of 08/08/2016 \(with which the preparation of the 2016÷2019 Regulatory Framework of the Sarnese-Vesuvian District area of the Campania Region was approved pursuant to ARERA Resolution 664/2015/R/idr and subsequent amendments and additions\) and No 39/2018 of 17/07/2018 \(with which the update of said Regulatory Framework was approved\)](#)

The Municipalities in question have appealed before the RAC of Campania, Naples office, the Resolution of the Extraordinary Commissioner of the Sarnese-Vesuvian Area Authority No 19/2016 of 08 August 2016 with which the 2016-2019 Regulatory Framework was set out and the resolution of the same Extraordinary Commissioner No 39/2018 of 17 July 2018 with which the aforesaid Regulatory Framework was updated. Both cases concerning resolution 19/2016 (RG 5192/16) and Resolution no. 39/2018 (RG 4698/18), were suspended awaiting the results of the case pending at the Council of State brought by the Municipalities of Angri (SA), Roccapiemonte (SA), Roccarainola (NA), Casalnuovo di Napoli (NA) and Scisciano (NA), for the revision of the judgement of the Lombardy RAC, Milan office, No 1619 of 29 June 2018 which confirmed the legitimacy of ARERA Resolution 104/2016/R/idr approving the 2012-2015 Regulatory Framework of the Sarnese-Vesuvian District area. In this regard, following the aforementioned Ruling No 5309 of the Council of State of 13 July 2021, the Regional Administrative Court - deeming that there is a prejudicial relationship between



the contested acts and the outcome of the appeal proceedings - ordered that the proceedings continue by submitting a new request to set a hearing once the aforementioned Ruling No 5309/2021 of the Council of State has become final.

**Case pending before the Council of State regarding appeal brought by GORI for the reform of the rulings of the Regional Administrative Court of Campania, Naples office, Nos 4846/2015, 4848/2015, 4849/2015 and 4850/2015 relating to the recognition of prior year items prior to 2012 for tariff adjustments approved by the granting authority, the Sarnese-Vesuvian Area Authority (the predecessor of the Campania Water Authority)**

The Company charged user accounts the 2014 tariff component, referred to as “Recovery of items prior to 2012”, in accordance with the provisions of the Resolution of the Extraordinary Commissioner of the Sarnese-Vesuvian Area Authority No 43 of 30 June 2014, as amended by Resolution no. 46 of 3 July 2014 (tariff provision in turn adopted pursuant to Article 31 of Annex A of ARERA Resolution no. 643/2013/R/idr. and on the basis of the resolution of the Assembly of Mayors of the Sarnese-Vesuvian Area Authority No 5 of 27 October 2012). Various parties, including Municipalities, associations and user accounts proposed legal action to formally request the annulment, with precautionary suspension, of the resolutions in question, while in a civil context annulment was requested of the invoices containing the adjustment amount. Specifically, it is noted that 7 appeals were filed with the Regional Administrative Court of Campania, in Naples and 4 extraordinary appeals with the Head of State. Furthermore, the Federconsumatori Campania association challenged Resolution no. 14 of 29 June 2015 of the Extraordinary Commissioner of the Sarnese-Vesuvian Area Authority, and the Municipality of Angri and 11 other Municipalities of OTA 3 challenged the Resolution of the Commissioner no. 15 of 30 June 2015 with additional grounds. Section 1 of the Regional Administrative Court of Campania - Naples, on 15 October 2015, issued sentences nos 4846/2015, 4848/2015, 4849/2015 and 4850/2015, accepting the appeals presented by the Federconsumatori Campania association and by the Municipalities of Angri, Naples and Nocera Inferiore, declared annulment of commissioner Resolutions no. 43 of 30 June 2014 and no. 46 of 03 July 2014 regarding the determination and approval of tariff adjustments for the period 2003-2011 and the collection methods. Specifically, the Regional Administrative Court maintained that these resolutions were adopted in complete absence of validity, given that the Extraordinary Commissioner, from 21 July 2013 (and, therefore, six months after his appointment on 21 January 2013), would have no longer been in office and, therefore, would no longer held powers from this date. The Regional Administrative Court did not therefore comment on the legitimacy or lack thereof of the tariff adjustments, limiting itself to identifying the lack of power of the Commissioner and consequent annulment of the provisions established after 21 July 2015, on the basis of an interpretation of the regulations which was not shared by the Area Authority and GORI. In any case, with the new regional law no. 15 of 02 December 2015, any doubt regarding interpretation was eliminated, considering that art. 21, paragraph 9 clarified, also for the purposes of correct interpretation of the regulations indicated in the Regional Administrative Court judgement, that: “the powers of the Commissioners appointed for the liquidation of the abolished Area Authorities and for performance of the functions described in Italian Legislative Decree 152/2006, in compliance with the content of article 1, paragraph 137 of regional law no. 5 of 6 May 2013 (Provisions for the preparation of the 2013 annual financial statements and 2013-2015 statements of the Campania Region – 2013 regional financial law) cease to apply after six months from the date of entry into force of this law”. Furthermore, paragraph 9-bis of art. 21 established that “When this law is first implemented, the acts adopted by the Commissioners appointed for the liquidation of the abolished Area Authorities in tariff matters and tariff adjustments in implementation of ARERA Resolution no. 643/2013 and for which appeals before administrative courts are pending, are ineffective until the definitive decisions adopted by the Campania Water Authority to be constituted, having consulted the competent District Council”: in other words, having ascertained as a result of paragraph 9 of art. 21 the powers of the Extraordinary Commissioner of the Sarnese Vesuvian Area Authority to have legitimately adopted the measures regarding tariff adjustments, it has nevertheless been provided that for said tariff adjustments the Campania Water Authority, as the new granting/regulatory authority and assignee of the Extraordinary Commissioner, must make new and definitive decisions. And in fact, as far as we know, the Campania Water Authority has completed its preliminary enquiry (among other things in the sense of recognising that the previous items for tariff adjustments prior to 2012 have been correctly determined) on the basis of which its competent bodies will have to take the required measures. Consequently, due to the latter circumstance and the fact that it is also necessary to wait for the ARERA measures at the outcome of the procedure initiated with the aforementioned Resolution 373/2021/R/idr, the Council of State postponed the public hearing on the merits to a date to be determined, i.e., until the outcome of the determinations of the Campania Water Authority.

**Gesesa**

The Company operates in OTA 1 Calore Irpino which promotes and develops the initiative for the Management of the Integrated Water Service in Municipalities in the Province of Avellino and Benevento. Currently, the Authority – governed by the Extraordinary Commissioner referred to in DGR no. 813/2012 and merged into the regional EIC at the end of 2018 – has not yet assigned the management of the Integrated Water Service (aqueduct, sewerage and treatment) to a single operator. Gesesa manages the Integrated Water Service in 22 Municipalities in the province of Benevento for a total resident population of 117,492 inhabitants spread over an area of about 710 square kilometres with a water infrastructure of about 1,547 km, a sewerage network of 553 km and about 332 plants managed. The total number of user accounts amounts to 57,405, for which 2022 consumption has been estimated at about 7.8 million cubic metres of water.

The sewerage service is provided to approximately 80% of users while the purification service reaches about 35% of users.

With regard to the management concession of the IWS of the Municipality of Benevento, which expires on 30 June 2022, it should be noted that the Municipality of Benevento, by resolution of the Municipal Council of 29 June 2022, resolved to extend the concession



of the service to the Company for 12 months, considering this time period necessary to allow the Campania Water Authority to initiate the procedures to enable the single operator, who will be identified, to be able to take over the management of the service.

It should be noted that one of the company's objectives is to consolidate, expand and increase the efficiency in particular of the sewerage and treatment service. For these reasons, the investments also focused on the improvement and adaptation of the sewerage systems and the restructuring of the treatment plants and the preliminary design of those not yet present in the territory.

In relation to criminal proceeding 5548/16 R.G.N.R. in which the Public Prosecutor's Office at the Court of Benevento, in May 2020, placed 12 of the company's purification plants under seizure with the appointment of a Judicial Administrator to manage them, the Public Prosecutor in May, among others, requested the indictment of several managers and employees of Ge.se.sa. The preliminary hearing has been set for 23 January 2023.

It should be noted that the investigation relates to the management of the treatment system in the Beneventan territory and its possible connection with the pollution of water bodies that are linked to that area. Based on that claimed, the accused are alleged to have, in particular, committed fraud in public services, pursuant to article 356 of the Criminal Code and the crime of environmental pollution, pursuant to article 452-bis of the Criminal code which, in the Public Minister's opinion, is a direct consequence of the negligent management of the purification plants. Gesesa is continuing the execution of the work contained in the Audit prepared by the Judicial Administrator as a result of the investigation of the plants themselves to identify solutions and interventions aimed at improving the efficiency of their purification performance. The execution of the work is carried out according to the terms contained in the agreement approved by the examining judge for the Court of Benevento, signed on 17 March 2021, between the Company and the Judicial Administrator.

It should be noted that during the meetings of the Technical Committee, established for the management of the activities under the agreement, which are held periodically, it was acknowledged that the difficulties and delays for the procurement of materials as a consequence of the COVID emergency have continued, so the deadline set for the completion of the upgrading work may also not be met.

In relation to the 231 proceedings against the company, it should be noted that for this too, in May, the Public Prosecutor requested indictment for the company, and the simultaneous discussion of all positions in relation to both individuals and the company was ordered. The preliminary hearing has been set for 23 January 2023.

Regarding the measure of 11 November 2021, with which the examining judge, at the request of the C.T. and the Public Prosecutor, had ordered the seizure of funds, directly traceable to the profits of the crime at the company's disposal and the seizure, with the aim of confiscation, of fungible assets, property and anything else of patrimonial value at the Company's disposal, up to a value of over € 78,000,000, with the appointment of a Judicial Administrator, annulled following the acceptance of the appeal, by the Judicial Review Court, it is noted that this measure, following the failure of the examining judge to appeal, has become final.

Regarding the tariff update, the CWA has not yet approved the proposed two-year update of the 2018-2019 tariffs, although it has, by a note of the General Manager ref. 3866 of 28 February 2020, deemed the documentation provided and the processing carried out as part of the preliminary investigation by the Planning Sector Manager to be consistent with the Authority's regulatory framework, nor has it approved the tariff method for the third regulatory period (MT3) 2020-2023.

It should also be noted that on 29 December 2020, with note VC/plb/50001/2020, and the lack of approval of tariff updates persisting, the company submitted to the CWA the request for tariff updating pursuant to Article 13, paragraph 13.4 of ARERA Resolution 918/2017/R/IDR and the request for the tariff provision containing the regulatory frameworks of the third regulatory period 2020-2023 provided for in Resolution 580/2019/R/idr, requesting, at the same time, ARERA to exercise its substitute powers.

This action, to date, has only resulted in the sending on 2 July 2021, of a warning from ARERA to the Campania Water Authority, which has not been followed up.

As a result of these actions and the feedback provided by the CWA, despite the difficulties in creating dialogue with the latter, a discussion between the parties has always been maintained, which, at present, has been unproductive.

With regard to the biennial update of the 2018-2019 tariffs, the Company prepared the final accounts referring to the 2016 and 2017 years and the Works Programme for the preparation of the tariff revision proposal with the definition of the GRCs and the Theta for the years 2018-2019, revising the investment planning for the years 2018-2019, also incorporating the results of the inspection audit of 16-20 October 2017 contained in the ARERA Determination No DSAI/26/2018/IDR, dated 10 April 2018, having as its object the initiation of a proceeding for the adoption of sanctioning and prescriptive measures regarding the tariff regulation of the Integrated Water Service.

Finally, with reference to the sanction proceedings under DSAI/26/2018/IDR, on 21 June, the Authority issued Resolution 262/2022/S/idr - Imposition of pecuniary administrative fines for violation of IWS tariff regulation, imposing a fine totalling € 83,700. From an initial analysis of the document, it is clear that no account has been taken of the incorporation of the violations ascertained, carried out by the company in the 2018-2019 two-year tariff update proposal (which, moreover, was never approved by the CWA and was the subject of the request to ARERA for the exercise of substitute powers).



### Tuscany - Umbria Area

#### Acque

The management agreement, which came into force on 1 January 2002 with a 20-year duration (expiry is now in 2031), was signed on 21 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of Ato2, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 57 Municipalities. In return for award of the concession, Acque pays a fee to all the Municipalities, including accumulated liabilities incurred under previous concessions awarded.

With Resolution no. 6/2018 of 22 June 2018 concerning the "Update of the tariff structure 2018-2019", the Executive Council of the Tuscan Water Authority modified, with the same tariff multipliers, the composition of the 2016 and 2017 tariffs approved by AIT Resolution no. 32/2017 of 5 October 2017 providing for a remodulation of the recovery of tariff adjustments for approximately € 9.7 million in the period 2022-2023.

With the same Resolution the Executive Council of the Tuscan Water Authority approved the 2018-2019 tariff proposal, the update of the works programme, the updating of the economic and financial plan and the extension of the duration of the concession of service from the previous deadline of 31 December 2026 to the new deadline of 31 December 2031. On 9 October 2018 with Resolution no. 502/2018/R/IDR ARERA approved the tariff proposal.

The new Tariff plan with the end of the concession on 31 December 2031, compared to the previous plan with the end of the concession on 31 December 2026, contains the forecast of greater investments in service infrastructure and more contained tariff increases.

Finally, it is noted that on 24 January 2019, with the submission of the required documentation, with the termination of the previous loan and the related hedging contracts and with the stipulation of the new interest rate hedging contracts, the suspensive conditions were met and, therefore, the new loan agreement became effective. The new loan was established with a pool of banks and envisages two lines of credit: (i) Term Line of € 200.0 million disbursed in a single use and with final single maturity of 29 December 2023 and, (ii) RCF Line equal to € 25.0 million payable in one or more uses within the period of use and final maturity on 29 December 2023. This line must be used exclusively to meet the financial needs of the Company for its ordinary business.

At the same time the new loan agreements were entered into, 6 new interest rate hedging contracts were entered into. These new contracts envisage the Company's semi-annual payment of a fixed rate to the counterparties starting from 24 January 2019 and in correspondence with a payment by the counterparties to Acque of a variable rate.

The 2020 - 2023 tariff arrangement was approved by ARERA on 28 September 2021 by Resolution no. 404/2021/R/IDR. The Contractual and Technical Quality Macro-indicator targets for the year 2020 and 2021 and the Tariff Multiplier Values for the years 2020 - 2023 were also approved. The submission of preparatory data for the two-year tariff review is currently underway.

As is known, with Resolution 639/2021, ARERA recalculated the WACC for the years 2022 and 2023.

For the same level of investment, this will result in a decrease in the Financial and Tax Charges recognised and this decrease is partially offset by the revaluation of the RAB due to the deflator.

With Resolution no. 183/2022/R/IDR of 26 April 2022, the final results from the application of the incentive mechanism for regulation of the technical quality of the IWS (RQTI) for the years 2018-2019 were published. The Company was granted bonuses of € 341 thousand for 2018 and € 382 thousand for 2019 for the M1 Macro-indicator, which CSEA has already paid on 2 June 2022.

It should be noted that in relation to the average defined cost for electricity, the Company appears to have purchased at an average cost below the defined threshold, thus being entitled to full recognition of the adjustment.

Finally, it should be noted that as of 1 January 2022, Acque has taken over from Acque Toscane in the management of the water service in the municipalities of Montecatini and Ponte Buggianese.

#### Publiacqua

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 20 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of OTA 3, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 49 Municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentinagas. In return for awarding the concession, the Operator pays a fee to all the Municipalities, including accumulated liabilities incurred prior to the awarding of the related contracts.

Regarding the new tariff structure, with AIT Resolution no. 24 of 7 December 2018, the AGB with the approval of the 2018-2019 tariffs also approved at the same time the extension of the Company's concession until 2024. The Company then began a market survey with the main financial institutions, aimed at verifying the availability and economic conditions to proceed with the disbursement of a medium/long-term bank loan aimed in part at extinguishing existing financial exposures and in part at supporting the investments provided for in the new approved Works Programme. On 18 June 2019 the banks were invited to submit a binding offer on the basis of a term sheet. Following the offers received, on 31 July 2019 the Company signed the new loan for € 140.0 million divided among five lending banks. The **Base Line** must be used for the full repayment of the existing Loan stipulated on 30 March 2016 with BNL and Banca Intesa for the payment of the ancillary costs of the new Loan and for the requirements related to the realisation of the investments envisaged in the EFP, while the **Investment Line** will be used to fully cover the requirements for further investments envisaged in the EFP. Among the conditions precedent to the disbursement of the loan, the lending banks have requested ARERA's approval of the new Tariff Plan, including the extension of the concession. On 6 February 2020, ARERA sent a communication on the tariff provisions for the Integrated Water Service for the two-year period 2018-2019 confirming the validity of the tariff determinations adopted (and consequently the approval of Publiacqua's 2018-2024 Economic and Financial Plan), for which the suspensive condition could be exceeded after the end of the year. It is noted that on 26 June 2020, the AIT approved the tariffs for the third regulatory



period (2020-2023) and promptly sent the tariff proposal to ARERA. Substantially, the regulatory Economic and Financial Plan (EFP) highlights a tariff trend, and consequently a Guaranteed Revenue Constraint (GRC), that is constant over time, with application only of annual inflation. On 16 February 2021, with Resolution no. 59/2021/R/idr ARERA approved the specific regulatory scheme containing the tariff provisions for 2020-2023 pursuant to Authority Decision of 27 December 2019, 580/2019/R/IDR and related Annex A, containing "2020-2023 Water Tariff Method MTI-3"; therefore, the tariffs for 2021 were determined in accordance with the aforesaid resolution.

On 31 March 2021, following ARERA resolution 59/2021, the agreement which approved the extension of the concession to 31/12/2024 was signed with the AIT. Finally, it should be noted that the tariff update process for the 2022-2023 two-year period has been initiated; therefore, Publicacqua has sent all data to the AIT for approval of the tariff provision.

#### Acquedotto del Fiora

Based on the agreement signed on 28 December 2001, the operator (AdF) is to supply integrated water services on an exclusive basis in OTA 6, consisting of public services covering the collection, abstraction and distribution of water for civil use, sewerage and waste water treatment. The term of the Management Agreement is 25 years from 1 January 2002 and in 2020 was extended until 2031.

With regard to the update of the tariffs, on 27 November 2020, based on the actual data collected referring to the years 2018 and 2019 and the Investment Plan, the Tuscan Area Governing Body (AIT) approved the tariff revision proposal with the MTI-3 scheme, setting the GRC and the Theta of the years 2020-2023 and also redesigning the entire tariff profile until the end of the IWS concession (Deliberation of the Executive Council of the AIT no. 6/2020 of 27 November 2020). This tariff proposal was then forwarded by the Tuscan AGB to ARERA for final ratification, which was carried out by ARERA Resolution 84/2021/R/IDR on 2 March 2021, approving the GRC and Theta proposed by the AIT. Revenues for the period were therefore based on the current tariff Economic and Financial Plan (EFP) approved by ARERA.

#### Umbra Acque

On 26 November 2007, ACEA was definitively awarded the contract in the context of the tender procedure launched by the Area Authority for OTA I Perugia for selection of the private minority industrial partner of Umbra Acque S.p.A. (expiry of the concession originally set for 31 December 2027 and which following the Assembly of Mayors of the AURI with resolution 10 of 30 October 2020 was extended to 31 December 2031). The entry into the capital of the company (with 40% of the shares) took place with effect from 1 January 2008. The company performed its activities in all 38 Municipalities constituting OTAs 1 and 2.

The tariff applied to users for the year 2019 is the rate applied to users was determined by Resolution no. 489 2018/R/IDR of 27 September 2018 with which ARERA approved the updating of tariff arrangements for the two-year period 2018-2019, previously proposed by the Assembly of Mayors of the AURI with Resolution no. 9 of 27 July 2018. Finally, we inform you that on 29 December 2018 the request to extend the duration of the assignment to 31 December 2031 pursuant to art. 5.2 and 5.3 of the Convention and Resolution 656/2015/R/IDR was formally sent to AURI and ARERA. It should also be noted that the determination of the new tariff plan for the regulatory period 2020-2023 (MTI-3), which includes the outcome of the request to extend the duration of the contract from 4 March 2028 to 31 December 2031 and the acquisition of the new structured loan linked to a bankable regulatory EFP could be significantly reflected in the company's operations, and therefore in the pursuit of the Company's institutional objectives.

As of 30 June 2022, the rate applied to users was determined on the basis of Water Tariff Method 3 (MTI-3) under Resolution no. 36/2021/R/idr of 2 February 2021 with which ARERA approved the preparation of the 2020-2023 tariff update previously approved by the Assembly of Mayors of the AURI with Resolution no. 10 of 30 October 2020, which, for 2022, provide a theta of 1.105 and an increase of 5.24% compared to 2021, also due to the billing of GRC adjustments for 2018. The average tariff €/m<sup>3</sup> was approximately € 3.02 at 30 June 2022. The number of users served was approximately 233 thousand, substantially unchanged compared to the previous year. With reference to volumes, on the basis of the estimates made, approximately 14.2 million m<sup>3</sup> of water was distributed (+4.5% compared to the first half of 2021).

Finally, it should be noted that ARERA Resolution no. 183/2022/IDR/R awarded the Company a bonus of € 1,532 thousand (Acea share € 613 thousand) for the results achieved in Technical Quality in the 2018-2019 two-year period. The bonus was collected on 2 June 2022.

#### Geal

The Company manages the Integrated Water Service in the Municipality of Lucca in accordance with the Management Agreements with the local authority expiring on 31 December 2025, updated during 2013 to take into account the memorandum of understanding signed with the AIT on 29 November 2011 and in 2016 pursuant to ARERA Resolution no. 656/2015. With regard to tariffs, it should be noted that ARERA approved the plan for the four-year period 2016-2019 with Resolution no. 726 of 26 October 2017 and approved the related update with Resolution no. 387 of 12 July 2018, also incorporating the request made by GEAL for the recognition of the OpexQt component for € 180,000/year. Regarding the four-year period 2020-2023, on the basis of the rules established by ARERA Resolution no. 580 of 27 December 2019, GEAL provided all documentation required for preparation of the new plan in the initial months of 2020, in line with the deadlines set by the AIT. On the basis of this data and the verifications carried out jointly by the Company and ARERA, the tariff provisions for the years 2020-2023 was prepared, and subsequently approved with AIT Resolution no.4 of 28 September 2020. The dynamics of tariff increases planned for the four-year period 2020-2023 are the same as those approved by ARERA in 2018, even though the new rules of the MIT-3 have imposed new limits on operators. We can note that with ARERA Resolution no. 265 of 22 June 2021, the tariff structure for 2020-2023 was approved. In particular, this resolution confirmed the increases envisaged by AIT Resolution no. 4 of 28 September 2020, equal to 6.2% for each of the 4 years. Finally, it should be noted



that on 31 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023. The document, as per good practice, has been brought to the attention of ARERA for final approval of the tariffs. It should be noted that ARERA, with Resolution no. 183/2022/IDR/R, awarded the Company a bonus of € 2,805 thousand (Acea share € 1,346 thousand) for the results achieved in Technical Quality in the 2018-2019 two-year period.

#### Servizio Idrico Integrato Terni Scpa

The Optimal Territorial Area Authority no. 2 Umbria (O.T.A. Umbria n°2), awarded to S.I.I. S.c.p.A. from 1 January 2002, the date on which the Convention was signed, for the duration of thirty years, the management of the Integrated Water Service (water supply, sewerage and treatment, hereinafter IWS) in the 32 municipalities of the Province of Terni (today Sub-area no.4 of the Umbria AURI). The Terni Area covers an area of 1,953 square kilometres, 93% of which is hills and 7% mountains. With the exception of the industrial areas of Terni and Narni, the land is prevalently used for forest and agriculture. The resident population served amounts to approximately 220,000 inhabitants. There are approximately 121 thousand users served.

Pursuant to ARERA Resolution 639/2021 for the two-year update (2022-2023) of tariff arrangements, the Company supplied and submitted to AURI the data collection for 2020 and 2021, completed with the applications for the recognition of the RCarc, OPmis, OPsocial and OpexQC components. At the same time, it has produced what is required to allow AURI to formulate a reasoned request to the CSEA for the activation of forms of financial advances related to the procurement of resources to meet part of the expenses incurred for the purchase of electricity in accordance with the timeframe provided by ARERA Resolution 229/2022.

During the six-month period, the Company amended the Regulations for the drinking water distribution service and the Service Charter to accommodate the new features of ARERA Resolution 609/2021, mainly concerning the treatment of hidden leaks compared to the procedures adopted so far. This revision was approved by the Consumer Council at its meeting on 15 June 2022.

#### Progress of the procedure for approving the tariffs

The following table shows the updated situation of the procedure for approving IWS tariff provisions for Group companies relating to the 2016-2019 regulatory period, the 2018-2019 two-year tariff update, and tariff provisions for 2020-2023. The 2022 – 2023 two-year tariff update is ongoing, which has only been concluded for GEAL with the approval of the area governing body (EGA).

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023
ACEA Ato2	On 27 July 2016, the AGB approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. <u>The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed.</u>	The Conference of Mayors approved the tariff update on 15 October 2018. On 13 November 2018, ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/idr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA Resolution.	On 27 November 2020, the AGB approved the tariff for the 2020-2023 regulatory period with Resolution no. 6/2020 ARERA approved the 2020-2023 tariffs on 12 May 2021 with resolution 197/2021/R/IDR
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex <sub>qc</sub> . ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the Opex <sub>qc</sub> . Approval by ARERA is awaited.	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. ARERA has not yet given its approval.	On 14 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021. ARERA has not yet given its approval. The Manager appealed against this resolution to the Regional Administrative Court, which rejected the appeal. The Company appealed to the Council of State and submitted an application for economic and financial rebalancing.
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opex <sub>qc</sub> as of 2017. Approval by ARERA is awaited. With Resolution 247 of 31 May 2022, ARERA ordered CWA to employ and submit - within 90 days - specific determinations regarding tariff arrangements for the years 2012 and 2013. The measure at the same time extends the deadline for the conclusion of the proceedings to 30/09/2022, for the renewal of the contradictory preliminary investigation underlying the tariff determinations in Resolution 104/2016 (2012 - 2013 and 2014 - 2015)	On 17 July 2018 the Extraordinary Commissioner of the AGB approved the 2018-2019 tariff update. ARERA has not yet given its approval.	On 18 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. Following a warning from ARERA, CWA with resolution dated 12 August 2021, approved the 2020-2023 tariff proposal. ARERA has not yet proceeded with approval.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Executive Council approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With Resolution 502 of 9 October 2018, ARERA approved the 2018-2019 tariff update.	On 18 December 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 7. ARERA approval arrived with resolution 404/2021/R/idr of 28 September 2021.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. <u>On 12 October 2017, with resolution 687/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. ARERA approved the 2020-2023 tariff provisions and the 2018-2019 two-year update with Resolution 59/2021 of 16 February 2021.	On 26 June 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 3. ARERA approved the 2020-2023 tariff provisions with Resolution 59/2021 of 16 February 2021.
Acquedotto del Fiora	On 5 October 2017, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . <u>On 12 October 2017, with resolution 687/2017/R/idr, ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Executive Council on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by	On 26 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 6. ARERA provided approval with resolution 84/2021/R/IDR of 2 March 2021



Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023
		the AIT with its Resolution of July 2018. ARERA approved the two-yearly update (with a small correction of the recognised OpexQC) and the extension of the concession with Resolution no. 465 of 12 November 2019.	
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . <u>On 26 October 2017, with resolution 726/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 12 July 2018 ARERA approved the 2018-2019 tariff update proposed by AIT.	On 28 September 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 4, updated with Resolution nos. 13 and 14 of 30 December 2020. ARERA provided approval with resolution 265/2021/R/idr of 22 June 2021. On 31 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023.
Acea Molise	Following Resolution no. 664/2015/R/IDR, both for the Municipality of Campagnano di Roma (RM) and the Municipality of Termoli (CB), Municipalities where Crea Gestioni offers the IWS, neither the Granting Body nor the Area Authority of reference submitted a tariff proposal for the regulatory period 2016-2019, so the Company independently submitted tariff proposals. Currently approval by the ARERA is still pending.	The Company has submitted the data to the competent parties/AGB in order to update the 2018-2019 tariff. For the management of the IWS in the Municipality of Campagnano di Roma (RM), given the inaction of the designated parties the Company filed an application with ARERA in early January 2019 for a tariff adjustment in 2018-2019, also revising the 2016-2019 proposal. ARERA has not yet pronounced or issued a warning to the AGB and/or to the competent parties. For the management of the IWS in the Municipality of Termoli (CB), with a Resolution dated 17 December 2019 the Municipal Council of Termoli approved the alignment of the pre-existing Agreement to the Agreement template, extending its expiry to 31 December 2021, and confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for 2018 and 2019, also revising the 2016-2019 proposal. ARERA has not yet given its approval.	The Municipality of Termoli approved the tariff provisions for 2020-2023 on 4 February 2021. These were sent by the EGAM on 4 March 2021. For the Municipality of Campagnano, the Operator sent the tariff provisions to ARERA on 30 March 2021 in accordance with the provisions under art. 5.5 of Resolution 580/2019/R/idr.
Gesesa	On 29 March 2017 with Resolution no.8 of the Extraordinary Commissioner the OTAA1 approved the tariff provisions for the years 2016-2019. Currently approval by the ARERA is still pending.	The Company submitted the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation by the technical offices of the competent AGB (EIC-Campania Water Authority) was completed at the end of February 2020. The final approval of the EIC Executive Committee has not yet been given.	On 29 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. The CWA convened the District Council for 22 July 2021 (findings report on checking of the minutes of 31/7/20) following the warning from ARERA received on 2 July 2021. In February 2022, a new District Council was appointed, which has not yet expressed a position on the tariff arrangements.
Nuove Acque	On 22 June 2018, the AIT Executive Council approved the rates	On 16 October 2018 with Resolution 520 ARERA approved the 2018-2019 tariff update proposed by the AIT.	On 27 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 5. ARERA provided approval with resolution 220/2021/R/IDR of 25 May 2021
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the Opex <sub>qc</sub> . <u>The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.</u>	In its session of 27 July 2018, the AURI Assembly approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with Resolution no. 489 of 27 September 2018	AURI approved the 2020-2023 tariff provisions with Resolution no. 10 of 30 October 2020. ARERA approved the same with Resolution 36/2021 of 2 February 2021.
Sil Terni S.c.a.p.a.	On 29 April 2016, with Resolution no. 20, AURI approved the tariff multiplier for the 2016-2019 four-year period and with determination no. 57 it approved the adjustment for previous items. ARERA approved the 2016-2019 tariff provisions with resolution 290/2016 of 31 May 2016.	With resolution of the Board of Directors of AURI no. 64 of 28-12-2018, approval was given to the 2018-2019 two-year update. ARERA approved the biennial adjustment 2018-2019 with its resolution of 20 September 2018 464/2018.	AURI approved the 2020-2023 tariff structure with the resolution by the Assembly of Mayors 12 of 30 October 2020. ARERA provided approval with resolution 553/2020 of 15 December 2020.

For more details on the matter, see the paragraph "Service Concession Report".

### Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in the first half of 2022 valued on the basis of the new MTI-3 Tariff Method. The data also include the adjustments of passing items and the Fo.NI component. In terms of determining the GRC, the relevant tariff components were valued on the basis of the current EFP in force in accordance with the provisions of Resolution 580/2019/R/idr, Art.7.2, without the incorporation of the new features introduced by Resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - Ofin, Ofisc, deflators, inflation), also in view of the fact that the current state of contact with the Technical Secretariat of the EGA does not allow for a different forecast of the revenues of the IWS.





Company	Revenue from the IWS (pro quota values in € million)	FONI (pro quota values in € million)
ACEA Ato2	341.5	FNI = 24.4 AMMFoNI = 9.1
ACEA Ato5	41.8	FNI = 2.0 AMMFoNI = 2.9
GORI	125.0	-
Acque	35.9	FNI = 1.4 AMMFoNI = 2.2
Publiacqua	48.9	AMMFoNI = 8.1
AdF	55.7	AMMFoNI = 6.5
Gesesa	7.1	AMMFoNI = 0.1
Geal	4.3	AMMFoNI = 0.6
Acea Molise	3.3	-
IWS	23.0	AMMFoNI = 0.6
Umbra Acque	18.3	FNI = 0.1 AMMFoNI = 0.6



### Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Electricity distributed	GWh	4,560	4,275	285	7 %
No. of Customers	N/1000	1,648	1,638	10	1 %
Km of Grid (MV/LV)	Km	31,453	30,892	561	2 %
2G Metering Groups	Number	136,530	153,360	(16,830)	(11%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	304.4	306.2	(1.9)	(0.6%)
Costs	123.3	124.5	(1.3)	(1.0%)
EBITDA	181.1	181.7	(0.6)	(0.3%)
Operating profit/(loss)	113.8	111.8	2.1	1.8 %
Average Workforce	1,261	1,282	(21)	(1.6%)

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	135.9	274.5	(138.6)	(50.5%)	139.5	(3.6)	(2.6%)
Net Financial Position	1,817.2	1,583.9	233.3	14.7 %	1,516.8	300.4	19.8 %

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Energy Infrastructure Segment	181.1	181.7	(0.6)	(0.3%)
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	26.5 %	29.4 %	(2.8 pp)	

The EBITDA for the segment at 30 June 2022 was € 181.1 million, a slight decrease of € 0.6 million compared to 30 June 2021. The EBITDA of **areti** is down by € 1.2 million as a result of the opposing effects arising from energy balancing (- € 10.5 million) due in large part to the reduction of the WACC (from 5.9% to 5.2%), the lower margins deriving from the open fibre contract (€ 1.4 million) and offset by the positive effects of the resilience plan (€ 6.1 million), by the lower personnel costs partly because of higher capitalizations (€ 1.5 million), by lower operating costs (€ 1.1 million) and by higher connection fees and other revenue (€ 1.7 million).

With reference to the energy balance, as at 30 June 2022, **areti** distributed 4,560 GWh to end customers, up by 7% on the same period in the previous year.

The EBITDA for **public lighting**, negative by € 1.2 million, improved by € 0.6 million compared to 30 June 2021.

The average number of employees decreased slightly compared to the same period in the previous year (21 employees) attributable to **areti**.

The operating profit/(loss) increased by € 2.1 million compared to 30 June 2021 and was mainly affected by lower depreciation, amortisation and write-downs for the period (- € 2.7 million).

Investments amounted to € 135.9 million, a decrease of € 3.6 million compared to the same period of the previous year, and refer mainly to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary substations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” projects. Intangible investments refer to projects for the re-engineering of information and commercial systems. The **public lighting** sector contributed for € 1.1 million, down by € 1.4 million compared to the first half of the previous year.

As of 30 June 2022, the net financial position stood at € 1,817.2 million and showed an increase of € 233.3 million compared to 31 December 2021 and of € 300.4 million compared to 30 June 2021, mainly attributable to operating cash flow dynamics and the effects of the zeroing of general system charges implemented by the government to contain the impact of the increase in energy prices on citizens.

### Significant events in the first half of 2022 and subsequently

#### GALA

With Resolution 50/2018/R/eel of 1 February 2018, the Authority approved a mechanism for recognising charges otherwise not recoverable due to the failure to collect general system charges.

At 30 June 2022 the total receivables accrued by the Company amounted to € 68.9 million, including billed interest. Such interest was excluded from the mechanism for the reinstatement of general charges by Resolution 300/2019/R/EEL and subsequently readmitted to the mechanism by Resolution 495/2019/R/EEL.



With Circular no. 2/2020/ELT of 30 January 2020, CSEA prepared a method for adding the applications already submitted in order to include the portion relating to interest on arrears invoiced in accordance with the initial provisions of art. 1.4, letter a), number iv) of Resolution 50/2018//R/EEL. On 18 February 2020, a formal request to participate in the mechanism for reimbursing the default interest billed was formally submitted and the amount requested was received equal to € 2.9 million on 30 March 2020.

On 27 December 2019 Resolution 568/2019/R/EEL was also issued, which provides for the reimbursement of amounts due not otherwise recoverable relative to network services equivalent to the model for the recognition of uncollected general system charges. This mechanism was confirmed with Resolution 461/2020/R/EEL published on 19/11/2020, which better defined the methods for access to the reimbursement request. This Resolution included recognition of tariff fees for electricity metering, distribution and transmission services, the UC3 and UC6 tariff components and certain fees for specific services, regarding invoices expired by at least 12 months, net of a 10% deductible.

The Authority set date of 30 June 2021 as the limit for presentation of applications for admission to the mechanism, nevertheless offering DSOs the option, to request a 50% advance of the reimbursement amount due with requests to be sent by 7 December 2020 and payment by 31 December 2020. Areti S.p.A. therefore decided to take advantage of this option, sending a request for participation on 4 December 2020. The total amount for network services for Gala for network tariffs uncollected is approximately € 11.0 million, while the amount paid by CSEA with value date 30 December 2020 as payment of balance was € 5.4 million. On 30 June 2021 the request was completed to settle the shortfall due to the non-collection of the network services tariffs; as established by art. 2.5 of Resolution 461/2020/R/EEL, the CSEA, having approved the application for admission sent by the distribution companies, will determine and pay, by 31 August 2021, the required sum of € 5.2 million.

Currently, also taking into account the changes in the regulatory framework deriving from the approval of the mechanism for reimbursing general expenses accrued over time, the reduction in the value of the Areti receivable from Gala was prudentially determined.

From the regulatory perspective, with the aforementioned Resolution no. 32/2021/R/eel of 2 February 2021 published on 5 February 2021, ARERA made provisions related to the mechanism for recognising, in favour of sellers, the general system charges not collected from end customers and already paid to the distribution companies, with the strategic aim of improving the risk management tools through the implementation of measures intended, on the one hand, to guarantee the system and end customers with respect to the economic consequences of possible sales operator default and, on the other, to ensure the solidity and reliability of the processes involving them, keeping their exposure under control and contained with evolution of the minimum guarantee systems and the recovery mechanisms for unpaid payments of sellers with particular reference to the portions related to general system charges in the electricity sector.

The measure, which concluded the procedure to comply with the rulings of the aforementioned administrative courts, follows the guidelines expressed in the consultation document no. 445/2020/R/eel and establishes a mechanism for recognising, in favour of sellers, the general system charges not collected from defaulting end customers and in any case already paid by the sellers to the distribution companies, by providing for their payment by the CSEA. Furthermore, the measure supplemented the rules on guarantees in the transport contracts, regarding their sizing with reference to general system charges.

The Mechanism covers the period between 2016 (entry into force of the Standard Network Code) and any adoption of specific measures, including legislation, aimed at a different management of the collection chain of general system charges and the related system of guarantees.

Parties that benefit from it are therefore users of the transport system provided by the distribution companies, holders of existing or terminated transport contracts which, as sellers, are the only contractual counterparty with the obligation to pay general system charges to the distribution companies (pursuant to article 3, paragraph 11 of Italian Legislative Decree 79/99).

At the same time, the measure continues to require that the distribution companies have the right to request (and the sellers, users of the transport service, must provide): (a) suitable guarantee of payment of the entire fee for the service, including the part related to general system charges, albeit at a conveniently reduced amount so that it represents the best estimate of the amounts normally collected by the sellers from their end customers; (b) payment of the total amount of the fee invoiced and therefore also any portion of the part related to any general system charges not (yet) collected, now without prejudice to the benefit of the reimbursement mechanism envisaged by Resolution 32/2021.

Resolution 32/2021 therefore confirmed:

- Q the obligation, arising from primary legislation, for the seller to pay in full the system charges invoiced by the distributor, which in turn has the obligation to repay them in full to GSE and CSEA;
- Q the right of the seller, limited to the charges not collected from end customers but paid to the distributor, to access the offsetting mechanism set out by Resolution no. 32/2021;
- Q the regulatory framework previously envisaged with Resolution 109/2017, including the obligation for the seller to provide the guarantee in favour of the distributor, according to the parameters indicated herein related to the best estimate of the amounts normally collected from end customers;
- Q recognition of the right of the distributor to govern contractually with the seller a suitable guarantee clause for compliance with the seller's obligations;
- Q recognition of the right to access the offsetting mechanism in favour of the seller as of 2016, including in the case of a contract terminated by the distributor due to non-compliance (of said seller);



- the obligation of the seller to collect system charges from the end users and, with the professional due diligence pursuant to art. 1176 of the Italian Civil Code, to recover arrears from end customers, being the only party designated to interact with the latter, in fact and in law.

On 22 March 2022, Resolution no. 119/2022/R/eel was published, containing the provisions related to the unified mechanism to reimburse electricity distributors for receivables not collected and not otherwise recoverable in relation to general system charges (OGdS) and network charges (OdR). This Resolution, which repeals Resolution 50/2018/R/eel, sought to standardise the methods for requesting general system charges and network charges as part of a single application, the deadline for which is set for the first year of entry into force of such mechanism on 31 July 2022. Some of the most important developments introduced include the possibility to also request in the application receivables related to the specific tariff fee (CTS) from inadequate MV end users, since this is a fee pertaining to the transport service. Thanks to the resolution, it will therefore be possible to recover an additional portion of the Gala receivable, the amount of which will be paid by 30 November.

### Technological innovation projects

#### 2G digital meter project

In an increasingly advanced technological and energy context, the "2G Digital Meter" project was launched by Areti with the aim of replacing the first-generation electricity meter system with the 2G Smart Metering system in compliance with the requirements of ARERA Resolution 306/2019/R/eel.

Following the selection procedure of the supplier of the field equipment (meters and concentrators) and the related Central Purchasing System (Management Centre) concluded in September 2019 with the publication of the award and subsequent submission to ARERA of the Request for Authorisation to Recognise Investments (RARI), which were followed in 2020 by preliminary activities related among other things to the assessment of the suitable actions to counter the spread of the COVID 19 epidemic, ARERA with Resolution no. 293/2020 of 28/7/2020 approved Areti's PMS2, as per the latest revision presented on 14 July 2020 and set the date for initiation of Areti's PMS2 as 1 January 2020, admitting the investments regarding the 2G smart-metering system of Areti to the scheme for specific recognition of capital costs, starting from the same date.

On 30 June 2022, the number of installations performed was approximately 12,400 concentrators and 507,000 meters, which was beginning to show a slight slowdown in relation to the targets set in the RARI. This slowdown determined by the reduced availability of equipment is quantifiable, to date, at about 15% based on 2022 and about 4% on a cumulative 2020-2022 basis.

At the beginning of 2022, equipment supplier Gridspertise srl announced that it was unable to meet its planned meter delivery schedule for 2022, due to unavailability of electronic components in the international market. A reduction in delivery of between 20% and 50% was assumed. As of 30 June 2022, the reduction in deliveries stood at 30% for the most critical equipment (2G Single-phase meters). Although areti was able to offset this reduction in the first quarter of 2022 with available inventories, starting in April it was forced to reduce the number of monthly installations.

To ensure compliance with the new measurement processes and the operation of the new technology (concentrators and electronic meters), a complex evolution of the areti application map was required. In addition to the introduction and integration of a new system for remote management and remote reading of the second-generation field equipment (Beat Suite), it was necessary to make changes to the main applications related to logistics and warehouse processes, field processes (replacement of the concentrator and first generation meter), commercial systems (development and management of the PDFM system), integration systems (middleware) and WFM and mobile systems, in addition to the development of a new metering acquisition, validation and publication system.

In particular, the progress of the development activities of the application map allowed for the release of all the functions planned for the wave date of 30 June. Further milestones will follow in the course of 2022 to release integration and optimisation features in addition to what has already been implemented in the new application map.

Since May 2021, the new corporate website was published online containing a large section dedicated to the new 2G digital meter. The activities dedicated to the refinement of the new operational and managerial reporting continued, as did the adjustment of the existing reporting. At the same time, data are being made available for the analytics systems with a view to monitoring the new processes for measurement and mitigation of risks to the regularity of the metering service.

#### Areti's single EData Lake

During the first half of 2021, the analysis environment of data for the distribution business was further extended. The calculation infrastructure operates in the Google Cloud environment. Activities run from the definition of a data model to the process of releasing it to an analysis environment, including infrastructure management.

As for data integration, to date the following are available:

- 1G remote management system, both for LANDIS and GME meters
- Company Electric GIS mapping system
- Company IP GIS mapping system
- Integrated Low Voltage Network Survey in all tabular areas
- SAP (IS-U and MDM)
- TESS system (commercial quality).
- RadarMeteo weather data recorded and forecasts.
- SAP PM
- SAP MM
- SAP IS-U PDFM



- Remote management system
- Remote control system: load profiles at 10 minutes
- ORBT history (selection of several tabular areas)
- NPC Geocall system (selection of several tabular areas)

Further data integration is ongoing according to the priorities dictated by the business, with reference to the 2G Management Centre.

### Network diagnostics and monitoring project

The project is divided into three main lines of action:

- Primary station diagnostics
- Substation diagnostics
- Overhead line diagnostics

#### **1. Primary station diagnostics with UGV Drones**

The project involves the development of an UGV (Unmanned Ground Vehicle) prototype for autonomous or remotely piloted inspection of primary stations. The AUTONOMUS UGV drone has sensors for detecting environmental parameters (temperature sensors, partial discharges, cameras) and sensors for moving autonomously in the environment (lidar, GPS and cameras). It executes inspection plans independently and can be remotely controlled for targeted security checks and operations. The system may also transmit inspection information to an operator located at a location other than the place of operation.

During the first half of 2022, testing of the Control Room and new features for improved on-board sensor management resulting from the first trial was completed, and the first rounds of experimental inspections in consultation with the Network were initiated.

#### **2. Substation diagnostics (CS-Plus)**

The project involves testing an integrated IOT solution for remote monitoring, diagnostics and management services: e.g., environmental parameters, digital access management, etc.

During the first half of 2022, inspections aimed at extending the testing of the solution to 50 critical facilities were initiated. An integration interface was also engineered for simplification and standardisation of field assembly of the solution. The planned IoT services are: 1. access control, 2. Environmental temperature monitoring, 3. Transformer temperature monitoring, 4. Humidity monitoring, 5. Flood Monitoring.

#### **3. Overhead line diagnostics**

The project involves the combination of periodic analyses of satellite images using artificial intelligence algorithms (developed to detect man-made and/or vegetation interference) and targeted inspections with drones to enable a continuous monitoring of overhead lines. During 2020, the platform for management of the process was developed and went live and operation of the process itself was launched. The process was found to be highly innovative both by the Politecnico di Milano university Drone observatory and Space Economy observatory.

During the first half of 2022, the plan to inspect MV and LV overhead lines carried out exclusively with drones in a mixed Engineering-Development/Network team was initiated. Developments are also underway to integrate the GIMMI satellite analysis platform with the SAP system and the development of an evolved Media Data Storage to build an integrated and easily searchable repository for all information collected from field inspections.

Finally, during the first quarter of 2022, the first BVLOS experimental flight was carried out. The experiment, which involved Enac and Anav, provided for a remotely controlled flight beyond the visual line of sight over the HV lines in the Marcigliana area. The trial aims to enable new remote and automated inspection methodologies on overhead power lines in non-highly populated settings.

### Development of Areti telecommunications network

In 2022, the TLC project envisions:

- the continuation of activities to build a high-speed and high-reliability fibre-optic network that will link all primary substations, which constitute the main backbone of the telecommunications network and from which all smart-grid services will be launched, and the linking of around 150 substations via fibre optic. This network will ensure security and reliability in the transmission of information between the centre and the periphery useful to allow the proper operation of Operation Technology systems and network management systems, also the remote control of equipment installed in substations and, where possible, the metering points and other types of sensors in order to convey to the central systems all the information acquired through sensors and field equipment. This network will also allow implementation of advanced automation for substations linked by fibre optic, in order to significantly improve the quality of the electricity service;
- the connection and migration of services in 19 primary and 1 secondary substations;
- the activation of the 4G mobile radio link in approximately 1,500 secondary substations;
- the activation of advanced automation for resilience in 5 sections;
- the activation of advanced FO/4G automation in approximately 100 backbones;
- the activation of LV remote control in approximately 300 secondary substations.



By 2024, all primary substations are planned to be linked via fibre optics (owned or IRU) and approximately 5,000 secondary substations are planned to be connected to the main network (fibre optics/4G), which will substantially reduce the impact on the territory of maintenance activities by reducing inconvenience to the public.

In the first 6 months of 2022, the project achieved:

- the commissioning of 6 supply and installation sections between aggregation nodes;
- the connection and migration of services in 7 primary substations;
- the continuation of the implementation of 4G mobile radio links, both to speed up the deployment of advanced automation services in secondary substations in addition to those that will be reached by fibre optics (secondary access substations) and to continue with the transition of existing 2G/3G mobile radio links to 4G connection technology;
- the activation of 4G mobile radio connections in 645 secondary substations;
- the activation of fibre-optic remote control in 75 secondary substations;
- the activation of fibre optic/4G advanced automation in 33 medium voltage backbones;
- the activation of remote control of low-voltage circuit breakers in 113 secondary substations.

### **Public Lighting**

As at 30 June 2022, extraordinary maintenance, modernisation and safety activities agreed to with Roma Capitale continued regularly, thus creating new lighting points as part of the lighting re-engineering and development projects, integrating operational activities through the ordinary and extraordinary maintenance activities provided for in the plan, which have characterised and consolidated various proposals for intervention for the improvement and renovation of systems and, consequently, the quality of the service offered. Regarding the Public Lighting Service, following the opinion given by the AGCM (Antitrust Authority) in Bulletin no. 49 of 14 December 2020, Roma Capitale began checking the conditions of congruity and economic convenience of the performance terms pursuant to the service contract between the Administration and ACEA S.p.A. (and through it Areti) compared with the terms pursuant to the Consip Luce 3 Convention and, in addition, on the basis of the positions expressed by the AGCM in the said opinion, expressed queries over the legitimacy of the award to ACEA S.p.A.. On 8 February 2021, with a note ref. DG 1585/2021, Roma Capitale communicated the results of the said checks, affirming definitively “the congruity and convenience of the economic terms currently in being with respect to the qualitative and economic parameters of the CONSIP – LUCE 3 convention” and confirming “the correctness of the prices applied for the public lighting service”, overcoming definitively all reserves on the congruity of the prices charged in the context of the contractual relationship in being between RC and ACEA S.p.A. In the same note, the Administration therefore ordered the restart of the procedures for payment of ACEA/areti’s ascertained receivables in relation to the service contract. We can note that the said communication regards the correctness of the prices charged, without affecting the Administration’s intention, already manifested, to terminate the relationship with ACEA to call for tenders and thus make a new award for the service.



## Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Energy produced (hydro+thermal)	GWh	296	357	(61)	(17%)
of which hydro	GWh	182	254	(71)	(28%)
of which thermal	GWh	113	103	10	10 %
(Photovoltaic) Energy Produced	GWh	64	33	31	93 %
Energy produced (cogeneration)	GWh	17	24	(6)	(27%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	92.1	55.6	36.5	65.6 %
Costs	40.1	20.2	19.9	98.1 %
EBITDA	52.0	35.4	16.6	46.9 %
Operating profit/(loss)	43.0	21.7	21.3	97.8 %
Average Workforce	91	88	3	3.2 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	19.5	39.4	(20.0)	(50.6%)	21.7	(2.2)	(10.3%)
Net Financial Position	113.2	237.0	(123.8)	(52.2%)	238.4	(125.2)	(52.5%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Generation Segment	52.0	35.4	16.6	46.9 %
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	7.6 %	5.7 %	1.9 pp	

The EBITDA at 30 June 2022 was € 52.0 million, an increase of € 16.6 million compared to 30 June 2021, mainly attributable to **Acea Produzione** (+ € 17.6 million) due to the higher margins made on hydroelectric production (+ € 14.0 million) as a consequence of the increase in prices on the energy markets (+ € 136.25/MWh) partially offset by lower volumes produced (- 70.7 GWh) compared to the same period in the previous year and for the remainder by the higher margins made on thermoelectric production (+ € 0.8 million). Finally, the EBITDA of the **photovoltaic** segment recorded a decrease of € 0.6 million, influenced by the change in the scope of consolidation resulting from the acquisitions made at the end of 2021 and the transfer of control of a photovoltaic holding company of the ACEA Group (Acea Sun Capital) and its subsidiaries to the newly formed AE Sun Capital, 40% owned by Acea Produzione and 60% by Equitix (for more information see the section on IFRS5).

The average workforce increased slightly compared to the same period in the previous year; note that the photovoltaic companies do not have employees.

Investments amounted to € 19.5 million and decreased by € 2.2 million compared to the same period of the previous year due to the combined effect of lower investments recorded by **Acea Produzione** (- € 3.9 million) offset in part by higher investments in the **photovoltaic** segment (+ € 1.4 million).

The investments by Acea Produzione refer mainly to the requalification work on the hydroelectric plants, the extension and restoration of the district heating grid in the Mezzocammio district in the south of Rome and the construction of photovoltaic parks (Monte Mario), while investments in the photovoltaic segment refer mainly to the investments made by Acea Solar for the construction of photovoltaic plants on both agricultural and industrial land and the investments by the newly acquired SF Island.

As at 30 June 2022, the net financial position stood at € 113.2 million and showed an improvement of € 123.8 million compared to 31 December 2021 and of € 125.2 million compared to 30 June 2021, attributable to the aforementioned transaction to sell the majority stake in Acea Sun Capital.

## Significant events in the first half of 2022 and subsequently

### Production of electricity

The production system of Acea Produzione currently consists of a series of generation plants with total installed capacity of 229.2 MW, composed of five hydroelectric plants (three located in Lazio, one in Umbria and one in Abruzzo), photovoltaic plants, two mini hydro" plants, Cecchina and Madonna del Rosario, two thermoelectric power stations, Montemartini and Tor di Valle; the latter consists of a modern high-efficiency cogeneration plant, replacing the previous combined-cycle plant; the plant was launched for commercial operation on 9 July 2021, allowing the Company to meet the commitments made by Acea Produzione under the capacity market auction award for the 2022 - 2037 period. The power plant in its current configuration consists of three high-efficiency natural gas-



fired engines each with an electrical output of 9.5 MW, for a total of 28.5 MW, as well as three integration boilers and 6 storage tanks. In addition to selling electricity to the market during the most profitable hours, the plant provides electricity in SEU to the total electricity users of the adjoining Rome South Treatment Plant and the thermal energy necessary for the supply of district heating service in the districts of Torrino Sud, Mostacciano and Mezzocammmino in the Municipality of Rome.

The company is proceeding with the authorisation process for the installation of 2 new cogeneration units, with a capacity of 1.5 MW each, which will be powered by the biogas coming from the Rome South Treatment Plant and will produce electricity to be fed into the grid and thermal energy that will be supplied to the treatment plant and partly fed into the district heating grid.

Activities to improve the quality of the district heating service continue, with extraordinary maintenance of the district heating grid involving both the renovation of the delivery substations and the replacement of several important sections of piping. In particular, the doubling of the section of piping from the Tor di Valle power plant was commissioned. With reference to the activities put in place to meet the requirements introduced by ARERA relating to technical quality, a toll-free number dedicated to emergency reports was established and the new GIS platform was put online, which enables management, monitoring and reporting of technical interventions carried out on the district heating grid.

In addition to the production assets described above, Acea Produzione owns photovoltaic plants with an installed capacity of 3.1 MWp. In the first half of 2022, the Company generated a volume of 252.2 GWh through the directly owned power plants. During the period, the Company's production was subdivided into hydroelectric plant production of 181.2 GWh, production from mini-hydro plants of 1.6 GWh, thermoelectric production of 68.1 GWh and photovoltaic production of 1.3 GWh.

With regard to district heating, the Company, through the cogeneration module of the Tor di Valle power plant, supplied heat to the Torrino Sud and Mostacciano districts (located in the south of Rome) for a total of 34.22 GWht, for a total of 3,581 utilities served (266 condominiums and 3,315 real estate units).

#### Co-generation

The operational management of Ecogena focuses mainly on three areas: (i) consulting in the Esco sector and provision of services related to obligations to increase the energy efficiency of third parties (inside or outside of the ACEA Group); (ii) the supply of energy services through the management of cogeneration (or trigeneration) plants and district heating networks and the sale of energy produced to Customers; and (iii) the coordination of Group companies with regard to energy-efficiency projects.

The Company's production system as at 30 June 2022 consists of a set of cogeneration plants, whose total electrical, thermal and cooling capacity has been reduced as a result of the conclusion in 2021 of the two contracts, decreasing from a total installed electrical capacity of 4 MW to an overall electrical capacity of 1.86 MW. This amount includes the installed capacity related to the second cogenerator mounted at Europarco in 2021.

The plants held by the company are entirely located in the Lazio region, some of which are combined with district heating grids. As at 30 June 2022, Company achieved a production volume of around 2.8 GWh (electricity), 10.9 GWh (thermal) and 3.4 GWh of refrigeration. Compared with the same period last year, thermal energy sold to customers is slightly lower, refrigeration energy is in line, and electricity is up due in part to the activation of the second cogenerator at Europarco.

With reference to the Europarco trigeneration plant, the process of activating and issuing the electrical workshop license for the second 400 kW cogenerator at the site has been completed. It should be noted that in March 2022, an agreement was signed with Cinecittà Parchi to change the deadline for dismantling to 31 January 2023 for the cogeneration plant and 30 June 2022 for the thermal and refrigeration plants.

With regard to the air conditioning system at ACEA's data processing centre (Cedet), checks and fine-tuning were carried out on the new more efficient system. The last report on the actual energy savings achieved was sent to the Customer and confirmed compliance with the energy performance guaranteed in the Energy Performance Contract (savings of 308 MWh with reference to the year from July 2020 - June 2021). The final consumption of the plant with improved efficiency showed an energy saving of 30% compared to the previous use of the plant.

As part of the activities carried out by Ecogena for Acea Innovation, pertaining to the project for the design, permitting and construction of a charging infrastructure for electric vehicles, it should be noted that the installation activities of "WAVE I" of the project have been almost completed, while some installations remain to be completed on locations that have suffered delays due to authorisation in relation to SIMU (infrastructure department of the Municipality of Rome) in the RM V Municipality (for the issuance of licenses). On the other hand, work continues for WAVE II on the ninety-two authorised projects, a good portion of which are completed and others in the process of being completed, as scheduled.

The project documentation required for the WAVE III Services Conference authorisation was also completed and submitted. Consequently, the outcome of the Services Conference with the authorisation of the planned new sites is expected in the second half of 2022.

On the subject of the efficiency of residential buildings through tax deduction systems (ecobonus and sismabonus) and as part of the collaboration established between Acea Innovation and Ecogena, project assignments for over € 60 million were registered. At the same time, construction sites started in 2021 are nearing completion and design activities are continuing that will allow work to begin on the other buildings contracted by Acea Innovation.

#### Energy Box transaction – Photovoltaic plants

As described in detail in the section on "Assets held for sale", at the end of 2021, Acea and Equitix signed an agreement to sell the company that holds the stakes in the companies that own the photovoltaic plants (Acea Sun Capital), to a newly created company to which Acea's photovoltaic assets already in operation or being connected to the grid in Italy have been transferred.





### Operating figures, equity and financial results for the period

Operating data	U.M.	30/06/2022	30/06/2021	Change	% Change
Total number of analyses	Number	535,965	571,391	(35,426)	(6%)
Total number of samples	Number	18,378	18,929	(551)	(3%)
Number of projects	Number	41	46	(5)	(12%)
Number of EPC work sites	Number	26	50	(24)	(48%)

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	57.5	62.3	(4.8)	(7.6%)
Costs	52.7	53.3	(0.6)	(1.0%)
EBITDA	4.8	9.0	(4.2)	(46.6%)
Operating profit/(loss)	0.5	6.2	(5.7)	(91.5%)
Average Workforce	451	432	19	4.3 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	1.8	9.9	(8.0)	(81.4%)	3.5	(1.7)	(47.5%)
Net Financial Position	45.6	28.1	17.5	62.4 %	28.4	17.2	60.7 %

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Engineering and Services Segment	4.8	9.0	(4.2)	(46.6%)
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	0.7 %	1.5 %	(0.8 pp)	

The Segment closed the first half of 2022 with EBITDA of € 4.8 million, down on the same period of the previous year by € 4.2 million (- 46.6%). The change is attributable to **Acea Elabori** for € 1.4 million as a result of the reduction in activities and margin for tariff updating, to **TWS** for € 0.5 million as a result of the slippage in construction and discount application activities, and for € 0.6 million to **SIMAM** for the lower margin on wastewater treatment. The remaining change is attributable to items related to previous years.

Included in the Area are **Ingegnerie Toscane**, an engineering company consolidated with the equity method that provides technical support services in the water-environmental sector, and **TWS**, a company that operates mainly in the construction and renovation of works instrumental to the operation of the Integrated Water Service, and in particular of water treatment plants – drinking water and wastewater – as well as design and engineering services as they relate to plant construction. These companies both recorded an EBITDA of € 0.4 million.

The average number of staff at 30 June 2022 stood at 451, up by 19, almost entirely attributable to **Acea Elabori**.

Investments amounted to € 1.8 million, mainly attributable to **Acea Elabori**, down by € 1.7 million mainly due to fewer purchases of equipment and software.

The net financial position as of 30 June 2022 was € 45.6 million, up € 17.5 million compared to 31 December 2021 and up € 17.2 million compared to 30 June 2021. The change is due to the dynamics of operating cash flow.

### Significant events in the first half of 2022 and subsequently

No significant events occurred in the period.

Operating figures, equity and financial results for the period

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
Revenues	70.2	64.7	5.4	8.4 %
Costs	91.4	82.8	8.6	10.4 %
EBITDA	(21.3)	(18.1)	(3.1)	17.4 %
Operating profit/(loss)	(36.2)	(29.6)	(6.6)	22.5 %
Average Workforce	713	704	8	1.2 %

Economic and financial results € million	30/06/2022	31/12/2021	Change	% Change	30/06/2021	Change	% Change
Capex	12.7	34.4	(21.7)	(63.2%)	16.3	(3.7)	(22.4%)
Net Financial Position	395.1	443.1	(48.0)	(10.8%)	267.1	128.0	47.9 %

Economic and financial results € million	30/06/2022	30/06/2021	Change	% Change
EBITDA – Corporate Segment	(21.3)	(18.1)	(3.1)	17.4 %
EBITDA – Group	682.5	618.8	63.7	10.3 %
Percentage	(3.1%)	(2.9%)	(0.2 pp)	

Corporate ended the first half of 2022 with a negative level of EBITDA of € 21.3 million, down on the same period of 2021 by € 3.1 million. The change can be attributed to the higher costs incurred, which mainly include IT costs, electricity and gas consumption due to the increase in tariffs, monitoring expenses and advertising expenses.

EBIT is a negative € 36.2 million, down by € 6.6 million on the same period in the previous year as a result of higher amortisation and depreciation relating to IT projects that came into operation in the last months of last year and in the first months of the current year, as well as the change attributable to the EBITDA described previously. Notable among the largest IT investments are those related to developments of existing applications.

The average workforce at 30 June 2022 stood at 713, an increase of 8 compared to the same period of 2021 (there were 704 employees).

The investments amounted to € 12.7 million as of 30 June 2022 and relate mainly to software licences, IT and hardware developments, as well as investments in the company offices. The decrease of € 3.7 million is attributable for € 1.6 million to the purchase of land from ATAC SpA adjacent to the headquarters and used as a car park, in the first half of 2021.

The net financial position as of 30 June 2022 is € 395.1 million and shows a decrease compared to the end of 2021 of € 48.0 million that stems from the cash requirements of Group companies and a deterioration compared to 30 June 2021 of € 124.3 million that is mainly affected by the purchase of Acea Produzione shares, previously held by Acea Energia, which took place as part of the project to reorganise the Group's strategic equity investments (purchase value of the equity investment for € 129 million).

Significant events in the first half of 2022 and subsequently

No significant events are reported during the period observed.

## Significant events during the period and afterwards

### Acea Gaia Rating confirms Acea's growth on the sustainability indicators

Gaia Rating gave ACEA a score of 82 out of 100 in its overall assessment of ESG performance. ACEA recorded a score increase for the fourth consecutive year, confirming its position among the best-performing companies in terms of sustainability.

### Acea improves its position in the Bloomberg Gender-Equality Index (GEI) 2022

In 2022, Acea also confirms its presence in the "Bloomberg Gender-Equality Index" (GEI), an international index that measures companies' performance on gender equality through five criteria: female leadership, equal pay, inclusive culture, policies against sexual harassment, brand positioning as a pro-women company.

The Group, included in the index for the third consecutive time, obtained a score of 80.67 (on a scale of 0-100) this year, placing it well above the averages for the utility sector (71.21) and the sample analysed (71.11), with a significant improvement of 10.18 points compared to the 2021 result.

### Acea finalises the closing of the operation for the sale to Equitix of a majority stake in the newco that will manage the photovoltaic assets

On 22 March, Acea finalised the agreement with the British investment fund Equitix for the sale of a majority stake in a photovoltaic holding company (Acea Sun Capital) of the Acea Group, in which the photovoltaic assets of Acea already in operation or being connected to the network in Italy were transferred. The agreement for the transfer of the assets had already been signed on 24 December 2021. With the closing of the operation, the newco AE Sun Capital S.r.l., 60% owned by Equitix and 40% by Acea Produzione, acquired from Acea Produzione the photovoltaic holding company of the Acea Group, the holder, through a number of vehicles, of a portfolio of photovoltaic plants, with a total installed capacity of 105 MW, of which 46 MW incentivised on the basis of different Energy Accounts and 59 MW for new construction already connected or being connected to the network.

### Acea signs final agreements for the design and marketing of the digital metering systems of the water service

Following on from the information disclosed to the market on 6 December 2021, on 29 March 2022, Acea and Suez signed the final contractual agreements for the creation of a joint venture for the design of an advanced smart metering system for the water service and its subsequent production and marketing in Italy and abroad on the basis of a specific commercial partnership.

### Acea finalises the acquisition by the consortium, formed of Ascopiave, Acea and Iren, of a number of A2A concessions in the context of gas distribution

On 1 April, the consortium formed of Ascopiave (58%), Acea (28%) and Iren (14%) finalised the agreement with the A2A Group for the acquisition of a number of assets in the natural gas distribution service. The scope of activities covered by the transaction includes approximately 157 thousand users, distributed in 8 Italian Regions, belonging to 24 ATEMs, for about 2,800 km of network. Acea's perimeter of interest consists of concessions in 5 ATEMs, including 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 grid points. The Enterprise Value is € 35.8 million.

### Arera publishes the first Technical Quality analysis of the water service in Italy: Years 2018-2019

For the first time in Italy, the water service was measured and judged, attributing rewards and penalties to managers, for results achieved and consolidated in 2018 and 2019. The ranking was published by ARERA with resolution 183/2022/R/idr and concludes the first two years of application of the incentive mechanism.

Water losses, service interruptions, quality of the water supplied, adequacy of the sewer system, quality of treated water and disposal of sludge are the 6 macro-indicators based on which each of the water service operators were analysed and ranked (for the first two-year period, interruptions were excluded from the incentive mechanism).

The complex data analysis system – launched in 2018 by ARERA with the resolution on the Technical Quality Regulation for the integrated water system (RQTI) – made it possible to codify the results achieved during these years by 203 operators, covering 84% of the nation's population. By analysing the data received up to 17 July 2020, the Authority was able to assign a bonus to those that reached, maintained and improved the pre-established objectives and a penalty to others.

For the Acea Group, the net amount came to around € 29 million.

**The Shareholders' Meeting approves the Financial Statements as at 31 December 2021 and approves the payment of a dividend of € 0.85 per share**

On 27 April, the Acea S.p.A. Shareholders' Meeting approved the Financial Statements and presented the Consolidated Financial Statements at 31 December 2021, which showed a net profit, following allocations to third parties, of € 313.3 million. The Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 was also presented to the Shareholders (2021 Sustainability Report).

The Meeting also approved the allocation of profit for the year as proposed by the Board of Directors and the distribution of the dividend. The total dividend (coupon no. 23) of € 180,665,720.95, equal to € 0.85 per share, will be paid starting from 22 June 2022 with coupon detachment on 20 June and record date 21 June.

The Shareholders' Meeting appointed the new Board of Statutory Auditors that will remain in office for three years and until the approval of the 2024 Financial Statements. The members of the supervisory body were elected through list voting, according to the methods established under articles 15 and 22 of the Articles of Association. In the new Board of Statutory Auditors, Maurizio Lauri (Chairperson), Claudia Capuano and Leonardo Quagliata were elected as standing auditors; Rosina Cichello and Vito Di Battista as alternate auditors.

Pursuant to art. 15.4 of the Articles of Association, the Shareholders' Meeting, at the proposal submitted by shareholder Suez International SAS, also appointed Francesca Menabuoni as Director, who will remain in office until the expiry of the current Board of Directors, i.e. with the approval of the Financial Statements as at 31 December 2022.

**Acea publishes the first Green Bond Report**

On 13 May, the first Green Bond Allocation & Impact Report for the years 2019 and 2020 was published, concerning the green format bond loan for a total amount of € 900 million under the € 5 billion EMTN program, and divided into two series, one of which is for the amount of € 300 million, with an interest rate of 0% and maturity in 2025, and another for the amount of € 600 million, with an interest rate of 0.25% and maturity in 2030, issued as part of the Acea Group's Green Financing Framework for financing projects related to water resource protection, energy efficiency, development of the circular economy, and increased energy production from renewable sources.

**Acea and NTT DATA introduce the Waidy® Management System**

On 15 June, Acea and NTT DATA Italy introduced the Waidy® Management System (WMS), the native cloud solution for water resource protection, designed to optimise water management in networks, at the launch event for the two Italian Google Cloud regions.

**Resignation of board member Giovanni Giani and appointment by co-optation of a new board member**

On 27 June, Acea received the resignation, with immediate effect, from the position of board member of Giovanni Giani, appointed on the list presented by the shareholder Suez during the Shareholders' Meeting of 29 May 2020. The decision to resign is motivated by other professional commitments. On 18 July, Acea's Board of Directors co-opted Massimiliano Pellegrini as a new non-executive Director.

**Acea inaugurates the largest photovoltaic plant in Basilicata**

On 27 June, Acea inaugurated the largest photovoltaic plant in Basilicata at "Piana di Santa Chiara" in the municipality of Ferrandina, in the province of Matera, built by Acea Solar and now owned by AE Sun Capital (60% Equitix and 40% Acea Produzione). The plant is developed on land with a total area of approximately 40 hectares and has an installed capacity of approximately 20 MW, for an annual production of approximately 36 GWh, equivalent to more than 1,830 equivalent hours/year, corresponding to 15 thousand tonnes of avoided CO2 emissions per year, and is capable of supplying enough energy to meet the annual needs of more than 10,000 households. The plant sells the energy produced directly to the market and was awarded the tender issued by Terna in relation to the "Capacity Market," with a total "committed capacity" of 3MW for which it will receive a fixed annual fee for the next 15 years.

**Acea grows waste treatment and storage business in Abruzzo with acquisition of "Polo Cirsu"**

On 30 June, Acea was awarded, through its subsidiary Acea Ambiente, the business unit called "Polo Cirsu" (located in Località Casette di Grasciano Notaresco - Teramo), following participation in the competitive bidding process called by the notice of sale of the Court of Teramo - Bankruptcy CIRSU S.p.A. Bankr. Reg. No. 91/2015. At the outcome of the same, Acea Ambiente was the highest bidder for an amount of € 19,100,000. The business unit consists of the landfill named "Grasciano1", completely depleted in authorised volumes, the new landfill named "Grasciano2" consisting of a first lot of 234,000 m<sup>3</sup> and a second lot to be built, with an authorised volume of 246.000 m<sup>3</sup>, a recycling and composting plant and a platform for the valorisation of waste from separate waste collection and durable goods.

**Standard Ethics improves outlook from "stable" to "positive"**

On 5 July, Standard Ethics upgraded Acea's outlook from "stable" to "positive" and confirmed the "Corporate Rating" at "EE".

**Fitch Ratings confirms ACEA's "BBB+" rating and "stable" outlook**

On 6 July, Fitch Ratings confirmed its Long-Term Issuer Default Rating (IDR) for ACEA of "BBB+" with "Stable" outlook, and the Short-Term IDR of "F2". The Long-Term Senior Unsecured Rating of "BBB+" was also confirmed. The rating reflects Acea's strategic focus in regulated activities, along with prudent management of energy hedges and the solid level of available liquidity.



**Acea: Sardinia's largest photovoltaic plant authorised with a capacity of 85 MW**

On 19 July, Acea Solar, a wholly owned subsidiary of Acea Produzione, obtained an "Environmental Impact Assessment" and "Single Authorisation" from the Region of Sardinia for the construction of a photovoltaic plant in the industrial area of Ottana, in the municipality of Bolotana (NU). The plant will have an installed capacity of approximately 85 MW. It is scheduled to come into operation in the first half of 2024. The site, the largest in Sardinia and among the largest in Italy, covering approximately 140 hectares, will be connected to the high-voltage grid at Terna's new power station called "Ottana 2," built within the same industrial area. Furthermore, the project includes the implementation of a 10 MWh energy storage system that will deliver electricity during the phases of the day when generation from renewable sources is reduced. The system as a whole will contribute to the stability of the grid and the supply of 170 GWh/year of electricity, equivalent to the annual needs of approximately 50,000 households and corresponding to more than 70 thousand/ton of CO<sub>2</sub> avoided per year, compared with equivalent production from fossil fuels.



## Major risks and uncertainties

Due to the nature of its business, the Group is potentially exposed to various types of risks, such as competitive-regulatory risks, risks from natural events, climatic changes and financial market risks (external risks), as well as operational and environmental risks specific to each business sector, Information Technology and Human Resources (internal risks). In order to manage these risks, analyses and monitoring are carried out by each company as part of a structured and coordinated process implemented at a Group level through the integration of two complementary approaches (Enterprise Risk Management and continuous risk management), aimed at assessing and treating the risks of the entire organisation in an integrated logic, consistent with its risk appetite, with the aim of providing management with the information needed to make the most appropriate decisions to achieve strategic and business objectives, to safeguard, grow and create value for the company.

This combination is designed to ensure effective control of the entire universe of main risks the Group is exposed to, guaranteeing management of the Group's overall exposure in line with the objectives of the Business Plan and Sustainability.

As part of the Enterprise Risk Management Framework, Group companies, also availing themselves of the support and assistance of Acea SpA's Risk & Compliance Department, periodically carry out risk assessment activities in a structured manner, with the aim of identifying and assessing the main risks that may significantly affect the achievement of business objectives. In this way, a representation of the evolution of the Group's overall risk profile is achieved, through the mapping and prioritisation of the main risks to which the Group is exposed and the identification of optimal methods for managing them, by preparing a mitigation strategy and monitoring its implementation. In the monitoring phase, Group companies ensure the management of identified risk scenarios, including through the implementation of specific response actions identified to reduce their potential effects.

Among the tools available to the Group, the Key Risk Indicators (KRI) Framework makes it possible to assess changes in the organisation's exposure to "operational" risks through the identification, regular updating and integrated reading of "sentinel" metrics. In order to contain these types of risks, the Group has implemented mitigation and monitoring as summarised below at both a corporate and business sector level.

For Risk Mitigation long ago the ACEA Group introduced the development and adoption of a Group Insurance Plan based on the following pillars:

- Third Party Liability
- Property Damage
- Employee benefits

More specifically, the first two pillars transfer the economic and/or asset risk deriving from civil liability – in all its general, professional, environmental and cyber forms – and from events (accidental, culpable or malicious) affecting the Group's physical and production assets.

The third pillar, on the other hand, aside from transferring economic and financial risk, implements a corporate welfare measure guaranteeing and paying the employees of the ACEA Group significant financial support – both to those directly concerned and to those who may be entitled – in case of serious traumatic events related to both the professional and private spheres.

Still on the subject of risk mitigation, most of the companies of the ACEA Group have adopted and maintain an Integrated Quality, Environment, Safety and Energy Management System (hereinafter the "System"), which complies with UNI ISO 9001:2015 (Quality), UNI ISO 14001:2015 (Environment), UNI ISO 45001:2018 (Safety) and UNI ISO 50001:2018 (Energy), certified by an accredited external body, as a tool for the prevention of accidents, diseases and pollution, as well as a measure to promote and support the efficiency and effectiveness of the company's processes, including energy processes, and to achieve continuous improvement in the performance of the System itself and work management.

Note that, on the date of preparation of the current Management Report, we do not expect to be exposed to further risks and uncertainties that may have a significant impact on the results of the ACEA Group's operations, equity or financial position, other than those mentioned in this document.

## COMPETITIVE-REGULATORY RISKS

### Regulatory evolution risk

As is well known, the ACEA Group operates mainly in regulated markets and the requirements and obligations that characterise them (as well as changes in the rules of operation of these markets) can significantly affect the results and performance of operations. In particular, several Group companies manage the Integrated Water Service in their respective Territorial Areas, which is known to be a sector receiving an increasing level of attention from lawmakers and the Sector Authority (ARERA). The Group is therefore exposed to the evolution of the relevant legal/regulatory frameworks in the areas served.

In this regard, it should be noted that following the extension of ARERA's regulatory and control powers to waste management, Companies in the Environment Segment are also exposed to potential risks arising from changes in the regulatory framework.

These risks are mitigated by careful monitoring of regulatory developments, interacting with the relevant bodies and participating in association and institutional meetings carried out by the competent business structures in synergy with the Group's organisational structures. These structures monitor regulatory developments in terms of providing support in the preparation of comments in the response to the Consultation Paper, in line with the interests of Group companies, and guidance for the consistent application of regulations in corporate procedures and within the electricity, gas, water and environment businesses.

### Political, social and macroeconomic context risk

In providing services to its customers, the ACEA Group is very attentive to the expectations and choices of its institutional, regional and central counterparts. On the other hand, most of its activities are in any case sensitive to the economic and structural dynamics experienced by the economic and productive fabric of the respective regions.

In this sense, the main factors influencing the Group's performance include changes in the political, social and macroeconomic context of reference. These uncertainties can have an impact on the achievement of economic/financial objectives and investments, as well as on the implementation of major works, whose timing can be influenced by changes in government structures at both a central and local level.

With regard to the development initiatives envisaged in the Business Plan in the Environment Segment (growth through M&A and construction of greenfield plants), there is a risk deriving from the failure of the competent authorities to issue permits.

The Group has historically focused on guaranteeing levels of excellence in the technical and commercial quality of the services provided, including through dialogue models that are increasingly attentive to the needs expressed by its stakeholders in order to put in place virtuous dynamics in relations with its customers, also with regard to payment habits. In this regard, it should be noted that the Group is also subject to the risk of deterioration of its credit positions, particularly in connection with the provision of the Integrated Water Service, with consequences on the exposure of working capital. This risk is managed proactively by the relevant structures of the individual companies, applying specific Group Credit Policies and with the support of the Parent Company's relevant organisational structures.

In relation to the international geopolitical crisis arising from the Russia-Ukraine conflict, there are difficulties and uncertainties when assessing the effects and repercussions that could arise from the continuation of this international crisis.

Management is currently engaged in monitoring the situation on international markets and will continue its analysis of commodity price trends over the coming months as well as the trend of receivables that however do not represent critical elements at the moment.

With reference to raw materials, in addition to monitoring balances on the basis of fixed and variable price sales forecasts, Group companies only use high-standing counterparties that meet the requirements of their own commodity and counterparty risk procedures. With regard to the short and medium-term effects of a financial nature, the Group is carrying out appropriate monitoring activities in order to take timely action. It should be noted that Acea Group has no direct relations with companies under Russian, Ukrainian or Belarusian law that are in any way affected by the conflict. Given the situation of absolute uncertainty, the Acea Group will reflect in the Business Plan any impacts that are currently undetermined. As previously illustrated, the effects of the conflict on the global economic-financial conditions can be seen not only in companies whose investments or operating activities are mainly located in Russia, Belarus and/or Ukraine or that maintain commercial relationships with third companies operating in these countries, but all companies, as they find themselves in a greatly weakened economic-financial environment with rising interest rates.

Acea Group therefore conducted an analysis of the market and of possible different scenarios, thereby developing an econometric model for estimating the existing relationships between the main economic-financial data relevant to Acea's various companies and plants, with particular reference to margins, and the main macroeconomic variables. The main stages of the analysis focused on identifying possible alternative scenarios, collecting and analysing data on all Group companies and plants, and finally, based on the scenarios developed and the estimated model, forecasting the possible future performance of Acea financials. From the analyses conducted, there is no statistical evidence from the current macroeconomic environment of significant impacts on Acea's various businesses.

### NATURAL RISKS

Some of the risk that the Group must deal with includes possible impacts deriving from unpredictable natural phenomena (e.g. earthquakes, floods and landslides) and/or from cyclical or permanent climatic changes on the networks and plants managed by ACEA Group companies. The first types of risks are addressed through the implementation of structured tools for the governance of assets, specific to each business area (e.g. Water Safety Plan within the IWS; constant monitoring of the reservoirs, also carried out in collaboration with the competent Ministry, in the field of dam management), as well as with projects, some of national scope, aimed at increasing the resilience of the infrastructure in the various regions (e.g. the project to double the Peschiera-Le Capore aqueduct). The residual portion of risks from natural events is covered by the Group's insurance programme mentioned on the previous pages.

For many years now, the ACEA Group has been demonstrating its solid commitment to tackling and mitigating the risks related to climate change, not only through the reporting included in its Sustainability Report, but also by disseminating its strategies and illustrating the actions taken and the initiatives organised through participation in the Carbon Disclosure Project (CDP), confirming its score of A- and inclusion in the Leadership category.

This important result has further stimulated the ACEA Group to progressively align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), not only in its metrics and targets, but also in its governance and risk and opportunity management, as a useful tool for improving its strategy for mitigating and adapting to future scenarios.

In fact, for the ACEA Group, due to the nature and location of its business lines, the main issues related to climate change could arise in operational, regulatory and legal areas, with potential effects also on finances. As far as the first aspect is concerned, chronic meteorological events like the reduction of rainfall can have negative impacts on both hydroelectric energy production and the reduction of the availability of drinking water to be distributed, with among other things an increase in energy consumption for the withdrawal of water from less favoured sources. On the other hand, extreme phenomena such as storms can lead to the risk of lightning strikes, blackouts or, for the water network, overflow of drains connected to the wastewater systems and turbidity of the water

sources. Moreover, from a regulatory and legal point of view, these climatic effects can have an impact on the consequent provision of the service in accordance with the regulations in force, with consequent financial penalties. The implications of regulatory actions on CO<sub>2</sub> emission allowances, renewable sources, taxes and energy efficiency certificates could be very significant, with possible financial impacts.

## OPERATIONAL RISKS

### Regulatory compliance risk

The nature of the business exposes the ACEA Group to the risk of non-compliance with consumer-protection regulations pursuant to Italian Legislative Decree no. 206/2005, i.e. the risk mainly connected to the commission of consumer offences/unfair commercial practices or misleading advertising (through activities like omission of relevant information, dissemination of untrue information/forms of undue influence, unfair terms in commercial relations with consumers), as well as the risk of non-compliance with regulations for the protection of competition, i.e. the risk associated mainly with the prohibition of companies to establish restrictive agreements and to abuse their dominant position in the market (through activities such as market allocation, manipulation of tender procedures, restrictive agreements and other types of anti-competitive agreements, exchange of commercial/competitive information that potentially constitutes the creation of a cartel).

ACEA adopted a specific Antitrust Compliance Programme and appointed a Holding Antitrust Officer. The main objective of the programme is to strengthen internal controls aimed at preventing the violation of regulations through the implementation of regulatory and organisational instruments, as well as through a more widespread dissemination of the culture of respect for the principles of fair competition and consumer rights. The main Group companies adopted the Antitrust Compliance Programme in line with the indications of the Holding Company, and set up organisational structures in which Company Antitrust Officers were appointed, given the task of managing the activities to adapt the Programme to the individual companies and supervise its implementation and maintenance.

Regulatory risks also include all non-conformities, with particular regard to the environmental impact of Acea Group (generated for example by the activities of production and / or treatment of urban waste and waste, and of health and safety at work, mitigated through the adoption of certified management systems, respectively UNI EN ISO 14001: 2015 and ISO 45001:2018), which may result in the application of administrative and / or criminal penalties, including those of a disqualifying nature.

Following the introduction of some crimes that expand the catalogue of predicate offences capable of triggering the responsibility of the Bodies pursuant to Italian Legislative Decree 231/2001, the ACEA Group has started the progressive updating of the companies' respective organisational models, starting with that of ACEA SpA. In addition, preparations have begun for updating the Model for the law converting Italian Law Decree no. 124/2019 of 17 December 2019 that came into force on 25 December 2019, which introduced some tax crimes among the predicate offences pursuant to Italian Legislative Decree 231/01, and Italian Legislative Decree 75 of 14 July 2020 transposing the "PIF Directive".

As part of the general Group Whistleblowing Procedure aimed at regulating the system with which anyone can make voluntary and discreet whistleblowing reports, guaranteeing the confidentiality of the identity of the whistleblower and thus protecting him/her from any retaliation, the rules governing Whistleblowing relating to unlawful conduct have been updated, also pursuant to Italian Legislative Decree 231/01 and/or violations of the 231 Model, expanding the possible channels of communication to include a specific IT platform, accessible by everyone (employees, third parties, etc.) on the website of each Group Company, and by employees of the Italian Companies of the Group having access to the company's Intranet.

It should be noted that some consolidated companies (Areti, ACEA Ato2, Acea Elabori and Acea Ambiente), as more fully illustrated in the related financial statements, are subject to investigations or proceedings that relate to significant cases pursuant to Italian Legislative Decree no. 231/01 concerning safety and/or the environment. There are also complaints for corporate offences relating only to ACEA Ato5, related to investigations and proceedings for significant cases pursuant to Italian Legislative Decree 231/01 concerning the environment and corporate crimes. In particular, with regard to corporate offences, case 2031/16 relates to financial years 2015, 2016 and 2017 and alleges that the crimes of accounting fraud and filing fraudulent financial statements were committed by the Chairpersons of the Company and the representatives of the supervisory body of this company. During 2020, notification was received that the preliminary investigations had been completed, pursuant to art. 415 bis.

On the basis of the information currently available, taking into account the operational autonomy of the companies with respect to the parent company ACEA, any responsibilities that may be ascertained upon the final outcome of the aforementioned proceedings are exclusively attributable to the companies themselves, without any repercussions on the Parent Company or other companies of the Group that are not involved.

Finally, other additional regulatory risks that may potentially be of particular relevance for the ACEA Group include those arising from the Privacy Regulation (EU) 2016/679 GDPR.

The ACEA Group's compliance programme has made it possible to define and implement a Privacy Governance Model that is valid for the Group, taking the Parent Company as a privileged area of observation in its role as the linchpin of the system and supplier of services and/or centralised activities, looking at the Companies with a logic of priority at the core processes of each business area. The online training programme offered using an e-learning platform has been extended to Companies to provide a first layer of compliance with the obligation for Data Controllers to instruct data processing personnel, providing them with training on individual corporate processes as well as a particular focus on cross-cutting procedures (HR, Legal, etc.).



Corporate working groups have been set up to customise the Group Model in the individual companies, with effects on the implementation and/or fine-tuning of processes having a high impact on privacy, and initiatives have also been carried out to test compliance solutions already adopted.

### Commercial and Trading Segment

With reference to the Commercial and Trading segment, the companies of the segment, in carrying out their sales activities on the electricity and gas free market, are fully exposed to the risk deriving from competition. In particular, there is the risk connected with potential economic and financial damage due to the progressive concentration of the electricity and gas market, i.e. the reduction in the number of competitors and the increase in their respective market shares, which would penalise the positioning of sales companies on the market (market share too low for the same number of customers), in the event of failure to align with the growth trend of the main competitors.

Furthermore, with reference to commodities, there is the risk connected with potential economic and financial damage due to the impact of changes in the macroeconomic context, including sudden changes such as the Covid-19 pandemic or the so-called energy crunch phenomenon, which would lead, in the first case, to a reduction in the consumption of commodities by business customers and, in the second case, to phenomena of extreme volatility in commodity prices, with negative consequences on trade dynamics.

Regarding the Electricity Service for the standard-offer market, there is risk connected to development of the relevant regulatory framework, which could have a significant impact on the growth of the customer base, due to the disadvantageous position compared with other operators, as the mix of power customers of the Group companies, compared with that of the main competitors, is unbalanced in favour of the Electricity Service for the standard-offer market. This situation carries the risk of Acea Energia being penalised due to: (i) the inability to perform and commercial activity with regard to customers of the Electricity Service for the standard-offer market; (ii) being conditioned by tariffs regulated by revenues and margins of the Electricity Service for the standard market; (iii) exposure of a significant portion of its customer base to the impacts of policies that were adopted with a view to moving away from the Electricity Service for the standard market.

In the context of Acea Energia's operating activities which, as a commercial company, are the single point of contact for end customers, both for the electricity and gas free market and for the Electricity Service for the standard-offer market, there is risk linked to the possibility of inadequate levels of performance on the part of Distributors, with consequent impacts on the sales company.

In order to ensure the success of the development initiatives envisaged in the Business Plan, the Segment companies have launched change management projects, mitigating the risks associated with the non-involvement of all personnel (staff and line personnel, managers and others).

The Segment Companies also have typical business risks deriving from an efficient and effective management of billing and credit collection procedures, where it is affected by the sub-optimal performance of electricity and gas distributors.

Information about commodity price risk and the control tools adopted is provided in the financial risks section.

### Energy Infrastructure

ARETI, making use also of the support and assistance of the Acea S.p.A. Risk & Compliance Unit in managing the process and of the instruments of the Enterprise Risk Management system implemented in the corporate Group, carries out periodically and in a structured way an activity of identifying and assessing the main risks that can have a significant impact on the achievement of the business objectives deriving from the strategic, industrial, financial and sustainability plans.

In this regard, in compliance with the provisions of the Group Regulatory System, at the Board of Directors' meeting held on 10 May 2022, the company approved the "LG\_RM01\_v.2.0 QASE" - Group Enterprise Risk Management Governance Guidelines" approved by the Board of Directors of Acea SpA on 14 March 2022, which regulate the roles, responsibilities of the parties involved and control activities related to Enterprise Risk Management (ERM), including the Group Risk Appetite Framework (RAF).

In order to react promptly to the strong contextual changes (internal and external) that occurred, an infra-annual Risk Assessment was carried out in June, which, starting with the risk scenarios already identified, focused on new risk factors and how they might affect the risk profile.

We can note the risks associated with the following projects with a great impact on the territory:

Resilience Plan (investments of the network assets);

Replacement of first-generation electronic meters with those of the second generation

The risks refer generically to all the unknowns and to the possible problems that may arise during implementation of projects that are so articulated and extended over time (some provided for beyond the period of the Plan), also in consideration of the commitments made with ARERA; reference is therefore made to the possible critical issues associated with the work done on network infrastructures (authorisations from third-party bodies, procurement of materials, availability of firms, planning of activities, etc.) which assume greater significance for the number and concentration of the same.

Finally, Areti has adequately mitigated the risk to "typical" business areas like the integrity of its assets, adequate health and safety at work and its exposure to counterparties such as key suppliers and significant debtors and end customers for the technical services rendered.

### Generation Segment

The main operational risks associated with the company's business may relate to property damage (damage to assets, adequacy of suppliers, negligence), personal injury and damage arising from information systems and external events.

Acea Produzione, in order to cope with any operational risks, has taken steps, since the start of its activity, to sign policies with leading insurance institutions for property damage, third party liability, employee accident policy and finally, in view of the health emergency still in progress, to activate a Covid-19 insurance policy.

The Company pays particular attention to the training of its employees, through in-person and on-line training courses, in order to make field operators and all corporate management responsible for working safely, respecting the environment and ecosystems, with ethical appropriateness and with a view to eco-sustainability.

Acea Produzione also develops and defines internal organisational procedures aimed at describing the activities and business processes of production sites/units where it specifies the matrix of responsibility and the context and the applicable legislation of reference; In addition, it draws up its own operating instructions for the field, which show how recurring maintenance work is to be carried out, relating the technical operating specifications to the safety guidelines to be used in operations.

The above is also realised through the implementation of an Integrated Environment and Safety Management System (hereinafter SYSTEM), adopted by the Company pursuant to ISO 14001:2015 and ISO 45001:2018, certified by an accredited external control body. The SYSTEM guidelines, as a preliminary tool for the prevention of accidents, occupational diseases and environmental pollution, and aimed at the promotion and support of energy efficiency, are reflected in the SYSTEM Policy declared by the Company itself.

### Environment Segment

The Terni and San Vittore del Lazio plants, as detailed above, were involved in optimisation and revamping projects that present the risks typically related to the construction of complex industrial infrastructure (construction and performance defects).

The Orvieto plant, and more recently Aprilia and Monterotondo, have completed major upgrading of their recovery processes for composting purposes, while the Sabaudia and Chiusi plants are undergoing major expansion and upgrading work that is currently being authorised.

With regard to the management phase, the possible discontinuity of the waste-to-energy activities carried out in the Terni and San Vittore del Lazio plants and the waste treatment activities carried out by the other plants, if connected to the production of electricity under incentive programmes and the provision of public services, could have significant negative repercussions.

This, both from an economic point of view and with respect to responsibility towards public and private suppliers. In this context, therefore, where not planned, a plant shutdown creates a concrete risk of failure to achieve the objectives of the industrial activity.

The waste-to-energy plants, as well as waste treatment plants to a lesser extent, are characterised by a high level of technical complexity, which requires the management of qualified resources and organisational structures with a high level of know-how. Therefore, there are specific risks with regard to the continuity of technical performance of the plants, as well as connected to the possible exodus of professional skills (not easily available on the market) having specific managerial skills in this area.

These risks have been mitigated by implementing specific maintenance and management programmes and protocols, drawn up partly on the basis of the experience acquired in plant management.

Moreover, the plants and the related activities are designed to handle certain types of waste. The failure of incoming material to meet the necessary specifications could lead to concrete operational problems, sufficient to compromise the operational continuity of the plants and give rise to risks of a legal nature.

For this reason, specific procedures have been adopted for monitoring and controlling incoming materials via spot checks and the analysis of samples pursuant to legislation in force.

### MARKET RISK

The Group is exposed to various market risks with particular reference to the risk of price/volume oscillations for commodities being bought and sold, interest rate risks and foreign exchange risks to a lesser extent. To reduce exposure to within the defined limits, the Group enters into contracts drawn up on the basis of the typologies offered by the market.

The Market Risk is the risk concerning the unexpected effects on the value of the portfolio of assets due to changes to the market conditions.

#### Commodity Risk

In this context, reference is made to the Price Risk and Volume Risk cases as defined:

- ❑ **Price Risk:** risk linked to the change in commodities prices due to the difference in the price indices for purchases and sales of Electricity, Natural Gas and EUA Environmental Certificates;
- ❑ **Volume Risk:** the risk linked to changes in the volumes effectively consumed by clients compared to the volumes envisaged in the sales contracts (sale profile) or, in general, the balancing of positions in the portfolios.

Through the activities carried out by the Commodity Risk Control Unit of the Finance Unit within the Administration, Finance and Control department, ACEA S.p.A. ensures the analysis and measurement of exposure to market risks, interacting with the Energy Management Unit of Acea Energia S.p.A., verifying compliance with the limits and criteria adopted by the General Risk Management of the Commercial and Trading Sector and by the Administration, Finance and Control Department in line with the ACEA S.p.A.'s "Guidelines for the Internal Control and Risk Management System" and the specific procedures. The analysis and management of risks is carried out according to a second-level control process that involves the execution of activities throughout the year with different frequency by type of limit (annual, monthly and daily), carried out by the Commodity Risk Control Unit and by risk owners.

Specifically:



- Every year, the measures of the risk indicators, i.e. the limits in force, must be reviewed and respected in the management of the risks;
- Every day, the Commodity Risk Control Unit is responsible for verifying the exposure to market risks of the companies in the Commercial and Trading Industrial Segment and for verifying compliance with the defined limits.

The reports are sent to the Top Management on a daily and monthly basis. When requested by the Internal Control System, Commodity Risk Control prepares the information requested and available to the system in the format appropriate to the procedures in force and sends it to ACEA S.p.A.'s Internal Audit Unit.

The risk limits of the Commercial and Trading Sector are defined in such a way as to:

- minimise the overall risk of the entire segment;
- guarantee the necessary operating flexibility in the provisioning of commodities and hedging;
- reduce the possibility of over-hedging deriving from the variation in expected volumes for the definition of hedges;

The management and mitigation of commodity risk are functional to achieving the economic and financial objectives of ACEA Group, as indicated in the budget, in particular:

- to protect the primary margin against unforeseen and unfavourable short-term shocks in the energy market which affect revenues or costs;
- to identify, measure manage and represent exposure to risks;
- to reduce risks through the preparation and application of adequate internal controls, procedures, information systems and expertise.

Forward contracts (for physical transactions for the purchase and sale of commodities) are stipulated to meet the expected requirements deriving from the contracts in the portfolio or for transactions not involving sales to end customers.

The risk hedging strategy adopted by the Commercial and Trading Industrial Area also aims to minimise the risk associated with the volatility of the Income Statement deriving from the variability of market prices and ensure correct application of the Hedge Accounting (in accordance with current International Accounting Standards) to all derivative financial instruments used for such purpose.

As regards the commitments undertaken by the ACEA Group to stabilise the cash flow from purchases and sales of electricity, it should be noted that all of the ongoing hedging operations are recorded in the accounts using the flow hedge method, as far as the effectiveness of hedging can be demonstrated. The financial instruments used are of the swap and contracts for difference (CFD) type, or other instruments aimed at hedging commodity price risk.

The evaluation of risk exposure involves the following activities:

- recording of all transactions involving physical quantities carried out in special books (known as Commodity Books) differentiated according to the purpose of the activity (Sourcing on wholesale markets, Portfolio Management, Sale to end customers within and outside the ACEA Group) and commodities (e.g., Electricity, Gas and EUA);
- daily checks on observance of limits applicable to the various Commodity Books.

The activity performed by the Commodity Risk Control Unit provides for daily codified checks at "event" on compliance with risk procedures and limits (also for purposes of compliance with Law 262/05) and reports to the Top Management any discrepancies detected during the phases of checks, so that measures can be adopted to be within the established limits.

Finally, it should be noted that in March 2022, Acea SpA's Board of Directors approved the Guidelines for the "Management of Risk Related to Commodity Trading in Futures Markets," which supplement the existing Governance documents on the subject.

### **Interest rate risk**

The ACEA Group's approach to managing interest rate risk, which takes the structure of assets and the stability of the ACEA Group's cash flows into account, has essentially been targeted, up to now, at hedging funding costs and stabilising cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities.

The ACEA Group's approach to managing interest rate risk is, therefore, prudent and the methods used tend to be static in nature.

In particular, for static management (to be opposed to the dynamic one) we mean a type of management of interest rate risk that does not provide for daily operations on the markets but an analysis and control of the position carried out periodically on the basis of specific needs. This type of management therefore involves daily activity in the markets, not for trading purposes but in order to hedge the identified exposure in the medium/long term.

ACEA has, up to now, opted to minimise interest rate risk by choosing a mixed range of fixed and floating rate funding instruments.

As it is known, fixed rate funding protects a borrower from cash flow risk in that it stabilises the financial outflows in the income statement, whilst heightening exposure to fair value risk in terms of changes in the market value of the debt.

### **Foreign exchange risk**

The Group is not particularly exposed to this type of risk, which is concentrated in the conversion of the financial statements of its overseas subsidiaries.

As regards the 20 billion Yen Private Placement, the exchange rate risk is hedged through a cross currency swap described in the section on interest rate risk.

### **Information Technology risks**

For years now ACEA has followed a development path focused on the use of new technologies as a driving force for the operational efficiency, safety and resilience of its industrial assets. The main business processes are now all supported by the use of advanced information systems, implemented and managed by the Group's centralised departments to support the operations of the various

companies. In this sense, the Group is therefore exposed to the risks of the adequacy of the IT infrastructure to the current or future needs of the various businesses, as well as to the risks of unauthorised access to the data processed using IT procedures, with or without intent, and in any case inappropriate or not in compliance with current regulations. ACEA manages these risks with the utmost attention through specific corporate compliance structures coordinated by specialised Group safeguards.

As far as cyber security of systems, infrastructure, networks and other electronic devices is concerned within the scope of the services provided or the respective Group Companies, the current procedural and technological safeguards of the Companies themselves are implementing all the necessary actions to align their cyber security posture with the main national and international industry standards in order to increase their resilience to risks of this nature, possible repercussions in terms of business interruption and regulatory non-compliance. Technological and organisational measures are being implemented with the aim of:

- managing the threats to the organisation's network infrastructure and information systems in order to ensure a level of security appropriate to the existing risk;
- Preventing accidents and minimising their impact on the security of the network and information systems used to provide services, so as to ensure their continuity.

### **Liquidity risk**

The Group policy for managing liquidity risk, for both ACEA and its subsidiaries, involves the adoption of a financial structure which, coherent with business objectives and within the limits defined by the Board of Directors, guarantees a suitable liquidity level that can meet short/medium-term financial requirements, while maintaining an appropriate balance between maturity and composition of debt, also taking into account the challenging objectives set out in the Business Plan in terms of developing new M&A initiatives. The various elements of uncertainty faced by the Group include the potential economic, financial and reputational impacts associated with the closing of or failure to close the aforementioned transactions. The ACEA Group has therefore adopted an articulated and structured assessment process for these risks, carried out in close coordination between the companies and the Parent Company's organisational controls of the individual types of risk.

The liquidity risk management process, which uses financial planning tools for outflows and receipts implemented at the level of the individual companies under the coordination of specific Group oversight, aimed at optimising the management of treasury hedges and to monitor the trend of consolidated financial debt, is carried out both through cash pooling management both through the support and assistance provided to the subsidiaries and associated companies with which there is no centralised finance contract.

### **Credit risks**

In 2019 ACEA issued the new guidelines of the credit policy to make it consistent with the ongoing organisational changes and the Credit Risk Profiling project, with which different credit management strategies have been identified. The "Scoring and customer credit limit" procedure for non-regulated markets was also issued.

The Credit Check system, which has been operating in unregulated markets for several years and with which all new mass market and small business customers are checked through customised scorecards, was integrated with the CRM in 2018.

The project activities regarding Credit Risk Profiling, (2021-2023 three-year period), whose scope of operations has been remodelled and expanded, have all been started and partly completed. In this context, in 2021, the models for assessing the risk of requests in acquisition of individuals and legal entities relating to the mass market and small business channels "outside of Rome" were updated. The updated scorecards were released into production in early 2022. The models and tools for managing Large Business customers were also optimised during 2021. The information platforms supporting sales and the tool for monitoring KPI requests in acquisition managed by the advanced monitoring dashboard, which was released into production in June 2020, are still active.

The assessment of Large Business customers continues to be managed through an approval workflow with decision-making bodies consistent with the level of exposure expected from the supply.

The dynamic management of recovery strategies is carried out in the billing system for active customers and through a dedicated management system for those discontinued. In 2021, the fine-tuning and optimisation of the credit management process continued in terms of both the application map and the standardisation of activities for all Group companies, with the definition of a new Collection Strategy, fully integrated into the systems, which directs dunning activities according to both the type of customer (public and private) and the behaviour of individual customers (score).

Back testing of the performance scorecards of individuals and legal entities for both the free market and the greater protection market is planned for 2022, so as to further adjust, where appropriate, the dunning strategies in accordance with the relevant findings.

The structures of the individual companies responsible for credit management are coordinated by Acea Spa's Corporate Credit unit, which guarantees end-to-end control of the entire process.

The mass management of active and inactive receivables of a limited amount was carried out by the operating companies, leaving to the holding company the activity of disposing of non-performing receivables through disposal operations, as well as the management of inactive customers with significant amounts due.

As a result of these interventions, in recent years the Group significantly improved its collections capacity both in terms of electricity sales and the water supply business.

This improvement, together with the return to full operation of dunning and posting activities after the 2020 suspensions during the acute phase of the pandemic, resulted in a significant reduction in unpaid levels on current turnover and high collection performance.

The first half of 2022, despite the changed macroeconomic scenario and the significant growth in energy prices, did not show any particular criticality in the generation of cash flows, which improved compared to the same period in 2021, with the exception of the increase in instalment requests (mainly resulting from ARERA resolutions or legal provisions) for Acea Energia, characterised so far by a term limited to a few months and a low level of default. Nevertheless, with reference to the determination of the calculation of the provision for doubtful debts of the company in question, which is more exposed to market developments, it was deemed appropriate to revise upward the impairment percentages related to the upcoming turnover to take into account the probable deterioration of the reference scenario expected in the second half of 2022.

Consistent with the above, the level of attention on the Group's credit risk has been increased with the initiation and/or strengthening of working groups aimed at the most effective prevention and mitigation actions of the same.

As in previous years, this year the Group has set up non-recourse, revolving and spot transactions, of receivables from private customers and public administrations. This strategy exposes the Group to the risks involved in closing or failing to close these operations, and on the other hand allows the full derecognition of the corresponding assets subject to disposal from the financial statements since all the risks and benefits associated with them have been transferred.

#### **Risks relating to the rating**

Access to the capital market and other forms of funding and the related costs, depends amongst other things on the Group's credit rating.

A reduction in the credit rating by rating agencies could represent a limiting factor for access to the capital market and increase collecting costs with the consequent negative effects on the equity, economic and financial standing of the Group.

ACEA's current rating is shown in the following table.

Company	M/L Term	Short Term	Outlook	Date
Fitch	BBB+	F2	Stable	06/07/2022
Moody's	Baa2	Na	Stable	08/08/2019



## Business outlook

The results achieved by the Acea Group at 30 June 2022 are higher than forecast; therefore with reference to the guidance already disclosed to the market, we envisage:

- an increase in EBITDA of +4%/+6% over 2021 (previous guidance between 2% and 4%);
- investments substantially in line with 2021;
- a net financial debt between € 4.2 and € 4.3 billion.

Acea confirms its strategy aimed at making major investments in infrastructure, with a positive impact on the Group's operating and economic performance, while maintaining a solid financial structure.

The Group's financial structure is solid for the years to come. At 30 June 2022, 84% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 30 June 2022 the average duration of medium/long-term debt stood at 4.9 years. We can note the reduction of the average cost, which went from 1.42% at 31 December 2021 to 1.40% at 30 June 2022.

The conflict between Russia and Ukraine has generated serious repercussions not only at the humanitarian level, but also at the economic level, with a considerable impact on the global financial markets.

The consequent sanctions imposed by governments all over the world on the Russian economy and the countermeasures adopted by Russia contributed to the strong upward pressure on raw material prices (with particular reference to energy, metals and agricultural products) and the significant difficulties in trade activities at the international level.

The notable increase in inflation generated by the conflict leads us to consider a probable change in the monetary policy of the main central banks around the world towards greater restrictiveness and austerity, as done by the ECB in relation to the increase in interest rates and the purchase of the public debt of the Member States. This change of direction generates inevitably an increase in financial interest rates, to consequently impact the real economy, the investments made by individual companies, their production levels and the employment rate.

It is therefore clear that the effects of the conflict on the global economic-financial conditions can be seen not only in companies whose investments or operating activities are mainly located in Russia, Belarus and/or Ukraine or that maintain commercial relationships with third companies operating in these countries, but all companies, as they find themselves in a greatly weakened economic-financial environment with rising interest rates.

It should be noted that the Group does not have production activities in Russia, Ukraine or countries geopolitically aligned with Russia and has no direct relationships with Russian or Ukrainian companies in any case affected by the conflict, however, an increase in prices and thus inflation and expected inflation nevertheless creates the conditions for a general increase in volatility and thus uncertainty related to all areas of business and the market in general

Gas prices have already been showing high volatility from as early as the latter part of 2021, not only because of uncertainty about the possible dynamics of gas flows from Russia, but also because of decisions made by several countries in relation to their energy systems: the combination of these elements could make the methane crisis structural.

The Group's sales companies are those most impacted by the macroeconomic scenario resulting from the Russia-Ukraine conflict. With reference to the Group's sales companies, the direct price risk and volume risk of commodities has been managed thanks to commodity risk management policies. Nevertheless, it cannot be ruled out that the continuation of the current crisis could provoke further tensions on the electricity market with the effects of rising energy prices, especially in the enhanced protection market exposed to spot markets, with a consequent possible deterioration of collection performances by companies or an increase in switch rates.

With reference to the indirect risks associated with the possible embargo on gas flows from Russia, as investigated by the Ministry of Economy and Finance in the DEF, this would cause a scenario of lower volumes of gas injected into the national infrastructure and thus a difficulty achieving the necessary storage quota in order to address next winter; therefore, the Group could find itself implementing the Emergency Plan for the Italian natural gas system (Annex 2 to Ministerial Decree of 18 December 2019, as amended) with negative consequences on the volumes sold associated with the limits set on national consumption.

In order to provide indications aimed at identifying possible impacts arising from the macroeconomic environment for Acea's businesses, an econometric model was developed and applied to estimate the existing relationships between the main economic-financial data relevant to the different companies and Acea plants, and more specifically the margins and main macroeconomic variables. The studies and analyses conducted found the demand for gas and electricity is inelastic in relation to price, implying that under current market conditions, an increase in pricing would not result in less volumes purchased. There is consequently no statistical evidence to suggest that the current macroeconomic context will impact significantly on ACEA business, and more specifically, the crisis caused by the war in Ukraine during 2022. Furthermore, in order to analyse the possible impact on Acea business under different macroeconomic conditions, a multi-scenario analysis was developed, where possible impairment losses arise in certain scenarios that appear 'more likely than not' from a statistical perspective.

## Condensed Consolidated Interim Financial Statements of the ACEA Group as at 30 June 2022

### Form and Structure

#### General information

The Consolidated Interim Financial Statements at 30 June 2022 of the ACEA Group were approved by Board of Directors' resolution on 27 July 2022, which also authorised their publication. The Parent Company ACEA is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange. The ACEA Group's principal operating segments are described in the Report on Operations.

#### Compliance with IAS/IFRS

This Consolidated Interim Financial Report, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.

The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "IFRS".

#### Basis of presentation

This Consolidated Interim Financial Report consists of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Statement of Changes in Consolidated Shareholders' Equity. The Report also includes notes prepared under the IAS/IFRS currently in effect. The consolidated income statement is classified according to the nature of the costs, the items of the consolidated balance sheet according to the criterion of liquidity, with the items classified as current and non-current, while the consolidated cash flow statement is presented using the indirect method.

The Consolidated Interim Financial Statements are presented in Euro and all amounts are rounded off to the nearest thousand Euro unless otherwise indicated.

The figures in these Consolidated Interim Financial Statements are comparable to those in the previous year.

#### Definition of alternative performance measures

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance measures which replace, as of 3 July 2016, the CESR/05-178b recommendations. These guidelines were transposed into our system with CONSOB Communication no. 0092543 dated 3 December 2015. In addition, on 4 March 2021 ESMA published the guidelines on the disclosure requirements deriving from the new Prospectus Regulation (Regulation EU 2017/1129 and Delegated Regulations EU 2019/980 and 2019/979), which update the previous CESR Recommendations (ESMA/2013/319, in the revised version of 20 March 2013). Starting from 5 May 2021, on the basis of CONSOB Call for Attention No. 5/21, the aforementioned ESMA Guidelines also replace the CESR Recommendation on debt. Therefore, under the new provisions, listed issuers will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

- ❑ For the Acea Group, the EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly-controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding Operating profit/loss (EBIT) to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;
- ❑ Financial debt is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings ("Short-term loans", "Current part of long-term loans" and "Current financial liabilities") and long-term borrowings ("Long-term loans") and the related derivative instruments ("Non-current financial liabilities"), net of "Cash and cash equivalents" and "Current financial assets";
- ❑ the net financial position is an indicator of the ACEA Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the financial debt (ESMA) referred to above. This indicator is obtained from the sum of Non-current borrowings and Financial liabilities net of non-current financial assets (financial receivables and securities



other than equity investments), Current financial payables and other Current financial liabilities net of current financial assets and Cash and cash equivalents;

- net invested capital is the sum of “Current assets”, “Non-current assets” and Assets and Liabilities held for sale, less “Current liabilities” and “Non-current liabilities”, excluding items taken into account when calculating the *net financial position*;
- net working capital is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the *net financial position*.

#### **Use of estimates and assumptions**

Drafting of these Consolidated Interim Financial Statements, in application of the IFRS, requires the making of estimates and assumptions that affect the values of revenues (including the estimate of the GRC), costs, assets and liabilities in the financial statements and information on contingent assets and liabilities at the reference date. The main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.

The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The original estimates and assumptions are periodically reviewed and the impact of each change is immediately recorded in the Income Statement.

The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.

In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing. For more information on the methods in question, please refer to the following paragraphs.

#### **Effects of the seasonality of transactions**

For the type of business in which it operates, the ACEA Group is not subject to significant seasonality. Some specific operating segments, however, can be affected by uneven trends that span an entire year.



## Application of the IFRS 5 standard

An agreement was signed on 23 December 2021 with the British investment fund Equitix for the sale of photovoltaic plants held by the ACEA Group for a total of approximately 105 MW.

The Consolidated Financial Statements for the ACEA Group at 31 December 2021 recognised the assets and liabilities inherent to the agreement as a Disposal Group, measured and recorded in the Balance Sheet according to the provisions under the international IFRS standard.

The agreement was then finalised on 22 March 2022 with the transfer of Acea Sun Capital to the Newco AE Sun Capital, held for 40% by Acea Produzione and for 60% by Equitix; the transfer resulted in the handover of the plants already connected to the network, whereas in terms of the agreements, the transfer of the plants undergoing completion or connection is subject to obtaining the connection certificate. These plants are held by Acea Solar and Acea Renewable and are included in this Interim Report in line with the provisions of IFRS 5 and in line with what was reported in the 2021 Consolidated Financial Statements, namely:

- the measurement of such assets was made at the lower between historical cost, decreased by the related accumulated depreciation or amortisation, and the estimated realisable value;
- the assets and liabilities closely associated with the group held for sale were measured and presented in the balance sheet in two specific items of the financial situation (“assets held for sale” and “liabilities closely associated with assets held for sale”);
- the economic items were presented in continuity with the previous year; therefore, from the date on which the changed destination of the assets has been resolved, depreciation and amortisation are no longer calculated.

The contribution of the operation to the equity situation of the Acea Group (in €/million) as at 30 June 2022 is presented below:

ASSETS	Effect of application of IFRS 5
NON-CURRENT ASSETS	18.3
CURRENT ASSETS	0.0
<b>Non-current assets destined for sale</b>	<b>18.3</b>

LIABILITIES	Effect of application of IFRS 5
NON-CURRENT LIABILITIES	0.0
CURRENT LIABILITIES	0.6
<b>Liabilities closely associated with assets held for sale</b>	<b>0.6</b>

Furthermore, with regard to the transfer of Acea Sun Capital and its subsidiaries, it is noted that the economic items of the first three months were presented in continuity with the previous year (line-by-line consolidation including intercompany elimination) and from the date on which the changed destination of the assets has been resolved, depreciation and amortisation were no longer recognised.

The transaction was recognised considering the entire scope of the sale, with a sales price of € 196.7 million, recognising a net capital gain in the income statement for the entire transaction (limited to the minority interest portion) for € 18.8 million.



## Consolidation policies, procedures and scope

### Consolidation policies

#### Subsidiaries

The scope of consolidation includes the Parent Company ACEA and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.

According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.

In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.

The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the ACEA Group had control.

#### Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.

According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

#### Associates

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.

In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.

The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.



When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment.

## Consolidation procedures

### General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.

All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.

The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

### Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS 5 and accounted for at fair value net of costs to sell.

If the business combination is achieved in stages, the fair value of the investment previously held has to be re-measured and any resulting gain or loss is recognised in profit or loss.

The purchaser has to recognise any contingent consideration at fair value, on the date of acquisition. The change in fair value of the contingent consideration classified as asset or liability is recognised according to the provisions included in IFRS9, in the income statement or among the other components of the comprehensive income statement.

The costs directly attributable to the acquisition are included in the income statement.

The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, in the Income Statement.

For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.

It is specified that the price allocation process is provisionally allocated to assets and liabilities and definitively accounted for within 12 months from the date of acquisition as required by IFRS 3.

### Consolidation procedure for assets and liabilities held for sale (IFRS 5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS 5.

### Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company ACEA, are converted into Euro by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.

The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the Euro are recognised directly in equity and are shown separately in a specific reserve of; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

- without loss of control, the share of the exchange differences relating to the shareholding sold is attributed to the shareholders' equity pertaining to minority interests;

- without loss of joint control or significant influence, the portion of exchange differences relating to the shareholding sold is recognised in the income statement.

## Scope of consolidation

The ACEA Group's Consolidated Interim Financial Report includes the financial statements of the Parent Company, ACEA, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS 10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

Compared to 30 June 2021 the following changes occurred in the consolidation scope:

- on 15 July 2021 Acea Sun Capital acquired 100% of the company Solarplant, owner of a ground-mounted photovoltaic plant with installed power of 0.99 MWp, located in Collesalveti (LI) and incentivised under the terms of the Second Energy Account;
- on 28 July 2021 Acea Sun Capital acquired 100% of the company PSL to which was contributed the business unit made up of a photovoltaic plant, located in the municipality of Belpasso (CT), with power of 0.99 MWp;
- on 3 August 2021 Acea Sun Capital acquired 100% of the company M2D owner of a ground-mounted photovoltaic plant located in the municipality of Leini (TO), with power of 0.994 MWp;
- on 6 October 2021, the Consorzio Acea Lima Sur was established by Acea Perù (99%) and ACEA Ato2 (1%) for the management of the water and sewer network in the Lima South zone, with a three-year contract;
- on 14 October 2021 Acea Ambiente acquired 60% of Meg, an operator active in Italy offering professional consultancy for the construction of municipal solid waste packaging treatment plants;
- on 30 November 2021 Acea Ambiente acquired 65% of DECO, a waste management company whose activities also include the construction and operation of relevant plants. The company also holds a 21.8% investment in Picena Ambiente and owns 100% of Ecologica Sangro, a company active in the integrated management of solid urban waste in the Frentano and Sangro Aventino district area. The company itself holds a 75% stake in the Ecofrentano consortium;
- on 22 December 2021 Acea Ambiente acquired 90% of AS Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting).

Lastly, with reference to the 2022 financial year, it should be noted that:

- on data 19 January 2022, the company AE Sun Capital was established, held for 40% by Acea Produzione and for 60% by the investment fund Equitix Investment Management; at the end of March 2022, following the transfer agreement for assets signed on 24 December 2021, AE Sun Capital acquired the Acea Group photovoltaic holding from Acea Produzione, which via a number of vehicle companies, held a portfolio of photovoltaic plants, with a total installed capacity of 105 MW, of which 46 MW incentivised on the basis of different Energy Accounts and 59 MW for new construction already connected or being connected to the network;
- on 20 January 2022, Acea Solar acquired 100% of the shares of the company SF ISLAND with registered office in Acquapendente (Viterbo, Italy);
- on 8 February 2022, Acea Ambiente signed the deed of acquisition of 70% of the shares of S.E.R. Plast, a company operating in the recycling of plastic waste;
- on 1 April 2022, a purchase agreement was signed by Adistribuzionegas for 30% of Romeo Gas as part of the sale by A2A of concessions for the natural gas distribution service;
- on 23 May 2022, Acea Ambiente signed the deed of acquisition for an additional 20% of the shares in Cavallari, bringing its stake to 80%.

### A) Unconsolidated equity investments

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by ACEA, is recognised at cost. The subsidiary, entirely written off, is excluded from the consolidation scope as it is not operational and its relevance in qualitative and quantitative terms is not significant.

## Accounting standards and measurement criteria

### Measurement criteria

The accounting standards and criteria for reporting and evaluation adopted for the presentation of the Consolidated Interim Financial Report are those adopted to draft the 2021 Consolidated Financial Statements, to which the reader is referred for the description of the most significant ones with the exception of those specified below.

### Accounting standards, amendments, interpretations and improvements applied as of 1 January 2022

#### **“Amendment to IFRS 3 Business Combinations”**

Issued on 14 May 2020, it updates the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing changes to the provisions of the standard.

#### **“Amendment to IAS 16 Property, Plant and Equipment”**

Issued on 14 May 2020, it does not allow deducting the amount received from the sale of goods produced before the asset was ready for use from the cost of the fixed asset. These sales revenues and related costs are recognised in the income statement. Amendments to IAS 16 are effective from the financial years beginning on or after 1 January 2022.

#### **“Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets”**

Issued on 14 May 2020, it clarifies which cost items must be considered to assess whether a contract will result in a loss. In this regard, the “cost needed to fulfil” the contract includes the costs related directly to the latter, comprising: a) the incremental costs needed to fulfil said contract (for example, labour and direct raw materials) and b) the breakdown of the other costs directly related to fulfilling the contract (for example, the breakdown of the amortisation/depreciation rate for fixed assets, plants and machinery used to fulfil said contract and others).

#### **“Annual Improvements 2018-2020”**

Issued on 14 May 2020, it includes amendments to:

- ❑ IFRS 1 First-time Adoption of International Financial Reporting Standards, where a subsidiary that applies paragraph D16 of IFRS 1 is allowed to recognise cumulative conversion differences using the amounts recognised by its parent at the date of transfer of the parent company;
- ❑ IFRS 9 Financial Instruments, which provides clarification on which fees to include in the ten per cent test in section B3.3.6 when assessing whether to eliminate a financial liability;
- ❑ IAS 41 Agriculture, where, in order to ensure consistency with the requirements of IFRS 13, the paragraph under which entities did not include tax cash flows in the measurement of the fair value of a biological asset using the present value technique is deleted.
- ❑ The Illustrative Examples accompanying IFRS 16 Leases, eliminating Illustrative Example 13 in order to avoid confusion regarding the treatment of lease incentives due to how the incentives were illustrated in that example.

Amendments will be applicable from the financial years beginning 1 January 2022.

### Accounting standards, amendments and interpretations applicable after closure of the year and not adopted in advance by the Group

#### **“Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”**

Issued on 23 January 2020, it provides clarifications on the classification of liabilities as current or non-current. Amendments to IAS 1 are effective from the financial years beginning 1 January 2023.

#### **“Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”**

Issued on 7 May 2021, their purpose is to make uniform the methods with which entities account for deferred taxes on operations such as leasing and the dismantling costs. The main change regards the introduction of an exception to the initial recognition exemption (IRE) of deferred taxation for assets and liabilities provided for in IAS 12. Specifically the exception provides for the non-applicability of the exemption of IAS 12 for initial recognition of all operations that originate equal or offset temporary differences. Limiting the exemption to only initial recognition, the impact will be a gradual improvement and comparability of the information for the benefit of users of the financial statements with reference to the fiscal impacts of leasing operations and to dismantling costs. The amendments are applicable from the financial years beginning 1 January 2023. Early application is permitted.

#### **“IFRS 17 Insurance Contracts”**

On 18 May 2017, the IASB issued IFRS 17 “Insurance Contracts” which defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17 that establish the criteria for recognition, measurement, presentation and disclosure of insurance contracts, supersede those currently provided for in IFRS 4 “Insurance Contracts” and have as their objective to guarantee to users of the financial statements to assess the effect that these contracts have on the financial position, the results and the cash flows of companies. The standard is to be applied for financial years that begin on 1 January 2023.



**“Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies”**

Issued on 12 February 2021, they require companies to provide relevant information about the accounting standards applied and suggest to avoid or limit unnecessary information. Amendments to IAS 16 are effective from the financial years beginning 1 January 2023.

**“Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”**

Issued on 12 February 2021, they clarify, including through a number of examples, the distinction between estimate changes and accounting standard changes. The distinction is relevant since estimate changes are applied prospectively to future transactions and events, while accounting standard changes are generally applied retroactively. The amendments are applicable from the financial years beginning 1 January 2023. Earlier application is permitted.

The Acea Group is assessing the amendments and the standards indicated in relation to any impact on the financial statements or reporting.

## Consolidated Income Statement

	€ thousand	30/06/2022	Of which related party transactions	30/06/2021	Of which related party transactions	Change
1	Revenue from sales and services	2,256,818		1,759,788		497,030
2	Other revenue and proceeds	90,846		64,478		26,368
	<b>Consolidated Net Revenue</b>	<b>2,347,664</b>	<b>61,354</b>	<b>1,824,266</b>	<b>50,742</b>	<b>523,398</b>
3	Staff costs	152,687		143,754		8,933
4	Costs of materials and overhead	1,528,511		1,072,841		455,670
	<b>Consolidated Operating Costs</b>	<b>1,681,197</b>	<b>33,600</b>	<b>1,216,595</b>	<b>30,894</b>	<b>464,603</b>
5	Net Income/(Expense) from commodity risk management	0		0		0
6	Profit / (loss) from non-financial equity investments	16,020		11,114		4,906
	<b>EBITDA</b>	<b>682,487</b>		<b>618,785</b>		<b>63,702</b>
7	Net write-downs (write-backs) of trade receivables	42,940		45,841		(2,902)
8	Depreciation, amortisation and provisions	291,243		263,176		28,067
	<b>Operating profit/(loss)</b>	<b>348,304</b>	<b>27,754</b>	<b>309,767</b>	<b>19,848</b>	<b>38,536</b>
9	Financial income	6,104	757	3,871	2,379	2,233
10	Financial charges	(49,832)	(3,135)	(47,230)	0	(2,602)
11	Profit/(Loss) on equity investments	19,122		2,742		16,379
	<b>Profit/(loss) before tax</b>	<b>323,697</b>	<b>25,375</b>	<b>269,150</b>	<b>22,227</b>	<b>54,546</b>
12	Income tax	125,655		80,203		45,452
	<b>Net profit/(loss)</b>	<b>198,041</b>	<b>25,375</b>	<b>188,947</b>	<b>22,227</b>	<b>9,094</b>
	Net profit/(loss) from discontinued operations	0		0		0
	<b>Net profit/(loss)</b>	<b>198,041</b>	<b>25,375</b>	<b>188,947</b>	<b>22,227</b>	<b>9,094</b>
	Profit/(loss) due to third parties	15,019		23,159		(8,140)
	<b>Net profit/(loss) attributable to the Group</b>	<b>183,023</b>		<b>165,789</b>		<b>17,234</b>
13	<b>Earnings (loss) per share attributable to Parent Company's shareholders</b>					
	Base	0.85940		0.77848		0.08092
	Diluted	0.85940		0.77848		0.08092
	<b>Profit (loss) per share attributable to the shareholders of the Parent Company net of Treasury Shares</b>					
	Base	0.86109		0.78001		0.08108
	Diluted	0.86109		0.78001		0.08108

## Quarterly Consolidated Income Statement

€ thousand	2Q 2022	2Q 2021	Change
Revenue from sales and services	1,089,650	867,753	221,897
Other revenue and proceeds	65,505	26,648	38,857
<b>Consolidated Net Revenue</b>	<b>1,155,155</b>	<b>894,401</b>	<b>260,754</b>
Staff costs	77,957	68,937	9,020
Costs of materials and overhead	721,645	523,728	197,917
<b>Consolidated Operating Costs</b>	<b>799,602</b>	<b>592,665</b>	<b>206,937</b>
Net Income/(Expense) from commodity risk management	0	0	0
Profit / (loss) from non-financial equity investments	8,732	5,535	3,197
<b>EBITDA</b>	<b>364,285</b>	<b>307,271</b>	<b>57,014</b>
Net write-downs (write-backs) of trade receivables	21,071	22,409	(1,338)
Depreciation, amortisation and provisions	148,738	130,615	18,124
<b>Operating profit/(loss)</b>	<b>194,476</b>	<b>154,247</b>	<b>40,229</b>
Financial income	2,788	3,013	(225)
Financial charges	(24,631)	(23,744)	(887)
Profit/(Loss) on equity investments	(1,625)	2,706	(4,331)
<b>Profit/(loss) before tax</b>	<b>171,007</b>	<b>136,222</b>	<b>34,785</b>
Income tax	79,848	40,324	39,524
<b>Net profit/(loss)</b>	<b>91,159</b>	<b>95,897</b>	<b>(4,739)</b>
<i>Net profit/(loss) from discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Net profit/(loss)</b>	<b>91,159</b>	<b>95,897</b>	<b>(4,739)</b>
Profit/(Loss) due to third parties	7,554	13,173	(5,619)
<b>Net profit/(loss) attributable to the Group</b>	<b>83,605</b>	<b>82,724</b>	<b>881</b>

\* Quarterly data not covered by limited auditing related to the half-year as a whole.



## Consolidated Statement of Comprehensive Income

€ thousand	30/06/2022	30/06/2021	Change
<b>Net profit/(loss) for the period</b>	<b>198,041</b>	<b>188,947</b>	<b>9,094</b>
<b>Gains/losses from the conversion of financial statements in foreign currency</b>	<b>10,136</b>	<b>167</b>	<b>9,969</b>
Provision for exchange rate difference	12,201	6,701	5,500
Tax on exchange rate difference	(2,928)	(1,608)	(1,320)
<b>Gains/losses from exchange rate difference</b>	<b>9,273</b>	<b>5,093</b>	<b>4,180</b>
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	8,590	4,710	3,880
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(2,001)	(1,447)	(554)
<b>Profit/(loss) from the effective portion on hedging instruments, net of tax</b>	<b>6,589</b>	<b>3,263</b>	<b>3,326</b>
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	3,614	3,111	503
Tax effect on the other actuarial profit/(loss) on staff benefits	(1,022)	(903)	(120)
<b>Actuarial profit/(loss) on defined benefit pension plans, net of tax</b>	<b>2,592</b>	<b>2,208</b>	<b>383</b>
<b>Total of the comprehensive income components, net of tax</b>	<b>28,589</b>	<b>10,731</b>	<b>17,859</b>
<b>Total comprehensive profit/(loss)</b>	<b>226,631</b>	<b>199,678</b>	<b>26,953</b>
<b>Total comprehensive income (loss) attributable to:</b>			
<b>Group</b>	<b>206,302</b>	<b>175,452</b>	<b>30,850</b>
<i>Third parties</i>	<i>20,329</i>	<i>24,226</i>	<i>(3,898)</i>

## Quarterly Consolidated Statement of Comprehensive Income

€ thousand	2Q 2022	2Q 2021	Change
<b>Net profit/(loss) for the period</b>	91,159	95,897	(4,739)
<b>Gains/losses from the conversion of financial statements in foreign currency</b>	5,638	(1,984)	7,622
Provision for exchange rate difference	7,924	2,209	5,714
Tax on exchange rate difference	(1,902)	(530)	(1,371)
<b>Gains/losses from exchange rate difference</b>	6,022	1,679	4,343
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	17,112	6,666	10,446
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(5,384)	(1,992)	(3,392)
<b>Profit/(loss) from the effective portion on hedging instruments, net of tax</b>	11,727	4,674	7,054
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	1,466	2,221	(755)
Tax effect on the other actuarial profit/(loss) on staff benefits	(526)	(644)	118
<b>Actuarial profit/(loss) on defined benefit pension plans, net of tax</b>	940	1,577	(637)
<b>Total of the comprehensive income components, net of tax</b>	24,327	5,946	18,382
<b>Total comprehensive profit/(loss)</b>	115,486	101,843	13,643
<b>Total comprehensive income (loss) attributable to:</b>			
<i>Group</i>	105,037	88,359	16,678
<i>Third parties</i>	10,449	13,484	(3,035)

\* Quarterly data not covered by limited auditing related to the half-year as a whole.

## Consolidated Statement of Financial Position

	€ thousand	30/06/2022	<i>of which with related parties</i>	31/12/2021	<i>of which with related parties</i>	Change
14	Tangible fixed assets	3,012,931		2,938,530		74,401
15	Real estate investments	2,285		2,314		(29)
16	Goodwill	259,962		251,477		8,485
17	Concessions and rights on infrastructure	3,188,477		3,048,190		140,287
18	Intangible fixed assets	388,708		411,607		(22,898)
19	Copyright	52,741		53,096		(355)
20	Equity investments in unconsolidated subsidiaries and associates	357,848		292,239		65,610
21	Other equity investments	3,004		2,980		24
22	Deferred tax assets	208,870		202,606		6,265
23	Financial assets	18,257	6,584	22,549	8,319	(4,292)
24	Other non-current assets	605,534		576,065		29,469
	<b>Non-current assets</b>	<b>8,098,618</b>	<b>6,584</b>	<b>7,801,652</b>	<b>8,319</b>	<b>296,966</b>
25	Inventories	97,740		86,406		11,334
26	Trade receivables	1,143,284	94,262	1,071,644	51,601	71,641
27	Other current assets	460,634		387,813		72,821
28	Current tax assets	30,492		24,183		6,310
29	Current financial assets	526,166	140,515	407,944	113,981	118,222
30	Cash and cash equivalents	625,596		680,820		(55,224)
	<b>Current assets</b>	<b>2,883,913</b>	<b>234,777</b>	<b>2,658,809</b>	<b>165,582</b>	<b>225,104</b>
31	Non-current assets destined for sale	18,354		168,425		(150,071)
	<b>TOTAL ASSETS</b>	<b>11,000,884</b>	<b>241,361</b>	<b>10,628,886</b>	<b>173,901</b>	<b>371,998</b>

	€ thousand	30/06/2022	<i>of which with related parties</i>	31/12/2021	<i>of which with related parties</i>	Change
	Share capital	1,098,899		1,098,899		0
	Legal reserve	147,501		138,649		8,852
	Other reserves	(15,069)		(123,433)		108,364
	Retained earnings/(losses)	733,083		696,547		36,536
	Profit (loss) for the year	183,023		313,309		(130,287)
	<b>Total Shareholders' Equity for the Group</b>	<b>2,147,437</b>		<b>2,123,971</b>		<b>23,466</b>
	Third parties Shareholders' Equity	406,958		392,449		14,509
<b>32</b>	<b>Total Shareholders' Equity</b>	<b>2,554,394</b>		<b>2,516,420</b>		<b>37,974</b>
33	Staff termination benefits and other defined benefit plans	111,011		120,150		(9,139)
34	Provisions for risks and charges	293,409		193,318		100,091
35	Borrowings and financial liabilities	4,684,708		4,791,979		(107,271)
36	Other non-current liabilities	411,882		409,064		2,818
	<b>Non-current liabilities</b>	<b>5,501,010</b>		<b>5,514,512</b>		<b>(13,501)</b>
37	Borrowings	679,107	204,834	285,222	120,137	393,886
38	Payables to suppliers	1,668,913	80,043	1,683,563	51,965	(14,650)
39	Tax payables	30,821		18,962		11,859
40	Other current liabilities	565,996		562,806		3,190
	<b>Current liabilities</b>	<b>2,944,837</b>	<b>284,878</b>	<b>2,550,553</b>	<b>172,102</b>	<b>394,285</b>
41	Liabilities closely associated with assets held for sale	642		47,402		(46,759)
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,000,884</b>	<b>284,878</b>	<b>10,628,886</b>	<b>172,102</b>	<b>371,998</b>

## Consolidated Cash Flow Statement

Ref. Note	€ thousand	30/06/2022	Related parties	30/06/2021	Related parties	Change
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
	<b>Profit before tax</b>	<b>323,697</b>		<b>269,150</b>		<b>54,546</b>
8	Depreciation/amortisation and impairment losses	285,226		259,851		25,375
6-7	Revaluations/Impairment charges	7,799		31,986		(24,187)
34	Increase/(decrease) in provisions for liabilities	4,997		(4,382)		9,379
33	Net change in the provision for employee benefits	(12,572)		(11,784)		(788)
	Net financial interest	43,729		43,359		369
	Income taxes paid	(28,786)		(43,752)		14,966
	<b>Cash flow generated by operating activities before changes in working capital</b>	<b>624,090</b>	<b>0</b>	<b>544,429</b>	<b>0</b>	<b>79,661</b>
26-27	Increase/Decrease in receivables included in current assets	(113,800)	(42,662)	(108,847)	(36,951)	(4,952)
38-40	Increase/Decrease in payables included in the working capital	(30,644)	28,078	(100,907)	49,769	70,262
25	Increase/Decrease in inventories	(10,857)		4,340		(15,198)
	<b>Change in working capital</b>	<b>(155,301)</b>	<b>(14,584)</b>	<b>(205,414)</b>	<b>12,819</b>	<b>50,112</b>
	Change in other assets/liabilities during the period	(82,816)		(752)		(82,064)
	<i>Cash flow from operations of Disposal Groups/Assets held for sale</i>	0		0		0
	<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>385,973</b>	<b>(14,584)</b>	<b>338,263</b>	<b>12,819</b>	<b>47,709</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>						
	Purchase/sale of tangible fixed assets	(170,101)		(299,602)		129,500
	Purchase/sale of intangible fixed assets	(300,117)		(181,934)		(118,183)
20-21	Equity investments	106,418		(10,602)		117,020
	Collections/payments deriving from other financial investments	(114,318)	(24,799)	(50,013)	(8,848)	(64,305)
	Dividends received	3,381	3,381	2,466	2,466	915
	Interest income received	7,703		5,403		2,300
	<i>Cash flow from investments of Disposal Groups/Assets held for sale</i>	0		0		0
	<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(467,034)</b>	<b>(21,417)</b>	<b>(534,281)</b>	<b>(6,382)</b>	<b>67,247</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
37	Repayment of mortgages and medium/long-term borrowings	(36,483)		(192,859)		156,376
37	Provision of mortgages/other medium/long-term loans	250,000		902,500		(652,500)
35	Decrease/Increase in other financial debts	(49,325)	84,698	(162,888)	(44,792)	113,563
	Interest expense paid	(51,077)		(48,891)		(2,185)
	Dividends paid	(88,282)	(88,282)	(90,623)	(90,623)	2,341
	<i>Cash flow from loans of Disposal Groups/Assets held for sale</i>	0		0		0
	<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>24,834</b>	<b>(3,584)</b>	<b>407,238</b>	<b>(135,416)</b>	<b>(382,405)</b>
<b>CASH FLOW FOR THE PERIOD</b>		<b>(56,227)</b>	<b>(39,585)</b>	<b>211,221</b>	<b>(128,979)</b>	<b>(267,448)</b>
	Net opening balance of cash and cash equivalents	680,820		642,209		38,611
	Cash availability from acquisition	1,004		2,197		(1,193)
	<b>NET CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>625,596</b>		<b>855,627</b>		<b>(230,031)</b>
	<u>Cash and cash equivalents at the end of the year</u>					
	<i>Disposal Groups/Assets held for sale</i>	47		0		47
	<u>Cash and cash equivalents at the end of the year</u>					
	<i>Continuing Operations</i>	625,549		855,627		(230,078)

## Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Third parties Shareholders' Equity	Total Shareholders' Equity
<b>Balance at 1 January 2022</b>	<b>1,098,899</b>	<b>138,649</b>	<b>573,114</b>	<b>313,309</b>	<b>2,123,971</b>	<b>392,449</b>	<b>2,516,420</b>
Income statement profit	0	0	0	183,023	183,023	15,019	198,041
Other comprehensive income (loss)	0	0	0	23,279	23,279	5,310	28,589
<b>Total comprehensive income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>206,302</b>	<b>206,302</b>	<b>20,329</b>	<b>226,631</b>
Allocation of result for 2021	0	8,852	304,457	(313,309)	0	0	0
Distribution of dividends	0	0	(180,666)	0	(180,666)	(6,713)	(187,379)
Change in consolidation scope	0	0	(1,450)	0	(1,450)	838	(612)
Other changes	0	0	(720)	0	(720)	55	(665)
<b>Balance at 30 June 2022</b>	<b>1,098,899</b>	<b>147,501</b>	<b>694,736</b>	<b>206,302</b>	<b>2,147,437</b>	<b>406,958</b>	<b>2,554,394</b>

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Third parties Shareholders' Equity	Total Shareholders' Equity
<b>Balance at 1 January 2021</b>	<b>1,098,899</b>	<b>129,761</b>	<b>453,724</b>	<b>282,446</b>	<b>1,964,829</b>	<b>358,429</b>	<b>2,323,258</b>
Income statement profit	0	0	0	165,789	165,789	23,159	188,947
Other comprehensive income (loss)	0	0	0	9,663	9,663	1,068	10,731
<b>Total comprehensive income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,452</b>	<b>175,452</b>	<b>24,226</b>	<b>199,678</b>
Allocation of result for 2020	0	8,888	273,558	(282,446)	0	0	0
Distribution of dividends	0	0	(170,038)	0	(170,038)	(8,523)	(178,562)
Change in consolidation scope	0	0	0	0	0	(8,096)	(8,096)
Other changes	0	0	(5,535)	0	(5,535)	9,355	3,820
<b>Balance at 30 June 2021</b>	<b>1,098,899</b>	<b>138,649</b>	<b>551,708</b>	<b>175,452</b>	<b>1,964,707</b>	<b>375,391</b>	<b>2,340,099</b>
Income statement profit	0	0	0	147,521	147,521	15,872	163,392
Other comprehensive income (loss)	0	0	0	19,893	19,893	1,013	20,906
<b>Total comprehensive income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167,413</b>	<b>167,413</b>	<b>16,885</b>	<b>184,298</b>
Allocation of result for 2020	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	(5,083)	(5,083)
Change in consolidation scope	0	0	0	0	0	(930)	(930)
Other changes	0	0	(8,149)	0	(8,149)	6,186	(1,963)
<b>Balance as at 31 December 2021</b>	<b>1,098,899</b>	<b>138,649</b>	<b>543,559</b>	<b>342,865</b>	<b>2,123,971</b>	<b>392,449</b>	<b>2,516,420</b>

## Notes to the Consolidated Income Statement

### Consolidated net revenue

At 30 June 2022, these amounted to € 2,347,664 thousand (€ 1,824,266 thousand at 30 June 2021), recording an increase of € 523,398 thousand compared to the same period the previous year:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Revenue from sales and services	2,256,818	1,759,788	497,030	28.2 %
Other revenue and proceeds	90,846	64,478	26,368	40.9 %
<b>Consolidated Net Revenue</b>	<b>2,347,664</b>	<b>1,824,266</b>	<b>523,398</b>	<b>28.7 %</b>

#### 1. Revenue from sales and services – € 2,256,818 thousand

This item recorded a total increase of € 497,030 thousand (+ 28.2%) compared to the same period of the previous year which closed with € 1,759,788 thousand. The composition of the item is shown below.

€ thousand	30/06/2022	30/06/2021	Change	% Change
Revenue from electricity sales and services	1,280,841	933,181	347,661	37.3 %
Revenue from gas sales	116,292	69,367	46,925	67.6 %
Revenue from electricity incentives	3,421	13,513	(10,092)	(74.7%)
Revenue from the Integrated Water Service	594,848	562,761	32,087	5.7 %
Revenue from Overseas Water Services	43,713	38,534	5,179	13.4 %
Revenue from waste disposal and landfill operations	93,026	69,438	23,588	34.0 %
Revenue from customer services	85,731	58,876	26,855	45.6 %
Connection fees	15,474	13,904	1,571	11.3 %
Revenues from sustainable development	23,472	214	23,258	n.s.
<b>Revenue from sales and services</b>	<b>2,256,818</b>	<b>1,759,788</b>	<b>497,030</b>	<b>28.2 %</b>

Note that in the values for 2021 a reclassification was carried out among revenues from “Connection fees” and the costs for “Services and contract work” in order to better represent the data.

#### Revenue from electricity sales and services

Amounted to € 1,280,841 thousand and are broken down as follows:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Electricity and heat generation	7,865	7,395	471	6.4 %
Electricity sales	1,088,664	585,324	503,340	86.0 %
Transport and metering of energy	178,574	339,471	(160,896)	(47.4%)
Sale of energy from Waste-to-energy and Biogas	1,667	937	730	77.9 %
Co-generation	4,070	54	4,017	n.s.
<b>Revenue from electricity sales and services</b>	<b>1,280,841</b>	<b>933,181</b>	<b>347,661</b>	<b>37.3 %</b>

The main change refers to the sale of electricity (+€ 503,340 thousand) as a consequence of the higher unit prices, partly offset by the lower quantities. The total sale of electricity in the Greater Protection Service was 762 GWh, a decrease of 21% on an annual basis compared to the same period in the previous year; the sale of electricity on the free market amounted to 3,044 GWh, with a decrease compared to the same period in the previous year of 4 %, primarily related to the B2B segment.

#### Revenue from gas sales

These amounted to € 116,292 thousand and recorded an increase of € 46,925 thousand compared to 30 June 2021 as a result of the improvement in the Retail sector, due both to the effect of pricing and higher quantities sold (+5%), despite the slight reduction in the customer base.

#### Revenue from electricity incentives

These revenues amounted to € 3,421 thousand and show a decrease of € 10,092 thousand compared to the same period of the previous year. The decrease is mainly attributable to Acea Produzione (€ 8,324 thousand) referring to the decrease in revenue from the Incentive Management Recognition (GRIN) due to the effects of pricing and volumes. The item also includes revenue from the green certificates deriving from the incentive system for renewable sources from the WTE plant in Terni and San Vittore del Lazio.

#### Revenue from the Integrated Water Service

As mentioned in the section of the Report on Operations to which reference should be made for more detailed explanations, revenue from the Integrated Water Service is almost exclusively generated by the Companies managing the service in Lazio and Campania.

These revenues amounted in total to € 594,848 thousand and show an increase of € 32,087 thousand (+ 5.7 %) compared to the same period of the previous year (€ 562,761 thousand). The composition of the item is shown below:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Revenue from water sales	373,736	364,664	9,072	2.5 %
Revenue from water purification sales	143,251	136,272	6,979	5.1 %
Revenue from sewerage sales	54,799	55,295	(496)	(0.9%)
Revenue from GRC	21,853	5,379	16,474	n.s.
Other revenue	1,209	1,152	57	4.9 %
<b>Revenue from the Integrated Water Service</b>	<b>594,848</b>	<b>562,761</b>	<b>32,087</b>	<b>5.7 %</b>

The quantification of the revenues deriving from management of the integrated water service is the consequence of the application of the new water tariff method (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/idr of 27 December 2019. For the purposes of calculating the revenues accruing to the first half of 2022 we took into account the interpretation regarding the delimitation of the “other water activities” that emerges from the aforementioned Resolution on the 2020-2023 tariff preparation.

#### Revenue from Overseas Water Services

These revenues amounted to € 43,713 thousand and show an increase of € 5,179 thousand compared to the same period of the previous year (€ 38,534 thousand at 30 June 2021). The change is mainly attributable to Aguas de San Pedro (+ € 3,137 thousand).

#### Revenue from waste disposal and landfill operations

These revenues amounted to € 93,026 thousand, up € 23,588 thousand compared to the previous year (€ 69,438 thousand). The breakdown of the item is shown below:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Revenue from waste disposal and transport	7,088	4,385	2,703	61.7 %
Revenue from selection and processing	16,474	11,986	4,488	37.4 %
Revenue from landfill management and transport	16,754	18,318	(1,563)	(8.5%)
Revenue from sludge recovery	8,270	8,716	(446)	(5.1%)
Revenue from conferment of biomasses	44,440	26,035	18,406	70.7 %
<b>Revenue from waste disposal and landfill operations</b>	<b>93,026</b>	<b>69,438</b>	<b>23,588</b>	<b>34.0 %</b>

The increase recorded was mainly due to the change in the scope (+€ 28,283 thousand), as a result of the consolidation of the Deco Group, Meg and S.E.R. Plast. This increase was offset by the lower revenue recorded by Demap (€ 2,709 thousand) resulting from the lower quantities entering the plant and higher costs as a direct consequence of the fire that occurred at the end of the previous year, Acea Ambiente (€ 1,521 thousand) due to the combined effect of the increase in the tariff component and decrease in collections at the San Vittore and Terni Plants and Acque Industriali (€ 1,200 thousand).

#### Revenue from customer services

These amounted to € 85,731 thousand (€ 58,876 thousand at 30 June 2021) and increased by € 26,855 thousand. The changes can be represented as follows:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Public Lighting - Rome	20,681	13,254	7,427	56.0 %
Work for third parties	38,773	28,988	9,785	33.8 %
Inter-company services	3,670	2,616	1,053	40.3 %
Photovoltaic	2	90	(88)	(97.4%)
GIP revenue	3,241	3,148	93	3.0 %
Change in inventories	19,364	10,779	8,584	79.6 %
<b>Revenue from customer services</b>	<b>85,731</b>	<b>58,876</b>	<b>26,855</b>	<b>45.6 %</b>

The increase is partly attributable to the change in scope for € 7,035 thousand, the increase in SIMAM inventories for € 7,517 thousand and the higher revenue realised in respect of the public lighting contract with the Municipality of Rome for € 7,427 thousand, mainly arising from the pricing effect.

#### Connection fees

These amounted to € 15,474 thousand, recording a slight increase of € 1,571 thousand compared to 30 June 2021.

€ thousand	30/06/2022	30/06/2021	Change	% Change
Water connection fees	2,070	(1,388)	3,459	n.s.
Electricity market connection fees	9,854	11,390	(1,536)	(13.5%)
Ancillary revenue	3,626	3,096	530	17.1 %
CTS component margin	(76)	806	(882)	(109.5%)
<b>Connection fees</b>	<b>15,474</b>	<b>13,904</b>	<b>1,571</b>	<b>11.3 %</b>

As indicated previously, note that in the values for 2021 a reclassification was carried out among revenues from “Connection fees” and the costs for “Services and contract work” in order to better represent the data.

### Revenues from sustainable development

These amounted to € 23,472 thousand and refer for € 11,928 thousand to Acea Innovation revenue for energy efficiency projects and for the remainder to revenue arising from the sale of CO2 rights following resolution no. 66/22 with which the national committee for management of directive 2003/87/EC and for support in the management of the project activities of the Kyoto Protocol, resolved in relation to the UL1 Plant in Terni the exoneration from the obligation to purchase CO2 quotas, with retroactive effectiveness from 1 January 2021 with the consequence that the EUA quotas related to the year 2021 were sold for a total amount of € 11,331 thousand.

### 2. Other revenue and income – € 90,846 thousand

This item increased by € 26,368 thousand (40.9%) compared to 30 June 2021, when the figure was € 64,478 thousand. The following table shows a breakdown of this item:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Contributions from Entities for Energy Efficiency Certificates	4,606	12,601	(7,995)	(63.4%)
Non-recurring gains	8,376	9,280	(904)	(9.7%)
Other revenue	48,856	11,330	37,525	n.s.
Refunds for damages, penalties, collateral	6,057	4,534	1,523	33.6 %
Feed-in tariff	4,830	8,911	(4,081)	(45.8%)
Regional grants	5,795	5,228	567	10.8 %
Income from end users	32	34	(1)	(3.7%)
Seconded personnel	257	206	51	24.8 %
Real estate income	903	843	61	7.2 %
IFRIC 12 margin	8,817	9,238	(421)	(4.6%)
Gains on asset disposals	109	74	35	46.7 %
Recharged cost for company officers	321	360	(40)	(11.0%)
Premiums for continuity of service	180	459	(279)	(60.8%)
Revenue for disconnections and connections	1,707	1,379	328	23.8 %
<b>Other revenue and proceeds</b>	<b>90,846</b>	<b>64,478</b>	<b>26,368</b>	<b>40.9 %</b>

The increase is attributable to the following offsetting effects:

- recognition of bonuses on the technical quality of water sector companies (€ 26,937 thousand) for the years 2018-2019 (Resolution 183/2022/R/idr of 26 April 2022) mainly referring to ACEA Ato2 (€ 23,473 thousand);
- higher revenue recorded by Acea Energia from the sale of boilers (€ 4,316 thousand);
- higher reimbursements for damages and penalties (€ 1,523 thousand) mainly referring to Acea Energia (€ 1,371 thousand);
- lower fees to the Cassa per i Servizi Energetici e Ambientali relating to areti energy efficiency certificates (€ 8,107 thousand).

### Consolidated operating costs

At 30 June 2022 operating costs amounted to € 1,681,197 thousand (€ 1,216,595 thousand at 30 June 2021), recording an increase of € 464,603 thousand (+ 38.2 % compared to the same period of the previous year).

€ thousand	30/06/2022	30/06/2021	Change	% Change
Staff costs	152,687	143,754	8,933	6.2 %
Costs of materials and overhead	1,528,511	1,072,841	455,670	42.5 %
<b>Consolidated Operating Costs</b>	<b>1,681,197</b>	<b>1,216,595</b>	<b>464,603</b>	<b>38.2 %</b>



### 3. Personnel costs – € 152,687 thousand

€ thousand	30/06/2022	30/06/2021	Change	% Change
Personnel costs including capitalised costs	250,258	240,992	9,266	3.8 %
Costs capitalised	(97,572)	(97,239)	(333)	0.3 %
<b>Staff costs</b>	<b>152,687</b>	<b>143,754</b>	<b>8,933</b>	<b>6.2 %</b>

The increase in personnel costs, including capitalised costs, amounted to € 9,266 thousand and was mainly affected by the change in the consolidation scope (€ 4,940 thousand). Capitalised costs were in line with those over the same period the previous year, increasing slightly by € 333 thousand.

The following tables show the average and actual number of staff by operating segment compared to the same period of the previous year.

	Average number of employees			
	30/06/2022	30/06/2021	Change	% Change
Environment	778	590	187	31.7 %
Commercial and Trading	437	428	10	2.3 %
Overseas	2,376	2,300	76	3.3 %
Water	3,496	3,480	17	0.5 %
Energy Infrastructure	1,261	1,282	(21)	(1.6%)
Generation	91	88	3	3.2 %
Engineering and services	451	432	19	4.3 %
Corporate	713	704	8	1.2 %
<b>Total</b>	<b>9,602</b>	<b>9,304</b>	<b>298</b>	<b>3.2 %</b>

	End-of-period composition			
	30/06/2022	30/06/2021	Change	% Change
Environment	775	597	178	29.8 %
Commercial and Trading	450	421	29	6.9 %
Overseas	2,455	2,314	141	6.1 %
Water	3,487	3,465	22	0.6 %
Energy Infrastructure	1,248	1,262	(14)	(1.1%)
Generation	88	87	1	1.1 %
Engineering and services	452	437	15	3.4 %
Corporate	719	708	11	1.6 %
<b>Total</b>	<b>9,674</b>	<b>9,291</b>	<b>383</b>	<b>4.1 %</b>

### 4. Costs of materials and overheads – € 1,528,511 thousand.

This item shows an overall increase of € 455,670 thousand (+ 42.5% compared to 30 June 2021).

€ thousand	30/06/2022	30/06/2021	Change	% Change
Electricity, gas, fuel	1,124,071	741,241	382,829	51.6 %
Materials	68,107	55,729	12,378	22.2 %
Services and contract work	251,407	195,586	55,821	28.5 %
Concession fees	33,263	33,374	(111)	(0.3%)
Cost of leased assets	19,419	11,383	8,036	70.6 %
Other operating costs	32,245	35,528	(3,283)	(9.2%)
<b>Costs of materials and overhead</b>	<b>1,528,511</b>	<b>1,072,841</b>	<b>455,670</b>	<b>42.5 %</b>

#### Electricity, gas and fuel

€ thousand	30/06/2022	30/06/2021	Change	% Change
Electricity and gas purchases and transportation	1,121,076	728,992	392,084	53.8 %
White certificates	477	8,810	(8,333)	(94.6%)
Green certificates and CO2 rights	2,518	3,439	(921)	(26.8%)
<b>Electricity, gas, fuel</b>	<b>1,124,071</b>	<b>741,241</b>	<b>382,829</b>	<b>51.6 %</b>

The increase, attributable mainly to Acea Energia, is related to higher costs for purchasing energy on the free market (+ € 179,275 thousand), on the gradual protection market (+ € 111,493 thousand) and the energy management market (€ 126,706 thousand). These increases refer to the higher revenue recorded by the same sector and for the same reasons.

### Materials

The cost of materials amounted to € 68,107 thousand and represents the cost of materials used net of capital expenditure, as shown in the table below.

€ thousand	30/06/2022	30/06/2021	Change	% Change
Purchase of materials	90,922	84,016	6,906	8.2 %
Change in inventories	9,101	10,843	(1,742)	(16.1%)
Costs capitalised	(31,916)	(39,130)	7,213	(18.4%)
<b>Materials</b>	<b>68,107</b>	<b>55,729</b>	<b>12,378</b>	<b>22.2 %</b>

Purchases of materials net of inventories and capitalised costs recorded an increase of € 12,378 thousand affected mostly by higher capitalised costs and the change in the consolidation scope (€ 4,399 thousand) mainly referring to the Environmental area companies.

### Services and contract work

These amounted to € 251,407 thousand and increased by a total of € 55,821 thousand (the figure was € 195,586 thousand at 30 June 2021). They can be represented as follows:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Technical and administrative services	29,489	29,503	(14)	n.s.
Contract work	46,711	27,731	18,980	68.4 %
Disposal and transport of sludge, slag, ash and waste	51,093	37,042	14,051	37.9 %
Other services	38,488	33,079	5,408	16.3 %
Personnel services	10,660	10,429	230	2.2 %
Insurance costs	7,605	6,529	1,075	16.5 %
Electricity, water and gas consumption	25,056	14,486	10,570	73.0 %
Internal use of electricity	5,715	3,458	2,257	65.3 %
Intragroup services and otherwise	7,143	7,506	(364)	(4.8%)
Telephone and data transmission costs	3,269	2,625	643	24.5 %
Postal expenses	1,524	1,614	(90)	(5.6%)
Maintenance fees	7,102	6,780	322	4.8 %
Cleaning, transport and portage costs	3,695	3,225	469	14.6 %
Advertising and sponsorship costs	7,270	6,387	882	13.8 %
Corporate bodies	2,226	1,961	265	13.5 %
Meter readings	1,949	1,843	106	5.7 %
Bank charges	1,645	1,408	237	16.8 %
Travel and accommodation expenses	801	453	349	77.0 %
Seconded personnel	(97)	(628)	530	(84.5%)
Printing expenses	66	153	(88)	(57.2%)
<b>Services and contract work</b>	<b>251,407</b>	<b>195,586</b>	<b>55,821</b>	<b>28.5 %</b>

The increase was affected by:

- Q the change in scope which accounted for € 21,725 thousand of the increase, of which most was for the environmental area relating to the costs of disposing and transporting sludge, slag, ash and waste;
- Q the higher costs related to energy efficiency projects (€ 12,264 thousand) for Acea innovation in line with the trend under revenue, following the start of energy efficiency works on apartments and private residences;
- Q the higher costs relating to the public lighting contract for the Municipality of Rome for € 8,596 thousand, in line with the trend under revenue.

### Concession fees

Concession fees totalled € 33,263 thousand (- € 111 thousand compared to 30 June 2021) and referred to companies that manage Area Authorities under concession in Lazio and Campania. The table below shows the breakdown by Company:

€ thousand	30/06/2022	30/06/2021	Change	% Change
KT4	25	52	(27)	(51.9%)
ACEA	109	103	6	6.2 %
Adistribuzione gas	1,410	1,412	(3)	(0.2%)
Notaresco Gas	47	47	0	0.5 %
ACEA Ato2	24,873	24,874	(2)	n.s.
ACEA Ato5	1,720	1,746	(25)	(1.4%)
Acea Molise	26	26	0	n.s.
GESESA	185	188	(3)	(1.5%)
Gori	1,210	1,220	(10)	(0.8%)
Aquedotto del Fiora	2,409	2,412	(3)	(0.1%)
Integrated Water Services	1,249	1,294	(46)	(3.5%)
<b>Total</b>	<b>33,263</b>	<b>33,374</b>	<b>(111)</b>	<b>(0.3%)</b>

### Cost of leased assets

The item amounted to € 19,419 thousand, increasing by € 8,036 thousand compared to the same period of the previous year (€ 11,383 thousand at 30 June 2021); the increase is mainly attributable to the Parent Company for the higher costs resulting from IT application licences. In line with IFRS 16, this item contains costs relating to short-term leases and leases of modest value.

### Other operating costs

These amounted to € 32,245 thousand at 30 June 2022, an decrease of € 3,283 thousand. The table below provides details of this item by type:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Taxes and duties	9,369	6,266	3,103	49.5 %
Damages and outlays for legal disputes	3,522	3,856	(334)	(8.7%)
Contributions paid and membership fees	1,647	2,840	(1,193)	(42.0%)
General expenses	13,183	7,396	5,787	78.2 %
Contingent liabilities	4,524	15,169	(10,645)	(70.2%)
<b>Other operating costs</b>	<b>32,245</b>	<b>35,528</b>	<b>(3,283)</b>	<b>(9.2%)</b>

The decrease mainly relates to lower contingent liabilities recorded by Acea Energia in 2021 for € 4,622 thousand, following the definitive calculations, communicated on 9 July 2021 by the CSEA, on the closure of the fact-finding enquiry for the regulation of the economic items related to electricity destined for the States included in the Italian territory in accordance with what was provided for by ARERA. This redetermination generated the recognition of a contingent liability referred to the years 2009 – 2018.

### 5. Net Revenue / (Costs) from commodity risk management - € 0 thousand

At 30 June 2022, the Group had not subscribed to derivatives to hedge trading operations.

### 6. Income/(Expenses) from equity investments of a non-financial nature - € 16,020 thousand

This item represents the consolidated result according to the equity method that is included among the EBITDA components of companies that are strategically relevant for the Acea Group. The breakdown of this item is detailed below:

€ thousand	30/06/2022	30/06/2021	Change	% Change
EBITDA	75,613	61,566	14,047	22.8 %
Amortisation, depreciation, impairment and provisions	(52,096)	(45,149)	(6,947)	15.4 %
Profit/(Loss) on equity investments	0	1	(1)	n.s.
Financial operations	(1,477)	(1,441)	(36)	2.5 %
Taxes	(6,020)	(3,864)	(2,156)	55.8 %
<b>Income from equity investments of a non-financial nature</b>	<b>16,020</b>	<b>11,114</b>	<b>4,906</b>	<b>44.1 %</b>

EBITDA for these companies increased by € 14,047 thousand, mainly from the increases recorded by Publiacqua (€ 8,037 thousand) and Acque (€ 2,802 thousand). The companies' assessments are detailed below.

€ thousand	30/06/2022	30/06/2021	Change	% Change
AE Sun Capital	1,184	198	986	n.s.
Romeo Gas S.p.A.	228	0	228	n.s.
Acque Group	6,578	4,835	1,743	36.1 %
Nuove Acque and Intesa Aretina	232	376	(144)	(38.2%)
Geal	1,105	231	874	n.s.
Energy	265	223	42	18.8 %
Belaria	58	(40)	98	n.s.
Publiacqua	4,726	2,224	2,502	112.5 %
Umbra Acque	1,287	1,067	220	20.6 %
Ingegnerie Toscane	357	2,000	(1,643)	(82.2%)
<b>Total</b>	<b>16,020</b>	<b>11,114</b>	<b>4,906</b>	<b>44.1 %</b>

The increases are attributable to Acque and Publiacqua due to lower amortisations and partially resulting from non-recurring gains and the equity consolidation of photovoltaic companies that were fully consolidated up until 31 March 2022 (reference is made to the paragraph IFRS5 for more information).

#### 7. Net write-downs (write-backs) of trade receivables – € 42,940 thousand

This item decreased by € 2,902 thousand compared to 30 June 2021, mainly due to the lower write-downs made by Acea Energia.

#### 8. Depreciation, amortisation and provisions – € 291,243 thousand

Compared to 30 June 2021 we can note an increase of € 28,067 thousand; the details are presented below:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Depreciation/amortisation and impairment losses	285,226	259,851	25,375	9.8 %
Provisions	6,017	3,325	2,692	81.0 %
<b>Depreciation, amortisation and provisions</b>	<b>291,243</b>	<b>263,176</b>	<b>28,067</b>	<b>10.7 %</b>

#### Depreciation/amortisation and impairment losses

The € 25,375 thousand increase in depreciation, amortisation and impairment, of € 19,902 thousand, breaks down as follows:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Depreciation	84,765	77,699	7,065	9.1 %
Amortisation	200,018	181,348	18,670	10.3 %
Impairment losses	443	803	(360)	(44.8%)
<b>Depreciation/amortisation and impairment losses</b>	<b>285,226</b>	<b>259,851</b>	<b>25,375</b>	<b>9.8 %</b>

The increase in this item relates to investments in the period and the ongoing entry into operation of assets with particular reference to the water segment. In this item, the change in the consolidation scope is influenced by the opposing effects deriving from the increase in depreciation and amortisation in the environment segment (€ 4,859 thousand) offset by the decrease in depreciation and amortisation in the generation segment (€ 4,804 million) as a result of the sale transaction in March 2022 (reference is made to the paragraph IFRS5 for more details).

It should be noted that the item relating to intangible amortisation also includes the effect deriving from the application of IFRS 16, which as at 30 June 2021 amounted to € 7,639 thousand.

The impairment losses refer mainly to the write-down booked by ACEA Ato2 in relation to meters decommissioned during the first half of 2022 (€ 337 thousand).

#### Provisions

As of 30 June 2022, net of sums released, provisions amounted to € 6,017 thousand and are divided by type as follows:

€ thousand	30/06/2022	30/06/2021	Change	% Change
Legal Risks provision	2,432	1,634	799	48.9 %
Tax provision	140	100	40	40.4 %
Regulatory risks provision	945	937	8	0.8 %
Fee risks provision	4	5	(1)	(14.4%)
Tenders and supplies provision	86	165	(79)	(47.7%)
Insurance deductibles provision	1,497	1,319	178	13.5 %
Other risks and charges provision	1,471	1,026	445	43.4 %
<b>Provisions for risks</b>	<b>6,576</b>	<b>5,185</b>	<b>1,391</b>	<b>26.8 %</b>
Early retirements and redundancies provision	25	124	(99)	(79.9%)
Post mortem provision	199	14	184	n.s.
Provision for Expenses payable to others	350	36	314	n.s.
<b>Provision Taxes</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>n.s.</b>
<b>Expenses provision</b>	<b>674</b>	<b>174</b>	<b>499</b>	<b>n.s.</b>
<b>Total Provisions</b>	<b>7,250</b>	<b>5,360</b>	<b>1,890</b>	<b>35.3 %</b>
Release of risks provisions, release of fees provisions	(1,233)	(2,035)	802	(39.4%)
<b>Total</b>	<b>6,017</b>	<b>3,325</b>	<b>2,692</b>	<b>81.0 %</b>

#### 9. Financial income - € 6,104 thousand

€ thousand	30/06/2022	30/06/2021	Change	% Change
Interest on financial receivables	69	108	(39)	(36.4%)
Bank interest income	(18)	39	(57)	(145.9%)
Interest on trade receivables	4,758	2,546	2,211	86.9 %
Interest on other receivables	645	516	129	25.1 %
Financial income from discounting to present value	123	162	(39)	(24.1%)
Income from fair value hedges measurement	246	351	(105)	(29.9%)
Other income	281	149	133	89.2 %
<b>Financial income</b>	<b>6,104</b>	<b>3,871</b>	<b>2,233</b>	<b>57.7 %</b>

Financial income, of € 6,104 thousand, recorded an increase of € 2,233 thousand compared to the same period of the previous year, mainly attributable to higher interest on trade receivables.

#### 10. Financial costs - € 49,832 thousand

€ thousand	30/06/2022	30/06/2021	Change	% Change
Costs (Income) on Interest Rate Swaps	2,816	3,054	(238)	(7.8%)
Interest on bonds	26,976	26,852	124	0.5 %
Interest on medium/long-term borrowings	7,747	8,392	(645)	(7.7%)
Interest on short-term debt	1,658	1,640	18	1.1 %
Default interest and interest on deferred payments	1,701	716	984	137.4 %
Interest cost net of actuarial gains and losses	648	231	417	180.4 %
Factoring fees	2,401	1,796	605	33.7 %
Discounting charges	1,783	1,883	(100)	(5.3%)
IFRS 16 financial charges	941	1,248	(308)	(24.7%)
Other financial charges	2,475	1,334	1,141	85.5 %
Interest payable to end users	210	377	(167)	(44.2%)
Foreign exchange gains (losses)	477	(294)	771	n.s.
<b>Financial charges</b>	<b>49,832</b>	<b>47,230</b>	<b>2,602</b>	<b>5.5 %</b>

Financial expenses for € 49,832 thousand, increased by € 2,602 thousand compared to 30 June 2021; the change is mainly attributable to Consorcio Agua Azul (€ 1,018 thousand) and Acea Energia (€ 777 thousand), resulting from higher interest on payment deferrals compared to the same period of the previous year. The average overall all-in cost of the ACEA Group's debt at 30 June 2022 stood at 1.40% compared to 1.43% in 2021.

**11. Income and costs from Equity Investments – € 19,122 thousand**

€ thousand	30/06/2022	30/06/2021	Change	% Change
Income from equity investments in associates	19,264	2,742	16,521	n.s.
(Costs) of shares in related companies	(142)	0	(142)	n.s.
<b>Profit/(Loss) on equity investments</b>	<b>19,122</b>	<b>2,742</b>	<b>16,379</b>	<b>n.s.</b>

Revenue from equity investments refers to consolidation according to the net worth method of some Group companies primarily Agua Azul Bogotá. The item also includes the recognition of a net capital gain for € 18,829 thousand, following the sale of a photovoltaic plant grouping in the scope of the agreement signed with the British investment fund Equitix (reference is made to the paragraph on IFRS5 for more information).

**12. Income Tax - € 125,655 thousand**

Estimated tax expenses for the period were € 125,655 thousand, compared to € 80,203 thousand in the same period of the previous year. The breakdown is essentially as follows:

- **Current taxes:** € 107,990 thousand (€ 96,129 thousand at 30 June 2021);
- **Extraordinary solidarity contribution:** pursuant to Art. 37 of Italian Law Decree 21/2022 (so-called excess profit contribution) relative to parties that produce electricity and are involved in the resale of energy within the national boundaries: € 28,511 thousand;
- **Net deferred tax liabilities/(assets):** - € 10,876 thousand (- € 15,926 thousand at 30 June 2021).

The increase in absolute value of taxes recorded in the period is a direct result of higher pre-tax profit. The table below shows the breakdown of taxes and the correlated percentage weight calculated on consolidated profit before tax.

€ thousand	2022	%	2021	%
Profit before tax from continuing and discontinued operations	323,697		269,137	
Expected tax charge at 24% on profit before tax	77,687	24.0 %	64,593	24.0 %
Net deferred taxes	(10,846)	(3.4%)	(15,926)	(5.9%)
Permanent differences	27,103	8.4 %	27,516	10.2 %
IRES for the period	93,944	29.0 %	76,182	28.3 %
RAP (regional income tax)	3,200	1.0 %	4,021	1.5 %
Contribution pursuant Art. 37 Law Decree 21/2022	28,511	8.8 %	0	n.s.
<b>Total taxes</b>	<b>125,655</b>	<b>38.8 %</b>	<b>80,203</b>	<b>29.8 %</b>

The financial year tax rate is 38.8% (29.8% at 30 June 2021), whereas the normalised tax rate (less the solidarity contribution) is 30.0%.

**13. Earnings (loss) per share attributable to Parent Company's shareholders**

Earnings per share are calculated by dividing profit for the year attributable to ACEA by the weighted average number of ACEA shares outstanding during the year, excluding treasury shares. The weighted average number of shares outstanding was € 212,547,907 at 30 June 2022. Diluted profit per share is calculated dividing profit for the financial year attributable to ACEA by the weighted average number of ACEA shares in circulation during the year, excluding treasury shares, increased by the number of shares which could potentially be put in circulation. At 30 June 2022 there were no shares that could potentially be put into circulation and, accordingly, the weighted average number of shares for the calculation of basic earnings per share coincides with the weighted average number of shares for the calculation of diluted earnings per share.

Earnings per share, determined in accordance with IAS 33, are shown below:

	30/06/2022	30/06/2021	Change
Net profit attributable to the Group (€/000)	183,023	165,789	17,234
Profit for the period of the Group attributable to ordinary shares (€/000) (A)	183,023	165,789	17,234
<b>Weighted average number of ordinary shares for the purpose of determining earnings per share</b>			
basic (B)	212,547,907	212,547,907	0
basic (C)	212,547,907	212,547,907	0
<b>Earnings per share (€)</b>			
basic (A/B)	0.86109	0.78001	0.08108
diluted (A/C)	0.86109	0.78001	0.08108

## Notes to the Consolidated Statement of Financial Position

### Assets - € 11,000,884

At 30 June 2022, these amounted to € 11,000,884 thousand (€ 10,628,886 thousand at 31 December 2021), recording an increase of € 371,998 thousand or 3.5% on the previous year.

€ thousand	30/06/2022	31/12/2021	Change	% Change
Non-current assets	8,098,618	7,801,652	296,966	3.8 %
Current assets	2,883,913	2,658,809	225,104	8.5 %
Non-current assets destined for sale	18,354	168,425	(150,071)	(89.1%)
<b>Total Assets</b>	<b>11,000,884</b>	<b>10,628,886</b>	<b>371,998</b>	<b>3.5 %</b>

### 14. Property, plant and equipment - € 3,012,931

The incidence of the infrastructure used for the distribution and generation of electricity amounts to 80.2% of property, plant and equipment, € 2,416,052 thousand.

The remaining 19.8% mainly refers to:

- facilities belonging to the Environment Segment companies for € 305,673 thousand;
- infrastructures related to the Parent Company for € 101,717 thousand;
- infrastructures related to the Energy Segment for € 131,749 thousand;
- infrastructure related to the Overseas Segment for € 35,768 thousand.
- facilities belonging to the Engineering and Services Area for € 15,636 thousand.

€ thousand	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress	Assets to be relinquished	Total
Initial historic cost	594,397	3,689,148	1,096,033	195,507	82,776	10,938	5,668,800
Assets Held for Sale	0	(4,414)	0	0	(14,333)	0	(18,747)
Investments / Acquisitions	7,945	84,129	45,632	5,948	24,290	2,158	170,101
Disposals/ Sales	(288)	(1,180)	(285)	(464)	(216)	0	(2,433)
Changes in consolidation scope	743	3,290	366	66	(40)	0	4,425
Other changes	7,521	21,283	(3,662)	2,721	(16,433)	(225)	11,205
<b>Final historic cost</b>	<b>610,318</b>	<b>3,792,257</b>	<b>1,138,083</b>	<b>203,778</b>	<b>76,044</b>	<b>12,871</b>	<b>5,833,351</b>
Initial amortisation provision	(177,726)	(1,992,535)	(413,377)	(140,591)	0	(6,040)	(2,730,269)
Depreciation and amortisation	(6,745)	(46,660)	(24,919)	(6,120)	0	(292)	(84,736)
Assets Held for Sale	0	80	0	0	0	0	80
Investments / Acquisitions	0	0	0	0	0	0	0
Disposals/ Sales	6	965	172	337	0	0	1,479
Changes in consolidation scope	(210)	(251)	(145)	(33)	0	0	(639)
Other changes	(368)	(5,520)	205	(657)	0	4	(6,336)
<b>Final amortisation provision</b>	<b>(185,043)</b>	<b>(2,043,922)</b>	<b>(438,063)</b>	<b>(147,064)</b>	<b>0</b>	<b>(6,328)</b>	<b>(2,820,420)</b>
<b>Net carrying amount</b>	<b>425,275</b>	<b>1,748,335</b>	<b>700,020</b>	<b>56,714</b>	<b>76,044</b>	<b>6,543</b>	<b>3,012,931</b>

Investments increased compared to the same period of the previous year (€ 181,934 thousand at 30 June 2021) and amounted to € 170,101 thousand. These refer mainly to those made by:

- areti for € 119,620 thousand for the renewal and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary stations, secondary substations and meters, and remote control equipment;
- Acea Ambiente for € 11,829 thousand for plant improvements carried out at the plants in San Vittore and Aprilia, the WTE plant in Terni and in Monterotondo Marittima;
- Acea Produzione for € 2,997 thousand, mainly for the extraordinary maintenance work at the Tor di Valle and Montemartini thermal power stations, for the requalification work on the substations of the S.Angelo, Salisano and Orte Power Stations and for the extension and restoration of the district heating network in the territory of Mezzocammino in the south of Rome;
- Acea Solar for € 12,996 thousand for the construction of photovoltaic plants on both agricultural and industrial land;
- Corporate for € 3,093 thousand for extraordinary maintenance at offices housing company activities.

The changes in the consolidation scope increased property, plant and equipment by € 3,786 thousand and refer mainly to the consolidation of Serplast. Other changes refer to reclassifications due to the commissioning of assets under construction and disposals and disinvestments of assets.

### 15. Real estate investments – € 2,285 thousand

Real estate Investments primarily include land and buildings not used in operations and held for rental. The decrease of € 29 thousand compared to last year derives from depreciation.

### 16. Goodwill - € 259,962 thousand

At 30 June 2022 goodwill amounted to € 259,962 thousand (€ 251,477 thousand at 31 December 2021). The change compared to 31 December 2021 refers mainly to the definitive allocation of the price paid for the Business Combinations and provisional allocation of new acquisitions; for more details please see the specific section. Goodwill is attributed to CGUs that benefit from the synergies deriving from the acquisition. The table below shows the goodwill per CGU aggregated according to the *main activity* of the companies.

€ thousand	31/12/2021	Definitive Allocation	Exchange Delta	Scope change	30/06/2022
Integrated Water Service management	3,067	0	0	0	3,067
Network Management	4,415	0	0	0	4,415
Sale of Electricity and Gas	47,740	0	0	0	47,740
Intercompany Services	94	0	0	0	94
Renewable energy plants	91,618	0	0	0	91,618
Waste-to-energy and Composting plants	11,138	0	0	0	11,138
Liquid Waste Treatment and Sludge Disposal	51,110	1,002	0	5,550	57,662
Overseas	4,312	0	814	0	5,126
Plastic and paper recycling services	22,387	0	0	1,119	23,506
Engineering services	15,597	0	0	0	15,597
<b>Goodwill</b>	<b>251,477</b>	<b>1,002</b>	<b>814</b>	<b>6,668</b>	<b>259,962</b>

In order to check the maintenance of the book value of the CGUs, on the basis of what is provided for in IAS 36, an asset must be subjected to an impairment test every time it is believed that its carrying amount may be more than its recoverable value.

As laid down in the standards of reference and in the regulations on the subject, and as provided for in the Group procedure approved in February 2021 in relation to impairment tests on assets, the company must assess at each reporting date whether there is some “indication” that suggests that an asset may have suffered an impairment loss. If there is any sign of this, the company must estimate the recoverable value of the asset.

Irrespective of the existence or non-existence of such an indication, a company must in any case:

- ❑ calculate at least annually the recoverable value of an intangible asset with indefinite useful life or of an intangible asset not yet ready for use (at any moment of the year provided that it is always the same date);
- ❑ check at least annually the Goodwill acquired following a business combination.

The annual check on Goodwill is performed on the occasion of the end of the fiscal year, if there are no indications of impairment prior to this date.

The analyses conducted found no impairment indicators referring to the CGUs. Furthermore, with reference to what was issued by ESMA in its Circular dated 14 March 2022 and clarified in the guidelines in the OIV discussion paper relating to implementing impairment testing for non-financial assets (IAS 36) following the war in Ukraine, and with potential triggers referring to the impairment period, the following in-depth analysis needs to be conducted so as to identify the most probable effects of the war on certain key aspects, such as by way of example (i) demand, (ii) margins, (iii) the model, (iv) business processes, (v) the supply chain, (vi) competitiveness, (vii) strategic and commercial positioning, (viii) counterparty risk, (ix) investment requirements and (x) the financial sustainability of the business. In this regard, Acea has developed and applied an econometric model to estimate the existing relationships between the main economic-financial data relevant to the different companies and Acea plants, and more specifically the margins and main macroeconomic variables. The studies and analyses conducted found the demand for gas and electricity is inelastic in relation to price, implying that under current market conditions, an increase in pricing would not result in less volumes purchased. There is consequently no statistical evidence to suggest that the current macroeconomic context will impact significantly on ACEA business, and more specifically, the crisis caused by the war in Ukraine during 2022. Furthermore, in order to analyse the possible impact on Acea business under different macroeconomic conditions, a multi-scenario analysis was developed, where possible impairment losses arise in certain scenarios that appear «*more likely than not*» from a statistical perspective.

### 17. Concessions and Rights on Infrastructure – € 3,188,477 thousand

This item mainly refers to the Water Services and essentially includes:

- ❑ the values of concessions received from the Municipalities (€ 102,946 thousand);



- the overall amount of all tangible infrastructures for the management of water services (€ 2,983,278 thousand), in accordance with IFRIC 12.

Concessions refer for € 83,555 thousand to the thirty-year concession from Roma Capitale on the assets consisting of water and sewage treatment facilities, and to the right arising from taking over the management of the integrated water service in the Municipality of Formello. Rights are amortised on the basis, respectively, of the remaining term of the concession signed between ACEA and Roma Capitale and the term of the Management Agreement signed by the Mayors in Ato2. The balance is completed by the thirty-year concession for the management of the integrated water service of the city of San Pedro Sula in Honduras for a total amount of € 6,449 thousand and the Consorcio Agua Azul for € 12,891 thousand.

Capital expenditure for the period relating to **Infrastructure rights** amounted to € 248,797 thousand and mainly refers to:

- ACEA Ato2 for € 191,872 thousand for the modernisation, expansion and reclamation of the water and sewerage pipes of the various municipalities; to the extraordinary maintenance of the water centres of the treatment plants and to the actions aimed at reducing water leaks;
- ACEA Ato5 for € 12,532 thousand for the replacement, maintenance and expansion of water supplies and sewerage pipes and of water treatment plants;
- Gori for € 22,921 thousand, for the replacement of the water pipelines as well as for the extraordinary maintenance of the works for the water and sewerage service;
- AdF for € 14,964 thousand mainly due to extraordinary maintenance and optimisation of networks/plants and to new works;
- SII for € 6,408 thousand mainly for modernisation and expansion of the infrastructures, and for reordering and improvement of the waste collection and treatment system. We can also note the construction of the new treatment plant in the Municipality of Alviano.

#### 18. Tangible fixed assets - € 388,708

The item has a net book value as at 30 June 2022 of € 388,708 thousand and can be represented as follows:

€ thousand	Patent rights	Other intangible fixed assets	Contract Costs	Investments in progress and advances	Total
Net opening balance	203,466	131,729	46,107	30,305	411,607
Depreciation/amortisation and impairment losses	(29,545)	(11,191)	(9,750)	0	(50,486)
Assets Held for Sale	0	0	0	0	0
Investments / Acquisitions	31,385	9,354	460	10,121	51,320
Disposals/ Sales	(28)	(71)	0	(86)	(184)
Changes in consolidation scope	31	5,444	0	(5,452)	23
Other changes	4,368	(28,687)	12,700	(11,953)	(23,571)
<b>Net closing balance</b>	<b>209,677</b>	<b>106,579</b>	<b>49,517</b>	<b>22,936</b>	<b>388,708</b>

The item decreased by € 22,898 thousand, resulting from the counter effects of investments for the period (€ 51,320 thousand), depreciation/amortisation and impairment losses (€ 50,486 thousand) and other movements and reclassifications (€ 23,571 thousand) relating mainly to the investments in progress on entry into operation.

Investments for the period are mainly attributable to:

- areti for € 15,205 thousand for charges incurred for the re-engineering of the information and commercial distribution systems and for the harmonisation of systems to support measurement activities;
- Acea Energia for € 17,716 thousand mainly referring to the cost of acquisition of new customers pursuant to IFRS15 as well as the significant improvements to the support systems for the management of Contact Centre processes and the analysis and monitoring of customer margins.
- the Parent Company for € 10,611 thousand for the purchase and implementation of software to support the development of IT platform management systems

#### 19. Right of use - € 52,741 thousand

This item includes rights to use the assets of others which are recognised as leased assets and amortised over the duration of the contracts in line with the IFRS 16 international standard. As at 30 June 2022 the net book value of these assets is € 52,741 thousand and the nature of these assets can be represented as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Land and buildings	36,499	36,415	83	0.2 %

Cars and motor vehicles	5,630	6,154	(524)	(8.5%)
Machinery and equipment	8,590	8,599	(9)	(0.1%)
Distribution cabins	1,883	1,864	20	1.1 %
Other	139	63	76	119.7 %
<b>Total</b>	<b>52,741</b>	<b>53,096</b>	<b>(355)</b>	<b>(0.7%)</b>

The book value of the assets consisting of the right of use at 30 June 2022 for each class of underlying asset and the related changes in the period are shown below:

€ thousand	Land and buildings	Cars and motor vehicles	Machinery and equipment	Distribution cabins	Other	Total
Opening balances	36,415	6,154	8,599	1,864	63	53,096
Acquisitions	0	15	766	0	0	781
New contracts	3,626	1,410	916	143	251	6,346
Remeasurement	(342)	170	466	(6)	(130)	158
Depreciation	(3,201)	(2,120)	(2,156)	(117)	(45)	(7,639)
<b>Total</b>	<b>36,499</b>	<b>5,630</b>	<b>8,590</b>	<b>1,883</b>	<b>139</b>	<b>52,741</b>

With regard to extension or termination options, it should be noted that for regulated businesses, with regard to contracts relating to concession activities, the estimated term for contract renewals is the year of the end of the concession itself. There are also no guarantees on residual value, variable payments and leases not yet signed, for a significant amount, to which the Group has committed itself.

Finally, it should be noted that costs relating to short-term leases and assets of modest value are recognised in the income statement item "leases and rentals" in line with the requirements of IFRS 16 and in continuity with previous years.

## 20. Equity investments in unconsolidated subsidiaries and associates – € 357,848 thousand

€ thousand	31/12/2021	Changes in consolidation scope	Gains/losses from valuation of shareholders' equity	Increase/Decrease for dividends	Currency translation differences	OCI	Other changes/reclassifications	30/06/2022
Acque Group	107,651	0	6,578	1,564	0	1,450	1,978	119,222
GEAL	8,063	0	1,105	0	0	18	76	9,262
Nuove Acque and Intesa Aretina	12,871	0	232	(323)	0	87	(29)	12,838
Publiacqua	110,455	0	4,726	(2,345)	0	113	1,309	114,258
Umbra Acque	21,225	0	1,287	132	0	1,380	269	24,292
Ingegnerie Toscane	13,478	0	357	(2,379)	0	38	(2,568)	8,925
Energy	12,920	0	265	0	0	0	0	13,185
Belaria	0	(58)	58	0	0	0	0	0
Picena Ambiente	3,088	0	0	0	0	0	0	3,088
AE Sun Capital	0	12,179	1,184	0	0	1,295	404	15,062
Romeo Gas	0	35,800	228	0	0	0	0	36,028
Aguazul Bogotá	1,022	0	0	0	0	0	(128)	894
Other equity investments	1,466	0	404	0	0	0	(1,075)	794
<b>Total Equity Investments</b>	<b>292,239</b>	<b>47,921</b>	<b>16,423</b>	<b>(3,351)</b>	<b>0</b>	<b>4,382</b>	<b>235</b>	<b>357,848</b>

The changes that occurred during the period refer primarily to the valuations of the companies consolidated using the equity method, which have a positive impact on the Income Statement for a total of € 16,423 thousand. These valuations are mainly reflected in the item "Income/(Expenses) from equity investments of a non-financial nature" and the rest in the item "Income/Expenses from equity investments". The remaining difference is attributable to the change in the equity scope of consolidation as from the end of March 2022 for AE Sun Capital and Romeo Gas from April 2022, following the agreement as part of the sale by A2A of concessions for the natural gas distribution service.

€ thousand 30/06/2022	Non- current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net Financial Position
Acque	245,973	37,164	(127,027)	(40,947)	(38,909)	(6,365)	(93,893)
AE Sun Capital	81,218	2,127	(54,054)	(17)	0	170	(50,849)
KT4	4,471	3,070	(4,370)	(1,257)	(730)	(267)	(3,599)
Intesa Aretina	13,188	308	0	(96)	0	233	192
Belaria	1,229	415	(1,360)	(240)	(357)	(70)	(1,320)
Ecomed	3	361	(20)	(420)	0	0	157
Energy	4,762	2,602	0	(1,043)	(846)	(265)	1,776
Euroline 3	820	193	(796)	(167)	(111)	(18)	(743)
Fergas Solar	10,022	453	(1,076)	(123)	(481)	(91)	(1,057)
Geal	19,830	6,539	(9,639)	(7,074)	(6,502)	(1,105)	(5,103)
Acea Green	3,198	927	0	(378)	(661)	(153)	370
IFV-Energy	1,149	445	(1,017)	(164)	(144)	(36)	(714)
Ingegnerie Toscane	1,507	8,807	(528)	(4,352)	(4,517)	(357)	(8)
JB Solar	1,370	305	(20)	(211)	(131)	(25)	109
M2D	817	314	(821)	(96)	(89)	(17)	(703)
Marche Solar	914	339	(988)	(100)	(122)	(25)	(813)
Nuove Acque	17,493	6,526	(7,621)	(3,098)	(5,005)	(466)	(3,332)
PF Power of Future	2,082	650	(2,339)	(237)	(218)	(53)	(1,972)
PSL	903	132	(152)	(49)	(94)	5	(99)
Publiacqua	223,471	52,922	(93,981)	(66,793)	(53,750)	(4,726)	(72,572)
Romeo Gas S.p.A.	28,103	1,474	(352)	(2,555)	(1,404)	(228)	(710)
Acque Servizi	825	8,994	(911)	(5,095)	(5,445)	(213)	(1,786)
Solaria Real Estate	15,045	4,655	(12,628)	(1,440)	(1,900)	(295)	(9,880)
Solarplant	322	409	(38)	(81)	(128)	(32)	238
Acea Sun Capital	57,659	1,370	(56,669)	(526)	0	(287)	(27,515)
Trinovolt	1,715	969	0	(2,415)	(214)	(50)	(1,440)
Umbra Acque	71,822	11,993	(44,479)	(16,571)	(20,537)	(1,287)	(21,140)
<b>Total</b>	<b>809,911</b>	<b>154,461</b>	<b>(420,886)</b>	<b>(155,547)</b>	<b>(142,295)</b>	<b>(16,020)</b>	<b>(296,405)</b>

€ thousands 31/12/2021	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net Financial Position
Acque	239,699	34,904	(128,900)	(40,174)	(76,549)	(8,920)	(90,064)
Intesa Aretina	12,232	279	0	(59)	0	369	205
Belaria	3,228	856	(3,535)	(412)	(747)	(664)	(3,250)
Ecomed	3	361	(20)	(420)	0	14	157
Energy	4,973	1,504	0	(493)	(1,635)	(271)	1,154
Geal	20,461	5,757	(10,773)	(6,888)	(9,562)	(206)	(4,904)
Ingegnerie Toscane	1,614	11,627	(611)	(5,180)	(11,980)	(3,432)	(1,139)
Nuove Acque	17,907	5,857	(7,799)	(2,895)	(9,591)	(1,109)	(3,799)
Publiacqua	234,879	53,942	(129,806)	(46,308)	(105,261)	(4,734)	(76,312)
Acque Servizi	777	8,262	(872)	(4,152)	(11,235)	(502)	(671)
Umbra Acque	68,648	11,476	(45,290)	(14,857)	(33,875)	(1,593)	(21,995)
<b>Equity</b>	<b>604,423</b>	<b>134,824</b>	<b>(327,606)</b>	<b>(121,838)</b>	<b>(260,434)</b>	<b>(21,048)</b>	<b>(200,618)</b>

## 21. Other equity investments - € 3,004 thousand

These total € 3,004 thousand (they were € 2,980 thousand at 31 December 2021) and are composed of investments in shareholder securities that do not represent control, association or joint control.

## 22. Deferred tax assets - € 208,870 thousand

At 30 June 2022, deferred tax assets, net of deferred tax liabilities, amounted to € 208,870 thousand (€ 202,606 thousand at 31 December 2021).

Deferred tax assets are mainly made up of the following: **(i)** € 36,967 thousand for the provision for tax risks (€ 36,854 thousand as at 31 December 2021); **(ii)** € 130,823 thousand to the amortisation/depreciation of tangible and intangible assets (€ 129,434 thousand as at 31 December 2021); **(iii)** € 69,965 thousand for the impairment of receivables (€ 68,367 thousand as at 31 December 2021); **(iv)** € 11,845 thousand to defined benefit and defined contribution plans (€ 11,097 thousand as at 31 December 2021); **(v)** € 10,453 thousand to the fair value measurement of commodities and other financial instruments (€ 10,008 thousand as at 31 December 2021).

Provisions for deferred taxes include in particular the deferred taxes related to differences existing between the economic-technical amortisation rates applied to depreciable assets and tax portions for € 48,886 thousand, the defined benefit and defined contribution plans for € 26,247 thousand and finally, the fair value measurement of commodities and other financial instruments for € 10,151 thousand.

Changes in the period include uses for € 9,349 thousand and advances for € 20,225 thousand. The following table details the changes in this item.

€ thousand	31/12/2021	Changes in consolidation scope	Adjustments / Reclassifications	Changes in shareholders' equity	Uses	IRES/IRAP provisions	30/06/2022
<b>Prepaid taxes</b>							
Tax losses	105	0	(0)	0	0	7,413	7,517
Remuneration of BoD members	45	0	0	0	0	9	54
Provisions for risks and charges	36,854	0	(0)	(0)	(1,674)	1,788	36,967
Impairments of receivables and equity investments	68,367	57	(47)	11	(1,722)	3,299	69,965
Depreciation and amortisation	129,434	2	(2)	971	(5,774)	6,193	130,823
Defined benefit and defined contribution plans	11,097	181	123	821	(580)	203	11,845
<i>Fair value commodities</i> and other financial instruments	10,008	0	0	446	0	0	10,453
Others	58,403	1	(1)	912	(3,748)	4,268	59,835
<b>Total</b>	<b>314,312</b>	<b>242</b>	<b>72</b>	<b>3,161</b>	<b>(13,499)</b>	<b>23,173</b>	<b>327,461</b>
<b>Deferred taxes</b>							
Depreciation and amortisation	48,765	337	(236)	1,101	(3,725)	2,645	48,886
Defined benefit and defined contribution plans	22,687	289	(289)	3,412	(20)	168	26,247
<i>Fair value commodities</i> and other financial instruments	10,615	0	0	0	(465)	0	10,151
Others	29,640	0	0	3,472	61	134	33,306
<b>Total</b>	<b>111,707</b>	<b>626</b>	<b>(525)</b>	<b>7,985</b>	<b>(4,149)</b>	<b>2,947</b>	<b>118,591</b>
<b>Net</b>	<b>202,606</b>	<b>(384)</b>	<b>597</b>	<b>(4,824)</b>	<b>(9,349)</b>	<b>20,225</b>	<b>208,870</b>

The Group recognised deferred tax assets based on earnings forecasts in the Group's business plans, which confirm the probability that sufficient future taxable profit will be available against which all of the deferred tax assets recognised in the financial statements can be recovered.

## 23. Non-current financial assets - € 18,257 thousand

These amounted to € 18,257 thousand (€ 22,549 thousand at 31 December 2021) and recorded a decrease of € 4,292 thousand, mainly attributable to the Parent Company and regarding receivables due from Roma Capitale which relate to investments for the Public Lighting service, namely the re-qualification of systems, energy saving, legislative compliance and technological innovation, which will be paid to ACEA, for an amount equal to the fiscal amortisation, after the first half of 2021, in accordance with what is agreed in the Supplementary Agreement to the service contract signed on 15 March 2011.

## 24. Other non-current assets - € 605,534 thousand

Other non-current assets at 30 June 2022 are composed as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Other receivables	2,259	1,809	449	24.8 %
Advances and deposits	1,216	948	268	28.3 %
Other Receivables, Receivables from Subsidiaries	31	31	0	0
Long-term receivables for tariff adjustments	445,499	443,001	2,499	0.6 %
Long-term receivables for Regulatory Lag	142,378	116,712	25,665	22.0 %
Accrued income and prepayments	14,152	13,564	588	4.3 %
<b>Other assets</b>	<b>605,534</b>	<b>576,065</b>	<b>29,469</b>	<b>5.1 %</b>

This item also includes long-term receivables for tariff adjustments for € 445,499 thousand (€ 443,001 thousand at 31 December 2021) of the water companies while € 142,378 thousand (€ 116,712 thousand at 31 December 2021) is the long-term portion of the receivables registered in Areti for regulatory lag.

### Current assets

€ thousand	30/06/2022	31/12/2021	Change	% Change
Inventories	97,740	86,406	11,334	13.1 %
Trade receivables	1,143,284	1,071,644	71,641	6.7 %
Other current assets	460,634	387,813	72,821	18.8 %
Current tax assets	30,492	24,183	6,310	26.1 %
Current financial assets	526,166	407,944	118,222	29.0 %
Cash and cash equivalents	625,596	680,820	(55,224)	(8.1%)
<b>Current assets</b>	<b>2,883,913</b>	<b>2,658,809</b>	<b>225,104</b>	<b>8.5 %</b>

#### 25. Inventories - € 97,740 thousand

The item amounted to € 97,740 thousand (€ 86,406 thousand at 31 December 2021), increasing by € 11,334 thousand, attributable mainly to SIMAM (€ 4,377 thousand), Acea innovation (€ 3,111 thousand), areti (€ 2,857 thousand) and Acea Produzione (€ 1,194 thousand).

#### 26. Trade Receivables – € 1,143,284 thousand

These amounted to € 1,143,284 thousand, recording an increase of € 71,641 thousand compared to 31 December 2021, when the figure was € 1,071,644. The breakdown for the item is provided below:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Trade receivables	1,070,611	1,027,007	43,605	4.2 %
Receivables due from the parent company	61,197	34,472	26,725	77.5 %
Receivables from Subsidiaries and Associates	11,476	10,165	1,311	12.9 %
<b>Trade receivables</b>	<b>1,143,284</b>	<b>1,071,644</b>	<b>71,641</b>	<b>6.7 %</b>

#### Trade receivables

These amounted to € 1,070,611 thousand, an increase of € 43,605 thousand compared to 31 December 2021 and are represented as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Receivables due from end users for bills issued	378,024	366,332	11,692	3.2 %
Receivables due from end users for bills to be issued	509,035	503,261	5,774	1.1 %
Receivables from other customers	183,493	157,355	26,138	16.6 %
Other current receivables and assets	59	59	0	0
<b>Trade receivables</b>	<b>1,070,611</b>	<b>1,027,007</b>	<b>43,605</b>	<b>4.2 %</b>

Receivables are shown net of the Provision for doubtful receivables, which at 30 June 2022 amounted to € 598,808 thousand and increased by € 3,635 thousand compared to the previous year, mainly due to the effect of uses for the period and lower provisions due also to the effects of the sale of *non-performing* receivables, which amounted to € 19,264 thousand at 30 June 2022.

The performance of receivables, both gross and net of the provision for the impairment of receivables, is shown below.

	30/06/2022			31/12/2021			Change		
	Gross receivables	Provision for write-downs	Net receivables	Gross receivables	Provision for write-downs	Net receivables	Gross receivables	Provision for write-downs	Net receivables
Environment	82,830	(4,458)	78,373	73,335	(4,762)	68,573	9,495	304	9,799
Corporate	2,947	(2,124)	823	2,793	(2,124)	669	153	0	153
Commercial and Trading	480,040	(162,684)	317,356	479,144	(173,095)	306,048	897	10,412	11,308
Overseas	32,540	(21,163)	11,377	26,478	(18,341)	8,137	6,062	(2,822)	3,240
Generation	27,733	(5,893)	21,841	25,162	(5,893)	19,269	2,572	0	2,572
Water	812,454	(312,168)	500,285	782,980	(301,359)	481,620	29,474	(10,809)	18,665
Engineering and Services	12,533	(1,096)	11,436	9,537	(1,073)	8,464	2,995	(23)	2,973
Energy Infrastructure	218,343	(89,222)	129,121	222,751	(88,525)	134,226	(4,408)	(697)	(5,105)
<b>Total</b>	<b>1,669,419</b>	<b>(598,808)</b>	<b>1,070,611</b>	<b>1,622,179</b>	<b>(595,173)</b>	<b>1,027,007</b>	<b>47,240</b>	<b>(3,635)</b>	<b>43,605</b>

### Environment

These totalled € 78,373 thousand, up by € 9,799 thousand compared to 31 December 2021. The increase is mainly attributable to the change in the scope of consolidation (+€ 4,121 thousand).

### Commercial and Trading

Receivables in this segment amounted to € 317,356 thousand and are primarily generated by the sale of electricity to the protected and free markets and by gas sales. The increase compared to 31 December 2021 was € 11,308 thousand, mainly attributable to Acea innovation (+ € 8,207 thousand) and Acea Energia (+ € 6,221 thousand), partially offset by the reduction in receivables recognised by Cesap vendita gas (- € 2,139 thousand). During the first half of 2022, Acea Energia's receivables were assigned without recourse for a total amount of € 245,638 thousand.

### Overseas

Totalling € 11,377 thousand, increasing by € 3,240 thousand, partly due to effect of currency exchanges compared to 31 December 2021.

### Water

These totalled € 500,285 thousand, recording an increase of € 18,665 thousand compared to 31 December 2021. The increase is attributable to Gori (+ € 14,064 thousand), ACEA Ato2 (+ € 2,404 thousand) and ACEA Ato5 (+ € 2,272 thousand). Over the period, ACEA Ato2 non-recourse receivables totalling € 188,772 thousand and GORI receivables for € 4,519 thousand were transferred.

### Energy Infrastructure

These stand at € 129,121 thousand with a decrease of € 5,105 thousand compared to 31 December 2021, almost entirely attributable to Areti. During the first half of 2022 areti receivables totalling € 173,481 thousand were transferred without recourse, € 100,725 thousand from the Public Administration.

### Generation

These totalled € 21,841 thousand, up by € 2,572 thousand compared to 31 December 2021. The change refers mainly to Ecogena for € 1,586 thousand and Acea Produzione for € 913 thousand.

### Engineering and Services

These totalled € 11,436 thousand, a decrease of € 2,973 thousand compared to 31 December 2021, mainly due to SIMAM (+€ 1,924 thousand).

### Parent Company

These totalled € 823 thousand, recording an increase of € 153 thousand compared to 31 December 2021.

## Receivables due from the Parent Company Roma Capitale

As regards relations with Roma Capitale, the net balance at 30 June 2022 was € 86,907 million payable by the Group (the payable balance at 31 December 2021 was € 32,177 thousand).

Trade and financial receivables recorded an overall increase of € 38,771 thousand compared to the previous year, mainly due to accruals in the period and collections. The main changes in the year are as follows:

- higher receivables referable to ACEA Ato2 for the supply of water for € 26,546 thousand;
- higher receivables referable to the Public Lighting service for € 23,097 thousand;
- collection/offsetting of receivables relating to the Public Lighting service for € 11,048 thousand.

Payables increased by € 93,500 thousand compared to the previous year; the main changes during the period are as follows:

- higher payables due to the recognition of ACEA dividends for 2021 for € 92,319 thousand;
- higher payables due to the recognition of ACEA Ato2 dividends for 2021 for € 2,596 thousand;
- higher payables due to the recognition of the portion accrued in the period related to the ACEA Ato2 concession fee, for € 13,169 thousand.
- payment/offset of ACEA share dividends for 2018 and 2019 for a total of € 11,048 thousand;

- payment by areti of Cosap liabilities referring to 2017, 2018 and 2021 for a total of € 4,939 thousand.

Over the half-year period, areti paid current liabilities accrued over the period in question for road excavation licences with Rome Capital municipalities for a total amount of € 8,589 thousand, as well as to Cosap for the current year for an amount of € 1,688 thousand and for previous years for € 4,939 thousand (referring to 2017, 2018 and 2021).

It is noted that in July 2022, ACEA paid Rome Capital 50% of the 2021 dividend portion for € 46,160 thousand as per the agreements with Rome Capital.

In relation to the offset/payment transactions during the period, below are details of the first half of 2022:

- April 2022: offsetting of receivables for € 3,636 thousand relating to works associated with the Public Lighting service, offsetting ACEA's share dividends related to the dividend accrued in 2019;
- May 2022: offsetting of receivables for € 7,412 thousand relating to the Public Lighting service for PL fees in October-December 2021, offsetting ACEA's dividend accrued in 2019.

Note also that in July two cases of offsetting were authorised for a total of € 31,377 thousand, as detailed below:

- with Ato2: utility receivables and concession fee for € 16,043 thousand;
- with ACEA: for Public Lighting receivables and share dividends for € 15,335 thousand.

Recall that as part of the activities required for the first consolidation of the ACEA Group in the 2018 Financial Statements of Roma Capitale, a round table was launched to reconcile the Roma Capitale Receivables and Payables. The Group companies chiefly concerned are Acea and Acea Ato2. After several meetings and communications, on 22 February 2019 the Technical Department of the Municipality (SIMU) in charge of the management of the contracts with the ACEA Group communicated several objections relating to the supply of both works and services for the period 2008-2018. These objections were completely rejected by the Group's companies. In order to arrive at a complete resolution of the differences during 2019 a specific Joint Technical Committee was set up with the ACEA Group. Following several meetings, on 18 October 2019, the Joint Technical Committee drew up a report on the closure of the work, highlighting the results that emerged and proposing a favourable restart of the ordinary execution of the mutual obligations between the ACEA Group and Roma Capitale. As a first step after the completion of the work, the parties took steps to implement the results that emerged from the discussions, restarting the payment of their respective receivables and payables. In 2020 at total of € 33.3 million of receivables referred to the aforementioned Report were settled in the Group.

In 2021 a new Public Lighting Technical Panel comprising Acea and Roma Capitale was set up with the intention of continuing the resolution of issues preventing the liquidation of receivables. After this work Roma Capitale paid ACEA SPA Public Lighting receivables for € 75,290 thousand through offsets.

For the Public Lighting contract at the end of 2020 the AGCM made its position clear regarding the legitimacy of the existing contract, to this day a source of audits, works and joint investigation. Among other things, the measure also gave rise to audits on the congruity of the prices applied. In February 2021, following the aforesaid feedback and works, Roma Capitale confirmed the absolute congruity and convenience of the current economic terms with respect to the CONSIP parameters.

In the first half of 2022, while awaiting the conclusion and finalisation of these aspects, Acea regularly continued to provide the Public Lighting service proceeding also to the invoicing and in part also to the collection from Roma Capitale.

Again in 2021, reconciliation work continued between Acea Ato2 and Roma Capitale (SIMU Department) and a joint Technical Report signed by Roma Capitale and Acea Ato2 was completed in December, largely overcoming and resolving the disputes affecting the 2019 Technical Panel. This agreement led to the derecognition of the receivables in question through the use of the provisions for impairment set aside for this purpose. The operation reduced receivables and provisions by approximately € 7.4 million.

The following table presents an analysis of receivables and payables, including those of a financial nature, between ACEA Group and Roma Capitale, as regards both net credit exposure and debt exposure, including financial items.

Receivables due from Roma Capitale	30/06/2022	31/12/2021	Change
	A)	B)	A) - B)
Utility receivables	56,862	30,427	26,435
Provisions for impairment	(1,749)	(1,749)	(0)
<b>Total receivables from users</b>	<b>55,113</b>	<b>28,678</b>	<b>26,435</b>
Receivables for water works and services	2,323	2,325	(1)
Receivables for water works and services to be invoiced	2,096	1,971	125
Provisions for impairment	(2,191)	(2,191)	-
Receivables for electrical works and services	4,177	3,990	187
Receivables works and services - to be billed	4	25	(21)
Provisions for impairment	(326)	(326)	-
<b>Total receivables for works</b>	<b>6,084</b>	<b>5,793</b>	<b>290</b>
<b>Total trade receivables</b>	<b>61,197</b>	<b>34,472</b>	<b>26,725</b>

Receivables due from Roma Capitale	30/06/2022	31/12/2021	Change
	A)	B)	A) - B)
Financial receivables for Public Lighting services billed	118,997	117,133	1,864
Provisions for impairment	(30,152)	(30,152)	-
Financial receivables for Public Lighting services to be billed	63,584	48,981	14,603
Provisions for impairment	(30,983)	(28,298)	(2,685)
M/L term financial receivables for Public Lighting services	6,550	8,286	(1,735)
<b>Total Public Lighting receivables</b>	<b>127,995</b>	<b>115,949</b>	<b>12,046</b>
<b>Total Receivables</b>	<b>189,192</b>	<b>150,421</b>	<b>38,771</b>
<b>Payables due to Roma Capitale</b>			
	30/06/2022	31/12/2021	Change
Electricity surtax payable	(13,153)	(13,153)	0
Concession fees payable	(50,701)	(37,533)	(13,169)
Other payables	(9,927)	(13,463)	3,536
Dividend payables	(202,318)	(118,450)	(83,868)
<b>Total payables</b>	<b>(276,099)</b>	<b>(182,598)</b>	<b>(93,500)</b>
<b>Net balance receivables payables</b>	<b>(86,907)</b>	<b>(32,177)</b>	<b>(54,729)</b>

#### Trade receivables from associates and joint ventures

€ thousand	30/06/2022	31/12/2021	Change	% Change
Receivables from Associates	1,867	1,542	326	21.1 %
Receivables from jointly controlled entities	9,609	8,623	986	11.4 %
<b>Receivables from Subsidiaries and Associates</b>	<b>11,476</b>	<b>10,165</b>	<b>1,311</b>	<b>12.9 %</b>

Trade receivables from jointly-controlled companies mainly refer to receivables from companies consolidated using the equity method. These receivables amounted to a total of € 11,476 thousand (+ € 1,311 thousand), and the increase derives primarily from higher receivables claimed by Acea Energia (€ 648 thousand) and by Acea Produzione (€ 321 thousand) from equity-consolidated photovoltaic companies, with effect from April 2022 (reference is made to the paragraph IFRS5 for more details).

#### 27. Other current assets - € 460,634 thousand

€ thousand	30/06/2022	31/12/2021	Change	% Change
Receivables from others	314,881	292,288	22,593	7.7 %
Accrued income and prepaid expenses	39,084	23,847	15,237	63.9 %
Active derivative instruments on commodities	106,669	71,678	34,991	48.8 %
<b>Other current assets</b>	<b>460,634</b>	<b>387,813</b>	<b>72,821</b>	<b>18.8 %</b>



### Receivables from others

These amounted to a total of € 314,881 thousand and were made up as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Receivables due from the Equalisation Fund	91,689	95,887	(4,198)	(4.4%)
Receivables from Equalisation Fund for Tariff Contribution from cancellation	8,229	6,667	1,563	23.4 %
Other receivables from Equalisation Fund	21,472	6,451	15,021	n.s.
Regional grants receivable	2,514	2,514	0	0
Receivables from Equitalia	122	122	0	0
Security deposits	4,744	3,803	941	24.7 %
Receivables from social security institutions	1,710	3,134	(1,424)	(45.4%)
Receivables from individual transfers	2,215	2,190	26	1.2 %
Suppliers' advances	15,878	9,625	6,253	65.0 %
Receivables due from Municipalities	10,913	10,813	100	0.9 %
Receivables from Factor from the sale	(920)	(840)	(80)	9.6 %
Receivables for accrued Green Certificates	5,151	6,975	(1,825)	(26.2%)
Receivables from OTAAAs	9,050	5,058	3,992	78.9 %
Receivables from staff	42	49	(7)	(13.9%)
Receivables due to the transferee Area Laurentina	0	6,446	(6,446)	(100.0%)
Receivables for advances to employees	503	616	(113)	(18.3%)
Other Tax Receivables	38,038	36,177	1,861	5.1 %
Other receivables	103,532	96,602	6,930	7.2 %
<b>Receivables from others</b>	<b>314,881</b>	<b>292,288</b>	<b>22,593</b>	<b>7.7 %</b>

The increase of € 22,593 thousand derives mainly **i)** the increase in receivables from the Equalisation Fund (Cassa Conguaglio) (€ 15,021 thousand) attributable to Areti for the social electricity bonus, provided for and governed by the Authority, recognising a credit to the Fund for energy and environmental services for the CCE and CCF components; **ii)** higher advances to suppliers (€ 6,253 thousand) mainly attributable to Acea Innovation (€ 5,284 thousand) and resulting from the onset of energy efficiency activities; **iii)** the increase in receivables in respect of AATO (€ 3,992 thousand) attributable to IIS. The increases are partly offset by the collection of receivables from Milano '90 for the Via Laurentina area by a third party garnishee (reference is made to the information under the major disputes and litigation for more information) for € 6,446 thousand.

### Accrued income and prepaid expenses

These amounted to € 39,084 thousand (€ 23,847 thousand at 31 December 2021) and refer mainly to rent on public land, lease payments and insurance, as well as the portion of user licences accruing to subsequent years and IT infrastructure maintenance fees.

### Active derivative instruments on commodities

Active derivative instruments on commodities represent the valuation of hedging derivatives on commodities, referring entirely to Acea Energia and amounting to € 106,643 thousand, up on the € 34,965 thousand at 31 December 2021 due to the change in the fair value measurement at the end of the period in question and the change in the quantities hedged.

For these transactions classified as cash flow hedges, changes in fair value were recognised, limited only to the effective portion, in a specific equity reserve called "cash flow hedge reserve" through the statement of comprehensive income. There were no changes in fair value referable to the ineffective portion to be recognised in the income statement.

We note that among the "Other current liabilities" the item "Current derivative instruments" is recognised for € 81,063 thousand.

### **28. Current tax assets - € 30,492 thousand**

These amounted to € 30,492 thousand (€ 24,183 thousand at 31 December 2021) and include IRAP and IRES receivables.

**29. Current financial assets - € 526,166 thousand**

€ thousand	30/06/2022	31/12/2021	Change	% Change
Financial receivables from the Parent Company Roma Capitale	121,445	107,664	13,781	12.8 %
Financial receivables from subsidiaries and associates	21,704	2,568	19,136	n.s.
Financial receivables from third parties	380,717	295,412	85,304	28.9 %
Securities	2,300	2,300	0	0
<b>Current financial assets</b>	<b>526,166</b>	<b>407,944</b>	<b>118,222</b>	<b>29.0 %</b>

**Financial receivables from the Parent Company Roma Capitale**

These totalled € 121,445 thousand, recording a decrease of € 13,781 thousand compared to 31 December 2021. They represent the unconditional right to receive cash flows in line with the methods and timing envisaged in the service agreement for public lighting management. Further details are provided in the note *Receivables due from the Parent Company Roma Capitale*.

**Financial receivables from subsidiaries and associates**

These amounted to € 21,704 thousand and increased by € 19,136 thousand compared to 31 December 2021, mainly due to the residual credit to AE Sun Capital being recognised with Acea Produzione for the sale of the company Acea Sun Capital in the scope of the Energy Box operation (€ 18,963 thousand).

**Financial receivables from third parties**

These amounted to € 380,717 thousand (€ 295,412 thousand at 31 December 2021) and are made up of short-term deposit lines of the Parent Company for € 355,000 thousand (€ 270,000 at 31 December 2021).

**30. Cash and cash equivalents - € 625,596 thousand**

The balance at 30 June 2022 of bank current accounts and postal accounts, opened with the various banks and Post Offices by the consolidated companies amounted to € 625,596 thousand. A breakdown and changes in this item by operating segment are shown in the table below:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Bank and postal deposits	608,568	666,245	(57,677)	(8.7%)
Cheques	7,962	6,421	1,541	24.0 %
Cash and similar items of value on hand	9,066	8,154	912	11.2 %
<b>Cash and cash equivalents</b>	<b>625,596</b>	<b>680,820</b>	<b>(55,224)</b>	<b>(8.1%)</b>

**31. Non-current assets held for sale - € 18,354 thousand**

At 30 June 2022, "Non-current assets held for sale" amounted to € 18,354 thousand and refer to the reclassification of assets destined for sale in terms of IFRS 5; reference is made to the specific paragraph for more information.

## Liabilities

At 30 June 2022 these amounted to € 8,446,490 thousand (€ 8,112,466 thousand at 31 December 2021), recording an increase of € 334,024 thousand (4.1%) over the previous year, and can be broken down as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Non-current liabilities	5,501,010	5,514,512	(13,501)	(0.2%)
Current liabilities	2,944,837	2,550,553	394,285	15.5 %
Liabilities closely associated with assets held for sale	642	47,402	(46,759)	(98.6%)
<b>Total liabilities</b>	<b>8,446,490</b>	<b>8,112,466</b>	<b>334,024</b>	<b>4.1 %</b>

### 32. Shareholders' equity - € 2,554,394 thousand

At 30 June 2022, shareholders' equity amounted to € 2,554,394 thousand (€ 2,516,420 thousand at 31 December 2021). Changes in shareholders' equity during the period are shown in the specific statement.

#### Share capital

This amounts to € 1,098,899 thousand, represented by 212,964,900 ordinary shares with a par value of € 5.16 each, as shown in the Shareholders' Register. The share capital is subscribed and paid-up in the following manner:

- **Roma Capitale: 108,611,150** ordinary shares for a total par value of € 560,434 thousand;
- **Market: 103,936,757** shares for a total par value of € 536,314 thousand;
- **Treasury shares: 416,993** for a total par value of € 2,151 thousand.

#### Legal reserve

The legal reserve includes 5% of the profits from previous years, in accordance with article 2430 of the Italian Civil Code, and it refers to the legal reserve of the parent company amounting to € 147,501 thousand.

#### Other reserves and retained earnings

At 30 June 2022, these amounted to € 694,736 thousand against € 573,114 thousand at 31 December 2021. The difference of € 121,621 thousand arises, besides the allocation of the previous year's result, mainly to: **i)** the distribution of dividends of the parent company for € 180,666 thousand and **ii)** increase in cash flow hedges of financial instruments and commodities for € 10,517 thousand **iii)** decrease of € 1,336 thousand in actuarial gains and losses reserves; **iv)** increase in the exchange rate reserve for € 10,100 thousand.

At 30 June 2022 ACEA held 416,993 treasury shares to be used for future medium/long-term incentive schemes. At this time there are no medium/long-term share-based payment schemes planned.

#### Third parties Shareholders' Equity

This amounted to € 406,958 thousand, an increase of € 14,509 thousand. The change between the two periods compared, in addition to the change in the portion of profits pertaining to minority interests, is mainly due to the change in the consolidation scope (+ € 838 thousand), as a consequence of the purchase option being exercised for an additional 20% of Cavallari shares (-€ 3,214 thousand), the shareholder payment to increase the share capital of Adistribuzionegas (+€ 2,361 thousand), the allocation to non-controlling interests of goodwill relating to the Meg acquisition (+ € 1,151 thousand), with more information available in this regard in the relevant section of the Notes, and finally, the consolidation of S.E.R. Plast (+ € 271 thousand).

### 33. Employee severance indemnity and other defined benefit plans - € 111,011 thousand

At 30 June 2022, this item amounted to € 111,011 thousand (€ 120,150 thousand as at 31 December 2021) and represents termination and other benefits payable to employees on retirement or termination of employment.

The following table shows the change in actuarial liabilities during the period.

€ thousand	30/06/2022	31/12/2021	Change	% Change
Employee severance indemnities (TFR)	53,516	62,262	(8,746)	(14.0%)
Pegaso Fund	40	51	(11)	(21.5%)
<b>- Employee severance indemnity</b>	<b>53,556</b>	<b>62,313</b>	<b>(8,757)</b>	<b>(14.1%)</b>
Extra months	7,381	8,989	(1,609)	(17.9%)
<b>- Extra months</b>	<b>7,381</b>	<b>8,989</b>	<b>(1,609)</b>	<b>(17.9%)</b>
LTIP plans	1,286	858	428	49.8 %
<b>- Long-Term Incentive Plans (LTIP)</b>	<b>1,286</b>	<b>858</b>	<b>428</b>	<b>49.8 %</b>
<b>Benefits due at the time of termination of employment</b>	<b>62,223</b>	<b>72,160</b>	<b>(9,938)</b>	<b>(13.8%)</b>
Employees tariff subsidy	5,812	6,895	(1,083)	(15.7%)
Managers tariff subsidy	146	163	(17)	(10.7%)
Pensioners tariff subsidy	22,407	14,526	7,881	54.3 %
<b>- Tariff subsidies</b>	<b>28,364</b>	<b>21,584</b>	<b>6,781</b>	<b>31.4 %</b>
<b>Post-employment benefits</b>	<b>28,364</b>	<b>21,584</b>	<b>6,781</b>	<b>31.4 %</b>
Isopensione fund	20,424	26,406	(5,982)	(22.7%)
<b>- Isopensione (early retirement)</b>	<b>20,424</b>	<b>26,406</b>	<b>(5,982)</b>	<b>(22.7%)</b>
<b>Staff termination benefits and other defined benefit plans</b>	<b>111,011</b>	<b>120,150</b>	<b>(9,139)</b>	<b>(7.6%)</b>

In addition to the provision which, pursuant to the revised legislation on Termination Benefits, consists of the employee termination benefits accrued until 31 December 2006, the change reflects the revised discount rate used for the valuation according to IAS 19.

As required by paragraph 78 of IAS 19, the interest rate used to calculate the present value of the obligation was based on returns, at the end of the reporting period, on securities of major companies listed on the same financial market as ACEA, and on returns on government bonds in circulation at the same date that have terms to maturity similar to the residual term of the liability for the workforce in question.

As regards the economic and financial scenario, the following table shows the main parameters used for the evaluation.

Parameters (€ million)	30/06/2022	31/12/2021
Discount Rate	3.5 %	1.0 %
Revenue growth rate (average)	1.6 %	1.6 %
Long-term inflation	2.5 %	1.8 %

With regard to the measurement of the Group Employee Benefits (Employee severance indemnity (TFR), Monthly bonuses, tariff subsidies for current and retired staff) a sensitivity analysis was performed to assess the changes in the liability resulting from both positive and negative shifts of the rate curve (+0.5% shift /-0.5% shift). The results of this analysis are summarised below.

Type of plan (€ million)	0.5 %	-0.5 %
Employee severance indemnities (TFR)	- 2.5	2.6
Tariff subsidies	- 0.1	0.1
Extra months	0.0	0.0

Furthermore, a sensitivity analysis was performed related to the age of the group, hypothesizing a group one year younger than the actual one. Sensitivity analyses were not performed for other variables such as, for example, inflation rate.

Type of plan (€ million)	-1 year of age
Employee severance indemnities (TFR)	0.5
Tariff subsidies	- 1.1
Extra months	0.1

### 34. Provisions for risks and charges - € 293,409 thousand

At 30 June 2022, the provision for risks and charges amounted to € 293,409 thousand (€ 193,318 thousand at 31 December 2021) and is allocated to hedge among other things probable liabilities that may derive from ongoing legal disputes, on the basis of what is stated by internal and external lawyers, without considering those that could be successful and those that could be lost being assessed exclusively as possible.

When calculating the size of the provisions, account is taken both of the estimated costs that may derive from litigation or other disputes arising during the year and an update of estimates of the potential liabilities deriving from the litigation involving the Company in previous years.

The following table shows a breakdown of provisions and movements in the period:

€ million	31/12/2021	Uses	Provisions	Release for Excess Provisions	Reclassifications/Other changes	30/06/2022
Legal	16,319	(2,818)	2,432	(1,017)	(393)	14,524
Taxes	7,255	(487)	140	0	0	6,908
Regulatory risks	30,961	(40)	945	0	0	31,866
Investees	7,490	0	0	0	(51)	7,439
Contributory risks	1,117	0	4	0	3	1,123
Insurance deductibles	10,863	(1,044)	1,497	0	0	11,317
Other risks and charges	26,075	(1,522)	1,557	(216)	503	26,397
<b>Total Provision for Risks</b>	<b>100,080</b>	<b>(5,911)</b>	<b>6,576</b>	<b>(1,233)</b>	<b>61</b>	<b>99,575</b>
Early retirements and redundancies	27,493	(170)	25	0	0	27,348
Post mortem	53,149	(238)	199	0	2,543	55,652
Provision for Expenses payable to others	12,596	0	350	0	2,672	15,618
Provisions for Interim Taxes	0	0	94,139	0	955	95,093
Provisions for Reinstatement Expenses	0	0	0	0	123	123
<b>Total Provisions for Expenses</b>	<b>93,238</b>	<b>(408)</b>	<b>94,712</b>	<b>0</b>	<b>6,293</b>	<b>193,835</b>
<b>Total Provisions for Risks and Charges</b>	<b>193,318</b>	<b>(6,319)</b>	<b>101,288</b>	<b>(1,233)</b>	<b>6,354</b>	<b>293,409</b>

ACEA considers that the settlement of ongoing disputes and other potential disputes should not create any additional charges for Group companies, with respect to the amounts set aside, which represent the best estimate possible on the basis of elements available as of today. The main change is due to the recognition of taxes for the period which are set aside, as provided for in the international accounting standards, in specific "Provisions for interim taxes" (€ 94,139 thousand).

For further information please refer to the section "Update on major disputes and litigation".

### 35. Non-current borrowings and financial liabilities - € 4,684,708 thousand

€ thousand	30/06/2022	31/12/2021	Change	% Change
Bonds	3,837,777	4,141,952	(304,176)	(7.3%)
Medium/long-term borrowings	809,001	610,298	198,703	32.6 %
IFRS 16 financial payables	37,931	39,729	(1,799)	(4.5%)
<b>Borrowings and financial liabilities</b>	<b>4,684,708</b>	<b>4,791,979</b>	<b>(107,271)</b>	<b>(2.2%)</b>

The figures in the table include the *fair value*, at 30 June 2022, of hedging instruments entered into and certain Group companies which are shown separately from the hedged instrument in the table below.

€ thousand	Hedged instrument	Derivative fair value	30/06/2022	Hedged instrument	Derivative fair value	31/12/2021
Bonds	3,811,232	26,544	3,837,777	4,120,169	21,783	4,141,952
Medium/long-term borrowings	816,896	(7,895)	809,001	608,398	1,900	610,298
<b>Non-current borrowings and financial liabilities</b>	<b>4,628,129</b>	<b>18,649</b>	<b>4,646,778</b>	<b>4,728,566</b>	<b>23,696</b>	<b>4,752,263</b>

#### Medium and long-term bonds

The bonds amounted to € 3,837,777 thousand at 30 June 2022 (€ 4,141,952 thousand at 31 December 2021) and refer to the following:

- Q **€ 599,051 thousand** (including the long-term portion of the contract related costs) relating to the 10-year fixed-rate bond issued by ACEA in July 2014, as part of the Euro Medium Term Notes (EMTN) programme of € 1.5 billion. The bonds, which have a minimum denomination of € 100,000 and mature on 15 July 2024, pay an annual gross coupon of 2.625% and were placed at an issue price of 99.195%. The effective gross yield at maturity is equal to 2.718%, corresponding to a yield of 128

basis points above the 10-year midswap rate. The bonds are governed by English law. The settlement date was 15 July 2014. Interest accrued during the period amounted to € 7,810 thousand;

- Q **€ 496,433 thousand** (including the long-term portion of the costs attached to the contract) relating to the bond issued by ACEA in October 2016 for the EMTN programme for a total amount of € 500,000 with a 10-year fixed-rate duration. The bonds, which have a minimum denomination of € 100,000 and expire on 24 October 2026, pay an annual gross coupon of 1% and were placed at an issue price of 98.377%. The bonds are governed by English law. The settlement date was 24 October 2016. Interest accrued during the period amounted to € 2,479 thousand;
- Q **€ 140,553 thousand** relating to the Private Placement which, net of the Fair Value of the hedge, a negative € 26,544 thousand, amounted to **€ 167,098 thousand**. This fair value is allocated to a specific equity reserve. A specific exchange reserve includes the exchange rate difference, a negative € 24,565 thousand, of the hedged instrument calculated on 30 June 2022. The exchange rate at 30 June 2022 amounted to € 142.26 against € 130.90 at 31 December 2021. Interest accrued during the period amounted to € 1,819 thousand. This is a private bond (Private Placement) for an amount of 20 billion Japanese Yen with a maturity of 15 years (2025). The Private Placement was underwritten entirely by a single investor (AFLAC). Coupons are paid on a semi-annual basis every 3 March and 3 September applying a fixed rate in Yen of 2.5%. At the same time, a cross currency transaction was carried out to transform the Yen currency into Euro and the Yen rate applied into a fixed rate in Euro. The cross-currency transaction requires the bank to pay ACEA, with a deferred semi-annual maturity, 2.5% out of 20 billion Japanese Yen, while ACEA must pay the bank the coupons on a quarterly postponed basis at a fixed rate of 5.025%. The loan agreement and the hedging contract contain an option, respectively, for the investor and the agent bank, connected to the trigger rating: the debt and its derivative can be recalled in their entirety in the event that ACEA's rating falls below the level of investment grade or in the event that the debt instrument loses its rating. At the end of the year the conditions for the possible exercise of the option did not occur;
- Q **€ 693,097 thousand** (including the long-term portion of the costs associated with the conclusion) relating to the bond loan issued by ACEA on 1 February 2018, with a fixed rate of 1.5% for the duration of 9.5 years under the EMTN programme. Interest accrued during the period amounted to € 5,207 thousand.
- Q **€ 495,447 thousand** (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by ACEA on 23 May 2019, with a fixed rate of 1.75% for the duration of 9 years under the EMTN programme. Interest accrued during the period amounted to € 4,339 thousand;
- Q **€ 496,275 thousand** (including the long-term portion of costs associated with the conclusion) relating to the bond loan issued by ACEA on 29 January 2020, with a rate of 0.50% for the duration of 9 years under the EMTN programme. Interest accrued during the period amounted to € 1,240 thousand;
- Q **€ 299,704 thousand** (including the long-term portion of costs associated with the conclusion) related to the newly-issued Green Bond with maturity 28 September 2025 and rate of 0%;
- Q **€ 590,685 thousand** (including the long-term portion of costs associated with the conclusion) related to the newly-issued Green Bond with maturity 28 July 2030 and rate of 0.25%; Interest accrued during the period amounted to € 744 thousand;

The decrease compared to 31 December 2021 refers for € 299,975 thousand (including the long-term portion of the costs associated with the conclusion) relating to the reclassification into the short-term position of the bond loan on 1 February 2018 with a maturity of 5 years at a variable rate (Euribor 3 months + 0.37%) under the EMTN programme. Interest accrued during the period amounted to zero.

The following is a summary of the bonds, including the short-term portion:

€ thousand	Gross Payables(*)	FV hedging instrument	Interest accrued(**)	Total
<b>Bonds:</b>				
Issued in 2014	598,119	0	15,146	613,265
Private Placement issued in 2014	140,534	26,544	565	167,643
Issued in 2016	495,381	0	3,425	498,805
Issued in 2018	991,282	0	662	991,944
Issued in 2019	494,577	0	935	495,512
Issued in 2020	495,643	0	589	496,232
Issued in 2021	888,955	0	1,389	890,344
<b>Total</b>	<b>4,104,492</b>	<b>26,544</b>	<b>22,710</b>	<b>4,153,746</b>

(\*) including amortised cost

(\*\*) including deferrals on hedging instruments

#### Medium/long-term borrowings (including short-term portions)

These amounted to € 915,887 thousand (€ 705,968 thousand at 31 December 2021) and can be broken down as follows: (i) payables related to principal outstanding falling due beyond 12 months totalling € 809,001 thousand (€ 610,298 thousand at 31 December 2021), (ii) the portions of the same borrowings falling due in the 12 months thereafter, totalling € 106,886 thousand (€ 95,671 thousand

at 31 December 2021); these amounts include the fair value portion, positive for a total of € 7,895 thousand (negative for a total of € 1,900 thousand at 31 December 2021) of derivative instruments intended to hedge interest rate risks.

The increase refers to the parent company for € 227,151 thousand and relates primarily to the use of the committed credit lines on the BEI loan underwritten on 30 July 2021 and paid over two tranches on 13 June 2022 for the entire amount of € 250,000 thousand. The following table shows medium/long-term borrowings by maturity and type of interest rate:

€ thousand	30/06/2022	By 30/06/2023	From 30/06/2023 to 30/06/2027	After 30/06/2027
fixed rate	300,554	31,916	137,901	130,736
floating rate	452,180	64,078	165,058	223,044
floating rate cash flow hedge	163,153	10,892	89,849	62,412
<b>Total</b>	<b>915,887</b>	<b>106,886</b>	<b>392,809</b>	<b>416,192</b>

The fair value of hedging derivatives was positive overall for € 7,895 thousand (at 31 December 2021 negative for € 1,900 thousand) and refers for € 4,104 thousand to Gori (at 31 December 2021 negative for € 56 thousand), for € 2,525 thousand to Acquedotto del Fiora (at 31 December 2021 negative for € 1,933 thousand) and for € 1,217 thousand to Servizi Idrici Integrati.

The Group's main medium/long-term borrowings are subject to covenants to be complied with by the borrowing companies in accordance with normal international practices.

In particular, the loan taken out by areti is subject to a financial covenant. On this point we can note that while awaiting the formalisation of the correct and updated interpretation of the method of calculating the financial parameter, Acea and Cassa Depositi e Prestiti agreed, in a Letter of Consent signed on 18 February 2022, to change, limited to the Company and not to the Consolidation, the threshold value of the same going from 0.65 to 0.75, with effect starting from the financial statements at 31 December 2021 and until expiry of the loan contract.

The loan agreements entered into by the Parent Company envisage:

- standard Negative Pledge and Acceleration Events clauses;
- clauses requiring compulsory credit rating monitoring by at least two major agencies;
- clauses requiring the company to maintain a credit rating above certain levels;
- the obligation to arrange insurance cover and maintain ownership, possession and usage of the works, plant and machinery financed by the loan through to the maturity date;
- periodic reporting requirements;
- clauses giving lenders the right to call in the loans on the occurrence of a certain event (i.e. serious errors in the documentation provided when negotiating the agreement, default on repayments, the suspension of payments, etc.), giving the bank the right to call in all or a part of the loan.

During the year there was no evidence that any of the covenants had not been complied with.

The table below shows the fair value of borrowings broken down by type of loan and interest rate as at 30 June 2022. The fair value of medium and long-term debt is calculated on the basis of the risk-free and the risk-adjusted interest rate curves. As regards the type of hedge for which the fair value is calculated and with reference to the hierarchies required by the IASB, given that they are composite instruments, they are categorised as level 2 in the fair value hierarchy.

Loans:	Amortised cost	RISK-LESS FV	Delta	RISK ADJUSTED FV	Delta
	(A)	(B)	(A)-(B)	(C)	(A)-(C)
Bonds	4,153,746	4,043,317	110,429	3,859,490	294,256
fixed rate	300,554	317,604	(17,050)	300,355	199
floating rate	452,180	423,714	28,466	400,590	51,590
floating rate cash flow hedge	163,153	181,188	(18,035)	173,765	(10,612)
<b>Total</b>	<b>5,069,633</b>	<b>4,965,823</b>	<b>103,810</b>	<b>4,734,199</b>	<b>335,433</b>

### IFRS 16 financial payables

This item includes the long-term portion of the financial payable deriving from the impact of IFRS 16 amounting to € 37,930 thousand, of which the short-term portion amounts to € 14,713 thousand. The cash flows the Group is potentially exposed to are shown below, broken down by maturity date:

€ thousand	Within 12 months	Within 24 months	Within 5 years	After 5 years	Total
IFRS 16 payables	14,713	10,084	25,157	2,689	<b>52,643</b>

It should be noted that the debt is discounted using a risk-free rate with a maturity equal to the residual duration for each contract, plus the credit spread assigned to ACEA by Moody's.

### 36. Other non-current liabilities - € 411,882 thousand

€ thousand	30/06/2022	31/12/2021	Change	% Change
Advances from end users and customers	171,748	167,342	4,406	2.6 %
Water and electrical connection fees	48,834	46,397	2,437	5.3 %
Capital grants	147,633	152,646	(5,013)	(3.3%)
Accrued expenses and deferred income	43,667	42,678	989	2.3 %
<b>Other liabilities</b>	<b>411,882</b>	<b>409,064</b>	<b>2,818</b>	<b>0.7 %</b>

### Advances from end users and customers

The item primarily includes the amount of the security deposits and consumption advances of the water companies and the amount of the deposits concerning the liabilities for advances on electricity consumption paid by the customers of the standard market and interest-bearing under the conditions envisaged by the rules of the ARERA (Resolution no. 204/99).

€ thousand	30/06/2022	31/12/2021	Change	% Change
Advances from users	10,244	9,277	967	10.4 %
User guarantee deposits	147,596	147,040	555	0.4 %
Advances from other customers	13,909	11,025	2,883	26.2 %
<b>Advances received</b>	<b>171,748</b>	<b>167,342</b>	<b>4,406</b>	<b>2.6 %</b>

The difference is almost entirely attributable to higher advances recorded from SIMAM customers (+ € 3,086 thousand).

### Capital grants and water and electrical connection fees

Water and electrical connection contributions amounted to € 48,834 thousand (€ 46,397 thousand at 31 December 2021), while plant contributions amounted to € 147,633 thousand (€ 152,646 thousand at 31 December 2021). These grants registered in the liabilities annually are attributed by share to the profit and loss account in relation to the duration of the investment to which the issuance of the contribution is connected. The amount recognised as income is determined on the basis of the useful life of the asset to which it refers.

### Current liabilities

€ thousand	30/06/2022	31/12/2021	Change	% Change
Borrowings	679,107	285,222	393,886	138.1 %
Payables to suppliers	1,668,913	1,683,563	(14,650)	(0.9%)
Tax payables	30,821	18,962	11,859	62.5 %
Other current liabilities	565,996	562,806	3,190	0.6 %
<b>Current liabilities</b>	<b>2,944,837</b>	<b>2,550,553</b>	<b>394,285</b>	<b>15.5 %</b>

### 37. Financial payables - € 679,107 thousand

€ thousand	30/06/2022	31/12/2021	Change	% Change
Payables to banks for short-term credit lines	6,275	4,800	1,475	30.7 %
Payables to banks for loans	106,886	95,671	11,215	11.7 %
Short-term bonds	315,969	15,945	300,024	n.s.
Payables to the controlling shareholder Municipality of Rome	204,814	120,137	84,677	70.5 %
Payables to subsidiaries and associates	333	13	321	n.s.
Payables to third parties	30,117	34,691	(4,574)	(13.2%)
IFRS 16 financial payables within one year	14,713	13,965	747	5.4 %
<b>Borrowings</b>	<b>679,107</b>	<b>285,222</b>	<b>393,886</b>	<b>138.1 %</b>



#### Payables to banks for short-term credit lines

These amounted to € 6,275 thousand (€ 4,800 thousand at 31 December 2021), showing an increase of € 1,475 thousand, mainly attributable to Adistribuzione gas.

#### Payables to banks for loans

These amounted to € 106,886 thousand (€ 95,671 thousand at 31 December 2021), and refer to the current portion of bank loans falling due within twelve months. The difference for € 11,215 is attributable to Adistribuzione gas (+ € 7,918 thousand) and to SIMAM (+ € 2,107 thousand).

#### Short-term bonds

These amounted to € 315,969 thousand (€ 15,945 thousand at 31 December 2021). The increase in short-term bonds is mainly attributable to the reclassification into the short-term position of the 5-year bond issued by Acea on the Euro Medium Term Notes (EMTN) programme on 1 February 2018 (falling due in 2023).

#### Payables to the Parent Company Roma Capitale

These amounted to € 204,814 thousand (€ 120,137 thousand at 31 December 2021) and recorded an increase of € 84,677, resulting from the combined effect of the resolution of the Parent Company's dividends, offset by the payment/payment of dividends during the period.

#### Payables to third parties

These amounted to € 30,117 thousand (€ 34,691 thousand at 31 December 2021). The item can be represented as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Dividends payable to shareholders	4,126	330	3,796	n.s.
Financial payables due to factors	15,911	27,586	(11,674)	(42.3%)
Other financial payables	10,080	6,775	3,304	48.8 %
<b>Payables to third parties</b>	<b>30,117</b>	<b>34,691</b>	<b>(4,574)</b>	<b>(13.2%)</b>

#### IFRS 16 financial payables within one year

These payables, totalling € 14,713 thousand (€ 13,965 at 31 December 2021), represent the short-term portion of the financial debt at 30 June 2022 recorded following the application of the IFRS 16 international standard. For additional information refer to note 35.

### 38. Trade payables - € 1,668,913 thousand

€ thousand	30/06/2022	31/12/2021	Change	% Change
Payables to suppliers	1,591,674	1,614,938	(23,265)	(1.4%)
Payables to the parent company	71,285	62,462	8,823	14.1 %
Payables to subsidiaries and associates	5,955	6,163	(208)	(3.4%)
<b>Payables to suppliers</b>	<b>1,668,913</b>	<b>1,683,563</b>	<b>(14,650)</b>	<b>(0.9%)</b>

#### Payables to suppliers

Payables to suppliers amounted to € 1,591,674 thousand. The decrease of € 23,265 thousand is mainly attributable to areti (€ 13,401 thousand). It is noted that during the first half of 2022, the residual debt in respect of Cassa for energy and environment services (€ 22,800 thousand) was reclassified under Other current liabilities. The figures for the previous year were also made comparable.

The Group has entered into factoring agreements, typically in the reverse factoring technical form. On the basis of the contractual structures in place the supplier has an option sell, at its discretion, the receivables from the company to a lending bank. In some cases, the payment deadline set in the invoice is further deferred by agreement between the supplier and the Group; these delays are granted against payment of a fee.

If the payment has been deferred, a quantitative analysis is performed aimed at verifying whether the change of contractual terms is material; this is made through a quantitative test in accordance with the provisions of IAS 39 AG62. In this context, the relationships for which the primary obligation with the supplier is maintained and the deferral of the payment deadline, if granted, does not involve a substantial change in payment terms, retain their nature and are therefore classified as trade payables.

#### Trade payables due to the Parent Company Roma Capitale

These amounted to € 71,285 thousand (€ 62,462 thousand at 31 December 2021) and are commented on with the trade receivables in paragraph 26 of these Notes.

### Trade payables due to subsidiaries and associates

Trade payables to subsidiaries and associates amounted to € 5,955 thousand (€ 6,163 thousand at 31 December 2021) and include payables to companies consolidated using the equity method.

### 39. Tax payables - € 30,821 thousand

These amounted to € 30,821 thousand (€ 18,962 thousand at 31 December 2021) and include the IRAP and IRES tax payable. The increase of € 11,859 thousand was due to the liability for the extraordinary solidarity contribution set out by article 37 of Law Decree 21/2022 that had not yet been paid (€ 17,107 thousand), representing 60% of the tax payable at November 2022. It is noted that the 40% was duly paid by 30 June 2022.

### 40. Other current liabilities - € 565,996 thousand

These are equal to € 565,996 thousand and are represented as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Payables to social security institutions	34,755	28,519	6,236	21.9 %
Accrued expenses and deferred income	62,838	58,421	4,417	7.6 %
Other current liabilities	468,403	475,866	(7,463)	(1.6%)
<b>Other current liabilities</b>	<b>565,996</b>	<b>562,806</b>	<b>3,190</b>	<b>0.6 %</b>

### Payables to social security institutions

These amounted to € 34,755 thousand and increased by € 6,236 thousand compared to 31 December 2021, mainly attributable to ACEA Ato2 (+ € 1,620 thousand) and GORI (+ € 2,778 thousand).

### Accrued expenses and deferred income

This item amounted to € 62,838 thousand (€ 58,421 thousand at 31 December 2021). The increase is mainly attributable in part to the consolidation of Serplast (+ € 1,405 thousand) and in part, to the increases recorded by ACEA Ato2 (+ € 1,324 thousand) and Umbria Energy (+ € 1,104 thousand).

### Other current liabilities

These amounted to € 468,403 thousand, a decrease of € 7,463 thousand compared to 31 December 2021. The entry is made up as follows:

€ thousand	30/06/2022	31/12/2021	Change	% Change
Payables to Equalisation Fund	46,682	78,521	(31,839)	(40.5%)
Payables to Municipalities for concession fees	68,056	63,223	4,833	7.6 %
Payables for collections subject to verification	21,327	21,464	(137)	(0.6%)
Payables due to personnel	44,023	52,662	(8,640)	(16.4%)
Other payables to Municipalities	28,040	28,004	36	0.1 %
Payables to Equitalia	2,158	2,098	60	2.9 %
Welfare contribution payables	866	961	(94)	(9.8%)
Payables for environmental premium art. 10 of AT14 agreement of 13/08/2007	513	496	17	3.4 %
Other tax payables	69,134	84,198	(15,064)	(18.0%)
Other payables	106,541	99,686	6,855	6.9 %
Liabilities deriving from measurement of commodities at FV	81,063	44,553	36,511	81.9 %
<b>Other current liabilities</b>	<b>468,403</b>	<b>475,866</b>	<b>(7,463)</b>	<b>(1.6%)</b>

The decrease of € 7,463 thousand is due to the combined effect of the following:

- the increase in liabilities on “Passive derivative instruments on commodities”, which increased by € 36,511 thousand relating to the change in the fair value measurement at the end of the period in question and the change in the quantities hedged. We note that among the “Other current assets” the item “Active derivative instruments” is recognised for € 106,643 thousand. Reference is made to the paragraph “Other Current Assets” for more details;
- lower payables to the equalisation fund for € 31,839 thousand mainly attributable to areti (- € 29,629 thousand) and partly arising from the effect of the social electricity bonus, provided for and governed by the Authority (see previous information in the section on other current assets), partly offset by higher payables to CSEA by Acea Energia (+ € 18,670 thousand) due to the hedging of the imbalances of the equalisation system of purchase and dispatching costs of electricity intended for the enhanced protection market, and partly to the reclassification of residual debt to the Cassa for energy and environmental services in the previous year under payables to suppliers. It is noted that the figures for the previous year were also made comparable;



- lower payables to employees (- € 8,640 thousand) mainly attributable to Gori (- € 4,661 thousand) and the Parent Company (- € 1,643 thousand);
- lower other tax payables (- € 15,064 thousand) mostly referring to Acea Energia (€ 14,271 thousand) as a result of the decrease in excises on consumption in the first half of the current year.

**41. Liabilities closely associated with assets held for sale - € 642 thousand**

At 30 June 2022, “Liabilities closely associated with assets held for sale” amounted to € 642 thousand and refer to the reclassification of liabilities closely associated with assets held for sale held for sale in terms of IFRS 5; reference is made to the specific paragraph for more information.

## Commitments and contingencies

### Endorsements, sureties and guarantees

At 30 June 2022, these totalled € 467,411 thousand (€ 450,575 thousand at 31 December 2021), recording an increase of € 16,836 thousand.

The balance is made up of:

- Q
- Q € 80,943 thousand for guarantees in the interest of Acea Energia mainly for Terna, Eni Trading & Shipping, ERG Power Generation, ENGIE (EX EDF) and ASM Terni relating to the contract for the electricity transport and dispatching service;
- Q € 20,000 thousand for the Sole Purchaser and in the interests of Acea Energia as a back-to-back guarantee relating to the electricity sale agreement signed between the parties;
- Q € 53,666 thousand in the form of a guarantee issued by ACEA to Cassa Depositi e Prestiti (the Deposit and Loans Account) in relation to refinancing of the loan issued to areti. This is a sole guarantee giving the lender first claim and covering all obligations linked to the original loan (€ 493 million). The sum of € 53,666 thousand refers to the guaranteed portion exceeding the loan originally disbursed (€ 439 million);
- Q € 30,640 thousand issued by insurance companies on behalf of Acea Ambiente in relation to waste collection plants, waste recovery plants with electricity production and to the Umbria region for the management of operational and post-operative activities of the landfill (€ 16,714 thousand);
- Q the guarantee of € 60,000 thousand in favour of Enel Trading in the interests of Acea Energia as a back-to-back guarantee on electrical energy trading transactions;
- Q the guarantee of € 25,000 thousand for Enel Trade in the interest of Acea Energia as a back-to-back guarantee on electricity and gas trading transactions;
- Q € 15,443 thousand for the guarantees issued for areti in favour of Terna relative to the electricity transmission service contract;
- Q € 2,701 thousand for the bank guarantee issued in favour of Roma Capitale in relation to the "Progetto Tecnologico" contract for the construction of the new multi-service pipe network of Via Tiburtina and adjacent streets, in the interest of areti;
- Q € 4,000 thousand relating to the bank guarantee issued for Roma Natura in connection with works to upgrade the network in the Marcigliana Reserve;
- Q € 5,028 thousand for the guarantee issued in favour of Italgas S.p.A. in the interest of Acea Energia, increased in January 2020;
- Q € 6,887 thousand relative to ACEA Ato5 and in particular the obligatory surety required under article 31 of the Technical Specifications, issued by UNICREDIT to AATO, calculated on 10% of the three-year average of the Financial-Tariff Plan of the AATO Area Plan, which during 2019 was extended until 28 February 2023 with the amount adjusted through a new issue for the difference;
- Q € 38,500 thousand for the issuing of a back to back guarantee in favour of a pool of banks providing financing for the Acquedotto del Fiora;
- Q € 2,565 thousand for a surety to the Area Authority to guarantee the obligations deriving from the management of the Integrated Water Service of the subsidiary Gori S.p.A.;
- Q € 43,389 thousand for bank sureties issued in favour of INPS as part of the Isopensione programme;
- Q € 11,435 thousand for six bank sureties issued in favour of SEDAPAL for the management of the pumping stations in the city of Lima and for maintenance of the water and sewerage network in the North zone, for the maintenance and management of wastewater treatment plants in Lima North-East zone and for managing the maintenance service for the drinking water and sewerage systems in Lima South;
- Q € 6,496 thousand issued by insurance companies on behalf of DECO relating to the landfill and waste treatment plant.

## Business Combinations

Below are the Business Combination, for which recognition using the acquisition method is to be considered definitive.

### MEG Acquisition

On 14 October 2021, Acea Ambiente acquired 60% of Meg, a company operating in the processing and recycling of mixed plastics (e.g. Corepla circuit), for the production of Secondary Raw Materials (flakes) and solid secondary fuel.

The operation was recognised to comply with the Purchase Price Allocation required by the international accounting standard IFRS 3 according to the acquisition method and the related results are to be deemed definitive.

€ thousand	MEG		
	IAS/IFRS Financial Statements	ADJ fair value	Fair value
<b>Net Assets Acquired</b>			
Tangible fixed assets	5,611	0	5,611
Intangible fixed assets	473	3,989	4,462
Equity investments	0	0	0
Warehouse inventories	549	0	549
Deferred taxes	0	(1,113)	(1,113)
Trade receivables	1,911	0	1,911
Other receivables	1,267	0	1,267
Financial receivables	0	0	0
Cash and cash equivalents	708	0	708
Employee severance indemnity and other defined benefit plans	(112)	0	(112)
Provisions for risks and charges	(76)	0	(76)
Current tax assets/liabilities	0	0	0
Trade payables	(2,768)	0	(2,768)
Other payables	(1,022)	0	(1,022)
Other financial liabilities	(2,704)	0	(2,704)
Payables to banks	(497)	0	(497)
Allocated goodwill	0	0	0
<b>NET BALANCE</b>	<b>3,341</b>	<b>2,876</b>	<b>6,217</b>
of which attributable to third parties			(2,487)
Goodwill			2,704
<b>Net value acquired</b>			<b>6,434</b>
<b>Net cash outflow for the acquisition</b>			<b>(6,434)</b>
Cash and cash equivalents acquired			708
Repayment of financial payables			0
Payables to banks			(497)
<b>Net cash flow</b>			<b>(6,223)</b>

### Acquisition Deco Group

On 30 November 2021, through ACEA Ambiente the Group acquired 65% of Deco, which in turn owns 100% of Ecologica Sangro, in turn, holding 75% of the Consorzio Servizi Ecologici del Frentano. The Deco Group is the main private operator in the environment sector in the Abruzzo Region and operates in the construction of disposal and energy recovery plants, producing energy from landfill gas, producing secondary solid fuel and producing photovoltaic energy as well as providing reclamation and soil bioengineering services and works.

It is noted that a second closing is already expected in January 2023, to acquire the remaining 35%. There are no conditions or clauses precedent that could make the acquisition reasonably uncertain. Therefore it is considered that as of now all the risks and benefits have been transferred to Acea Ambiente for the 100% equity investment. Consequently, in line with international accounting standards, the shareholding was fully consolidated, with the recognition of the estimated debt of around € 33,954 thousand.

The operation was recognised to comply with the Purchase Price Allocation required by the international accounting standard IFRS 3 according to the acquisition method and the related results are to be deemed definitive.

€ thousand	Deco Group		
	IAS/IFRS Financial Statements	ADJ fair value	Fair value
<b>Net Assets Acquired</b>			
Tangible fixed assets	23,133	0	23,133
Intangible fixed assets	1,018	56,207	57,225
Equity investments	3,151	0	3,151
Warehouse inventories	667	0	667
Deferred taxes/Tax Credits	332	(16,199)	(15,867)
Trade receivables	7,801	0	7,801
Other receivables	17,235	0	17,235
Financial receivables	2,979	0	2,979
Cash and cash equivalents	17,965	0	17,965
Employee severance indemnity and other defined benefit plans	(340)	0	(340)
Provisions for risks and charges	(38,433)	0	(38,433)
Current tax assets/liabilities	0	0	0
Trade payables	(5,518)	0	(5,518)
Other payables	(3,530)	0	(3,530)
Other financial liabilities	(13,503)	0	(13,503)
Payables to banks	(202)	0	(202)
Allocated goodwill	0	0	0
<b>NET BALANCE</b>	<b>12,756</b>	<b>40,008</b>	<b>52,764</b>
of which attributable to third parties			0
Goodwill			43,162
<b>Net value acquired</b>			<b>95,926</b>
<b>Net cash outflow for the acquisition</b>			<b>(95,926)</b>
Cash and cash equivalents acquired			17,965
Repayment of financial payables			0
Payables to banks			(202)
<b>Net cash flow</b>			<b>(78,163)</b>

The assets allocated refer to the TMB Integrated Environmental Authorisation for Deco, whereas the goodwill is attributable to Deco for € 31,673 thousand and Ecologica Sangro for € 11,489 thousand.

### Acquisition SF Island

On 20 January 2022, Acea Solar acquired 100% of SF ISLAND with registered office in Acquapendente (Viterbo, Italy), which at the acquisition date held 4 authorisations for approximately 3.96 Mwp and 11 projects pending authorisation for approximately 86.9 MWp. The operation was recognised to comply with the Purchase Price Allocation required by the international accounting standard IFRS 3 according to the acquisition method and the related results are to be deemed definitive.

€ thousand	SF Island		
	IAS/IFRS Financial Statements	ADJ fair value	Fair value
<b>Net Assets Acquired</b>			
Tangible fixed assets	0	0	0
Intangible fixed assets	6	781	787
Equity investments	0	0	0
Warehouse inventories	0	0	0
Deferred taxes	0	(132)	(132)
Trade receivables	0	0	0
Other receivables	119	0	119
Financial receivables	0	0	0
Cash and cash equivalents	5	0	5
Employee severance indemnity and other defined benefit plans	0	0	0
Provisions for risks and charges	0	0	0
Current tax assets/liabilities	0	0	0
Trade payables	(0)	0	(0)
Other payables	(118)	0	(118)
Other financial liabilities	0	0	0
Payables to banks	0	0	0
Allocated goodwill	0	0	0
<b>NET BALANCE</b>	<b>12</b>	<b>648</b>	<b>660</b>
of which attributable to third parties			0
Goodwill			10
<b>Net value acquired</b>			<b>671</b>
<b>Net cash outflow for the acquisition</b>			<b>(671)</b>
Cash and cash equivalents acquired			5
Repayment of financial payables			0
Payables to banks			0
<b>Net cash flow</b>			<b>(666)</b>

## Business Combination – Provisional Accounting (IFRS 3 – par.45)

### AS Recycling Acquisition

On 22 December 2021 Acea Ambiente acquired 90% of AS Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for FSC secondary plastic recycling (Breakdown of plastics into the various polymer categories for sorting). The transaction is currently being analysed and the difference that emerges from the consolidation is recognised in goodwill while awaiting definitive allocation.

€ thousand	
<b>Net balance</b>	<b>1,468</b>
of which attributable to third parties	(147)
Goodwill/(Badwill)	1,522
<b>Net value acquired</b>	<b>2,843</b>
<b>Net cash outflow for the acquisition</b>	
Cash and cash equivalents acquired	2
Loan Disbursement	0
Payables to banks	0
<b>Net cash flow</b>	<b>(2,840)</b>

### Acquisition S.E.R. Plast

On 8 February 2022, Acea Ambiente signed the deed of acquisition for 70% of the shares of S.E.R. Plast, a company operating in the recycling of plastic waste.

The transaction is currently being analysed and the difference that emerges from the consolidation is recognised in goodwill while awaiting definitive allocation.

€ thousand	
<b>Net balance</b>	<b>902</b>
of which attributable to third parties	(271)
Goodwill/(Badwill)	5,550
<b>Net value acquired</b>	<b>6,181</b>
<b>Net cash outflow for the acquisition</b>	
Cash and cash equivalents acquired	436
Loan Disbursement	0
Payables to banks	(708)
<b>Net cash flow</b>	<b>(6,453)</b>

### Acquisition Romeo Gas

On 1 April 2022, the Acea Group through Adistribuzionegas was part of the consortium formed with Ascopiave and Iren, which was awarded the tender for the sale by A2A of concessions in the natural gas distribution sector. The consortium share is 28% and is not proportionate to the Acea perimeter of interest, which comprises concessions in 5 ATEMs, of which 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 grid points. The Enterprise Value for the Acea perimeter is € 35.8 million. The transaction is currently being analysed.





## Service Concession Arrangements

The ACEA Group operates water, environmental and public lighting services under concession. It also manages the selection, treatment and disposal of urban waste produced in Municipalities in Optimal Territorial Area 4 Ternano–Orvietano through ACEA Ambiente.

As for the water segment, the ACEA Group provides the Integrated Water Service (IWS) under a concession arrangement in the following regions:

- Lazio, where ACEA Ato2 S.p.A. and ACEA Ato5 S.p.A. provide services in the provinces of Rome and Frosinone, respectively,
- Campania, where Gori S.p.A. provides services in the area of the Sorrento Peninsula and Capri island, the Vesuvio area, the Monti Lattari Area, as well as in the hydrographic basin of the Sarno river,
- Tuscany, where the ACEA Group operates in the province of Pisa, through Acque S.p.A., in the province of Florence, through Publicacqua S.p.A., in the provinces of Siena and Grosseto, through AdF S.p.A. in the province of Arezzo through Nuove Acque S.p.A. and in the province of Lucca and periphery through GEAL S.p.A.,
- Umbria, where the Group operates in the province of Perugia through Umbra Acque S.p.A., and Terni through S.I.I. ScpA.

The Group is also in charge of several former CIPE services in the province of Benevento with GESESA S.p.A. and in the municipalities of Termoli and Campagnano with ACEA Molise S.p.A.

Finally, it is to be noted that since 2019, the ACEA Group also distributes gas in Abruzzo, in the provinces of Pescara and Aquila.

For additional information on the legislative and regulatory framework, please refer to the Report on Operations.

### Public Lighting - Rome

The service is carried out by the Parent Company based on a deed of concession issued by Roma Capitale for a period of thirty years (from 1 January 1998). No fee was paid for this concession, which is implemented through a special service agreement, which given its concessionary nature, expires on the same date of the concession (2027).

The service agreement envisages, among other clauses, an annual update of the fee concerning consumption of electricity and maintenance and the annual increase of the lump-sum fee in relation to the new lighting installed.

Furthermore, the investments required for the service may be (i) applied for and funded by the Municipality or (ii) financed by ACEA. In the former case, such works will be paid based on a price list agreed by the parties (and subject to review every two years) and will result in a percentage decrease in the ordinary fee. In the latter case, the Municipality is not bound to pay a surcharge; however, ACEA will be awarded all or part of the savings expected in both energy and economic terms according to pre-established methods.

Upon natural or early expiry – also due to cases envisaged under Law Decree no. 138/2011 – ACEA will be awarded an allowance corresponding to the residual carrying amount, that will be paid by the Municipality or the incoming operator if this obligation is expressly set out in the call for tenders for the selection of the new operator.

Lastly, the contract sets out a list of events that represent a reason for advance revocation of the concession and/or termination of the contract by the will of the parties. Among these events, reference is made to newly arising needs linked with public interests, according to which ACEA has the right to receive an allowance according to the product, that is discounted based on the percentage of the annual contractual amount and the number of years until expiry of the concession.

On the basis of the number of public lighting plants as at 31 December 2009, the supplemental agreement establishes the ordinary annual fee as € 39.6 million, including all costs relative to the provision of electricity to supply the plants, ordinary operations and ongoing and extraordinary maintenance.

In June 2016, ACEA and Roma Capitale signed a private agreement aimed at regulating commitments and obligations arising from the implementation of the LED Plan and, consequently, amending article 2.1 of the Supplementary Agreement signed in 2011.

More specifically, the agreement provides for the installation of 186,879 fittings (which became 182,556 at the request of Roma Capitale), in the number of 10,000; the price was set at € 48.0 million for the entire LED Plan.

As a result of the implementation of the LED Plan, the parties partially amended article 2.1 of the 2011 Supplementary Agreement with reference to the price list and the composition of the service management fee.

As regards the Public Lighting Service, following the opinion given by the AGCM (Antitrust Authority) in Bulletin no. 49 of 14 December 2020, Roma Capitale began checking the conditions of congruity and economic convenience of the performance terms pursuant to the service contract between the Administration and ACEA S.p.A. (and through its areti) compared with the terms pursuant to the Consip Luce 3 Convention and, in addition, on the basis of the positions expressed by the AGCM in the said opinion, expressed queries over the legitimacy of the award to ACEA S.p.A.. On 8 February 2021, with a note ref. DG 1585/2021, Roma Capitale communicated the results of the said checks, affirming definitively “the congruity and convenience of the economic terms currently in being with respect to the qualitative and economic parameters of the CONSIP – LUCE 3 convention” and confirming “the correctness of the prices applied for the public lighting service”, overcoming definitively all reserves on the congruity of the prices charged in the context of the contractual relationship in being between Roma Capitale and ACEA S.p.A. With the same note, which, in any event, does not affect the Administration's intention to issue a new call for tenders in order to re-tender the service, the Administration therefore ordered the resumption of the procedures for the payment of ACEA's ascertained receivables in relation to the Service Contract. Following this intention, Roma Capitale, in July 2021, undertook to settle the acknowledged receivables and to adopt resolutions for the acknowledgement of the off-balance-sheet payable in relation to the receivables which cannot be settled immediately. Although there are still some receivable items in dispute, following the discussions of July 2021 and up to November 2021, a large part of the

outstanding amount relating to previous years was paid by Rome Capital and the verification and comparison activities with the Municipality of Rome continued. These comparisons led Roma Capitale to pay ACEA further collections relating mainly to current receivables.

We can inform you finally that while awaiting the conclusion and definition of all the aspects regarding the service, Acea continued the Public Lighting service proceeding regularly to the invoicing as described at length in the Notes to the Statements in the paragraph on Relations with Roma Capitale.

## Integrated Water Service

### Lazio – ACEA Ato2 S.p.A. (Ato2 - Central Lazio - Rome)

The Integrated Water Service in OTA2 Central Lazio - Rome started on 1 January 2003. The management of the OTA Municipalities took place gradually and the Municipalities currently managed are 80 compared to 113 of the entire OTA. Nonetheless, compared to the same period in the previous year, it should be noted that on 14 July 2021 with Regional Council Resolution n° 10, which followed Regional Executive Resolution n° 752 of 3 November 2020 on the same subject, Optimal Territorial Area n° 2, Central Lazio-Rome, was modified including in it the Municipality of Campagnano di Roma, which previously belonged to OTA n° 1 North Lazio-Viterbo. In this way the total number of Municipalities of OTA 2 went up from 112 to the current 113. In the second quarter of 2022, from 1 April 2022 the acquisition of the drinking water and sewerage service for Marano Equo completed the acquisition of the IWS for that municipality, taking the total number of integrated municipal water services to 81.

With Resolution 197/2021/R/idr dated 11 May 2021, ARERA approved the tariff provisions for the third regulatory period (four-year period 2020-2023), adopted by the Mayors' Conference of ATO 2 Central Lazio - Rome ATO 2 S.p.A. with Resolution 6/20 at the meeting of 27 November 2020. Pending approval by the Authority, the tariff prepared by the Governing Body in compliance with paragraph 7.3, letter b) of Resolution ARERA 580/2019/R/IDR (MTI-3), was applied.

The main points of the tariff provision are as follows:

- Placing of the management in the regulatory scheme related to the 5th quadrant pursuant to paragraph 5.1 of Annex A (MTI-3) of Resolution 580/2019/R/IDR (high investments with respect to the value of the existing infrastructures and average per-capita Guaranteed Revenue Constraint (GRC) higher than the national average figure determined by ARERA);
- Works programme for the four-year period 2020-2023 for over € 1.3 billion, with new investments for around € 90 per capita per year; an additional amount of € 3.2 billion is envisaged for the subsequent period 2024-2032;
- Tariff multiplier theta (to be applied to the tariff in force at 31 December 2015) of 1.020 for 2020, 1.078 for 2021 and for the following two years of 1.139 and 1.202 respectively. The theta multipliers for 2022 and 2023 may be redetermined following the biannual update, as provided in article 6 of Resolution 580/2019/R/IDR;
- Use of what is not spent of the solidarity contribution collected in the whole of 2019 (more than € 5.6 million) to reduce the tariff adjustments due for 2020 and 2021;
- Adoption of the value of the "psi" parameter of 0.45 (the maximum value provided for in Resolution 580/209/R/IDR is 0.8) for the purposes of determining the component for the financing in advance of new investments (FNInew)
- Portion as per paragraph 36.3 of Annex A of Resolution 580/2019/R/idr, aimed at integrating the national mechanism to improve the quality of the integrated water system (to be paid to CSEA and included in billing documents with the relevant reason) of 0.4 euro cents/mc applied to water pipeline, sewerage and purification volumes with effect from 1 January 2020.

After the tariff approval by ARERA, in July the Operational Technical Secretariat accepted the prescriptions expressed in Resolution 197/2021/R/IDR, in particular adjusting to the Authority's prescriptions the RDT (Tariff Data Collection) calculation file and, for consistency, the accompanying Report and that related to quality objectives and Action Plan/Strategic Works Plan. The main changes consist of a variation in distribution of some Guaranteed Revenue Constraint (GRC) components for the years 2022 and 2023 and the updating of the calculation methods for some technical quality indicators. However, there is no change in the tariff multiplier values for the 2020-2023 four-year period compared to what was approved by the Mayors' Conference.

The aforementioned resolution of the Conference of Mayors no. 6/2020 also updated the implementation regulation for the integrated water bonus for the ATO2 Central Lazio - Rome. As extraordinary measures and up to 31 December 2021 (unless extended), the new provisions introduced allow users admissible at the moment of the request for the contribution with ISEE (Equivalent Economic Situation Indicator) within the limits set by ARERA exclusively to cover earlier arrears, in addition to the ordinary amount to have access to a further once-off amount up to three times the ordinary value.

Those entitled are direct users (holders of a residential household account) and indirect users (household users in an apartment complex) with the following requisites:

- a) ISEE indicator up to € 13,939.11 and household of up to 3 members;
- b) ISEE indicator up to € 15,989.46 and household with 4 members;
- c) ISEE indicator up to € 18,120.63 and household with 5 or more members.

Under their own responsibility and based on specific certification by the relevant offices, the Municipal Administrations also have the power to authorise the supply for individual users in situations of proven particular economic/social hardship, increasing the ISEE threshold for admission for this specific case.

The amount of the "local" bonus, consisting of the payment of a once-off annual contribution recognised in the bill (in the case of indirect users in the apartment building utility bill), is calculated as the expenditure corresponding to the fixed and variable fees for water, sewerage and purification for a consumption of up to 40 cubic metres per year for each member of the household, for direct and indirect users with ISEE up to € 8,265 and 20 cubic metres per year for each member of the household for other eligible users, based on the tariff in force during the reference year. The bonus is valid for one year and is paid in a single payment, normally within 6 months from the date of submission of the application.

It should be remembered that following the ARERA resolution 639/2021/R/idr of the end of December 2021, containing the criteria for updating the tariff arrangements for the integrated water service for the second two-year period of the third regulatory period (2022-2023), ARERA has made available to the managers the historical data and the preview version of the data collection file (with press releases of 15 February and 1 March respectively).

The deadline set for the transmission by interested parties of any contributions and observations for the purpose of preparing the final version of the RDT2022 file has been set for 10 March 2022.

With subsequent resolution 1/2022 – DSID, the deadline of 30 April 2022 for transmission to the Authority by the EGAs of the tariff arrangements for the 2020-2023 period was repeated, and the associated forms defined:

- Annex 1, which provides indication of the technical and tariff data and the standard forms for updating the works programme, with specific indication of the strategic works plan and the economic and financial plan (RDT2022 file);
- Annex 2, consisting of the standard form for the accompanying report relating to the quality objectives for the 2022-2023 two-year period, and the update to the works programme and the strategic works plan;
- Annex 3, which contains the standard form of the accompanying report for the tariff arrangement.

As mentioned by the measure, pursuant to paragraph 6.3 of resolution 580/2019/R/idr in the event of inaction by the competent party the applications of the parties may be sent to the Authority using the aforementioned procedure.

Lastly, failure to send data, deeds and information according to the methods outlined may lead to the impacts set out by paragraph 5.8 of resolution 580/2019/R/idr (ex officio determination of the tariff, placing the tariff multiplier theta of 0.9).

It should also be remembered that the procedure for the review of certain criteria for the biennial updating of the tariff arrangements of the Integrated Water Service pursuant to resolution 639/2021/R/idr was started, aimed at identifying the most appropriate ways to help ensure to the managers of the integrated water service the finding of the resources necessary to anticipate the expenses incurred for the purchase of electricity in the current year, balancing the need to favour the maintenance of the economic-financial balance of the operators with that of containing the burdens on users, with a view to the sustainability of the applied tariff. To this end, ARERA, with the consultation document 184/2022/R/idr of 26 April 2022, expressed its guidelines on the subject and invited interested parties to submit their comments and proposals by 11 May 2022.

The conclusion of the proceedings was expected by 24 May 2022; ARERA establishes on a transitional and provisional basis, without prejudice to any subsequent recoveries with effect from 1 January 2022, that the subjects competent for the preparation of tariffs, in the context of the relevant determinations and transmissions and in compliance with the deadline of 30 April 2022, will have to continue to apply the rules already introduced with the aforementioned resolution 639/2021/R/idr.

Specifically, and without prejudice to the provisions for the 2022-2023 tariff update set out by resolution 639/2021/R/idr, for 2022 provisions were made for the possibility to formulate a reasoned request for the activation of forms of financial advances to meet part of the expenses incurred for the purchase of electricity. The claim, formulated by the AGB by the deadline of 30 June 2022 at the request of the relevant operator faced with substantiated financial problems, is subject to a series of conditions, including having made recourse to the possibility of exploiting, for the year 2022, the additional forecast component set out by paragraph 20.3 of the MTI-3 and the assumption of the commitment to request from its suppliers instalment arrangements of the amounts due for the energy consumption relating to the months of May and June 2022, according to the provisions of Law Decree 21/2022. The value of the advance cannot exceed 35% of the cost component recognised for the electricity quantified for the purposes of updating the tariff arrangement for 2022. After verification of the conditions and correctness of the documentation submitted, the CSEA will pay the amounts by 31 July 2022, which the beneficiary operator must pay back by 31 December 2024.

Furthermore, in the event of an effective cost for the purchase of electricity referring to 2021 that is higher than the one recognised in application of the rules set out by article 20 and paragraph 27.1 of the MTI-3, the EGA is given the power, at the request of the operator and for the purposes of maintaining the economic and financial balance of the management, to submitted a reasoned request for the recognition of additional costs in the context of the adjustment component relating to systemic changes and exceptional events (paragraph 27.1, letter f), MTI-3) referring to 2023; the request must be accompanied by an action plan to limit the cost of energy.

Annually, starting in 2023, the Authority will publish the annual cost of the electricity supply sector, on the basis of specific investigations, in order to strengthen monitoring of the system.

Finally, ARERA, with provision 112/2022/C/idr of 22 March 2022, resolves to appeal against the unfavourable rulings of the Regional Administrative Court for Lombardy, which ordered the partial cancellation of resolution 643/2013/R/idr (Approval of the water tariff method and completion provisions - MTI). The points in question regard the definition of the adjustment components (use of the inflation rate rather than the financial charges effectively incurred), the methods of calculating the costs for electricity and the lack of consideration of the income from "Other water activities" in the formation of the invested capital.

As of the date of this report, the appeals filed by ACEA Ato2 before the Lombardy Regional Administrative Court against Resolution no. 643/2013/R/IDR (MTI), Resolution no. 664/2015/R/IDR (MTI-2) and Resolution no. 580/2019/R/IDR are still pending.

As of the date of this report, the appeals filed by ACEA Ato2 with the Lombardy Regional Administrative Court against Resolution no. 643/2013/R//Idr(MTI), Resolution no. 664/2015/R//Idr(MTI-2) and Resolution no. 580/2019/R//Idr are still pending.

With regard to Resolution 643/2013, it should be noted that on 8 May 2014 additional grounds were presented for the cancellation of ARERA decisions no. 2 and no. 3. On 9 December 2014 additional grounds were presented for the cancellation of Resolution 463/2014/R/IDR. Pending the scheduling of the hearing, in April 2019 the notice of the hearing was received (the administrative process was cancelled due to the inactivity of the party). Following this communication, on 20 June 2019 ACEA Ato2 presented the request for the scheduling of the hearing together with the new power of attorney signed by the Chairperson. The ruling of the regional administrative court of Lombardy no. 892 of 20 April 2022 confirmed the guidelines already expressed by the Council of State in the cases on resolution 585/2012/R/IDR relating:

- Q to the so-called “white water” for which the appealed resolution “does not impact in a broad sense on the ongoing management agreements”;
- Q to mixed sewerage, stating that “in these cases, since it is not possible to quantify the volumes of water that flow into the sewerage networks from the various points of input, and therefore to break down the relative costs, it responds to economic rationality fees so that the tariffs also cover the costs deriving from the collection and treatment of white water”;
- Q to the financial expenses on adjustments, for which it is confirmed that since the operator incurs an objective cost deriving from the fact that the level of the tariffs initially set by the area governing body is insufficient to cover the costs of the service, the recognition of this financial cost cannot be renounced. Due to this, the Authority must then provide, during determination of the adjustment, for a correction to cover the financial expense on adjustments. The regional administrative court rejected the reason concerning the provision of a cap on adjustments.

With regard to Resolution no. 664/2015, it should be noted that in February 2018 ACEA Ato2 extended the appeal originally proposed, submitting additional grounds of appeal against ARERA Resolution no. 918/2017/R/IDR (biennial update of the tariff arrangements for the integrated water service) and against Annex A of Resolution no. 664/2015, as amended by the aforementioned Resolution no. 918/2017. As of today we are waiting for the hearing on the merits to be scheduled.

In February 2020, ACEA Ato2 also challenged Resolution 580/2019/R/Idr which approved the Tariff Method of the integrated water service for the third regulatory period (MTI-3), reiterating many of the reasons for previous appeals in tariff matters and introducing new ones related to specific aspects introduced for the first time with the new tariff methodology. Other subsidiaries of the ACEA Group that have challenged MTI-3 are ACEA Ato5, Acea Molise and GESESA (which had not previously challenged the resolutions relating to the TTM, MTI and MTI-2). Resolution 235/2020/R/IDR for the adoption of urgent measures in the integrated water service, in the light of the COVID-19 emergency was also appealed). We are awaiting the scheduling of the hearing.

In February 2022, ACEA Ato2 filed an appeal against resolution 639/2021/R/Idr relating to the two-year tariff update for 2022 and 2023. The challenge of the provision, also carried out by the subsidiaries and/or investee companies of the ACEA Group such as ACEA Ato5, ACEA Molise, Publiacqua, Acquedotto del Fiora, Gori, GESESA, Umbra Acque and SII Terni, confirms many of the reasons already advanced against the previous tariff resolutions, adding new ones linked to the new regulation enunciated by ARERA. In relation to the reasons pertaining to the new provisions, note both the mechanism for recognition of the cost of energy, deemed inefficient to intercept the real contingent situation, as well as the provisions with which ARERA declared that it wishes to comply with the law of the Council of State on financial expenses on adjustments, treatment of the New Investments Fund and redefinition of the quota subject to reimbursement to users pursuant to Resolution no. 273/2013.

The quantification of the revenues deriving from management of the integrated water service is the consequence of the application of the new water tariff method (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/Idr of 27 December 2019. In particular, the aforesaid revenues are in keeping with the 2020-2022 tariff arrangement approved by the Mayors’ Conference of OTA2 on 27 November 2020 and by ARERA on 11 May 2021. It is noted that, after the tariff approval by ARERA, in July 2021 the Operational Technical Secretariat accepted the prescriptions expressed in Resolution 197/2021/R/IDR, in particular adjusting the RDT (Tariff Data Collection) calculation file to the Authority’s prescriptions and, for consistency, doing likewise with the accompanying Report and the report on quality objectives and the Action Plan/Strategic Works Plan.

For the purposes of calculating the revenues accruing to the first half of 2022 we took into account the interpretation regarding the delimitation of the “other water activities” that emerges from the aforementioned Resolution on the 2020-2023 tariff preparation. Therefore the revenues of the period amounted to € 341.5 million: they include the estimate of adjustments to pass-through items, the FoNI component of € 33.5 million (€ 24.4 million for the FNI component and € 9.1 million for the Amm.Foni).

#### **Lazio – ACEA Ato5 S.p.A. (OTA 5 - Southern Lazio - Frosinone)**

ACEA Ato5 provides integrated water services on the basis of a 30-year agreement signed on 27 June 2003 by the Company and Frosinone Provincial Authority (representing the Authority for the Ato comprising 86 Municipalities). In return for being awarded the concession, ACEA Ato5 pays a fee to all the municipalities based on the date the related services are effectively acquired.

The management of the integrated water service in the territory of ATO5 - Southern Lazio-Frosinone involves a total of 86 Municipalities for a total population of around 489,000 inhabitants, about 455,164 inhabitants supplied with service coverage equal to around 93% of the territory. The number of users is 200,091.

With reference to the Municipality of Paliano in November 2018 the Council of State finally decided on the appeal filed by the Municipality of Paliano against the decision of the Regional Administrative Court no. 6/2018 – which upheld the appeal filed by the Company against the Municipality of Paliano, in order to obtain the annulment of the measure by which the Municipality opposed its refusal to transfer the service – with decision no. 6635/2018 rejected the appeal filed by the Municipality of Paliano and consequently upheld the decision handed down by the Regional Administrative Court of Latina, reaffirming that the safeguard regime granted to AMEA was “limited to a period of three years from the date of signing of the Management Agreement between AATO 5 and ACEA Ato5; this deadline therefore expired in 2006, so that, after that date, AMEA’s management was to be considered without title”. Since ACEA Ato5 has so far failed to initiate compliance proceedings with a view to verifying the voluntary compliance of the Municipality, which is suitable for preventing the possible appointment of an acting commissioner as has already happened in similar cases, a series of meetings have taken place at the Operational Technical Secretariat of OTAA 5 Lazio Meridionale - Frosinone aimed at seeking an amicable settlement of the dispute and at initiating the preparatory activities for the transfer to ACEA Ato5 of the management of the IWS in the Municipality of Paliano. In this perspective, the Parties – with minutes of 26 November 2018 and 29 November 2018 – performed the update of the previous survey of networks and existing plants in the Municipality of Paliano, necessary for the management of the IWS.

To date, the parties are sharing the IWS handover report, which should also result in the waiver of pending litigation between them. The Parties subsequently held other meetings in order to define not only the technical scope but also the administrative and commercial scope in order to finalise the transfer of the Management of the Water Service of the Municipality of Paliano to ACEA Ato5. However, the Municipality has not provided all the requested information. ACEA Ato5 informed the OTS of this situation on 3 December 2020, and, in the meantime, on 15 December 2020 the Lazio Region also requested clarifications from the Municipality of Paliano and the Area Authority regarding the non-completion of the operations to transfer the Integrated Water Service to ACEA Ato5, warning that in the event of failure to comply with this obligation, procedures would be initiated for the application of substitute powers pursuant to art. 172, paragraph 4 of Italian Legislative Decree no. 152/2006, as amended. The Municipality of Paliano requested an extension to the deadline of thirty days assigned by the Lazio Region. We are therefore awaiting the initiative of the Municipality of Paliano and the Area Authority required to finalise the transfer of the IWS of the Municipality of Paliano.

With regard to the Municipality of Atina, whose management of the IWS has been transferred to ACEA Ato5 as of 19 April 2018, it should be noted that Municipal Council Resolution no. 14 of 17 April 2019, by which the Municipality resolved to “establish the sub/optimal territorial area called Atina Territorial Area 1, with reference to optimal territorial area no. 5, for the continuity of the autonomous and direct management of the water service pursuant to art. 147, paragraph 2 bis of Italian Legislative Decree no. 152/2006, declaring the Integrated Water Service a ‘local public service without economic importance’”.

OTAA 5 appealed the above resolution before the Lazio Regional Administrative Court - Latina Section - also serving the Company and the Lazio Region.

As far as ACEA Ato5 is concerned, while the legal action taken by the AGB is suitable to protect the interests of the Company, it has deemed it appropriate to file suit.

On 1 June 2021 with Note no. 2241/2021 the Lazio region also expressed itself on the subject, repeating the unacceptability of the Municipality’s request for recognition of the Atina 1 Sub Area within the Optimal Territorial Area 5 Frosinone, because this would be contrary to the current national and regional legislation (Italian Legislative Decree No. 152 of 3 April 2006, and Regional Law no. 6 of 22 January 1996). The Municipality therefore continues to have the obligation to award in free concession of use to the operator of the integrated water service the water infrastructures it owns, as provided for in art. 153 paragraph 1 of Italian Legislative Decree 152/2006.

With reference to Tariffs, on 10 March 2021, the Conference of Mayors for Optimal Territorial Area Authority no. 5 - Southern Lazio (hereafter, “OTAA 5”), approved the Tariff Structure for the regulatory period 2020-2023 with resolution 1/2021.

This could be in contrast with the tariff adjustment request, prepared pursuant to art. 5, para. 5.5 of resolution ARERA 580/2019/R/idr, containing the regulatory framework for the 2020-2023 third regulatory period, sent by ACEA Ato5 to ARERA on 15 December 2020, given the continuing inertia coming from OTAA 5.

In fact, note that:

- ❑ the deadline for tariff approval by the competent entities, based on the provisions of resolution ARERA 580/2019/R/idr and subsequent additions made by resolution ARERA 235/2020/R/idr was set for 31 July 2020;
- ❑ the OTAA 5 Operational Technical Secretariat (hereafter, “OTS”) had undertaken to convene the Conference of Mayors to approve the 2020-2023 tariff structure by 15 December 2020 (OTS file no. 4596 of 27/10/2020)

Notably, the Tariff Structure approved by the Conference of Mayors on 10 March 2021 shows, for 2020-2023, significant differences in reference to operating costs and the tariff multiplier.

The non-recognition by OTAA5 of the operating costs incurred by the Operator, documented in the applications presented during the preparatory work for the tariff preparation and definitively formalized by the Operator in the tariff update request sent on 15 December 2020, was not adequately justified and technically represented in the Technical Report produced by OTAA5 accompanying its tariff proposal.

Hence at present the Operator is not aware of the reasons these costs were excluded from the tariff recognition approved by OTAA5 on 10 March 2021.

The Tariff Preparation approved by AATO5 has also established a tariff multiplier that presents the following critical issues:

- a) it does not indicate specific invoicing schedules to recover previous adjustments equal to € 101 million, as resulting from OTAA5 Resolution no. 6 of 13 December 2016 and no. 7 of 1 August 2018;
- b) the amount of the adjustments included by OTAA5 in the aforesaid structure (approximately € 51 million represented in Rctot and approximately € 50 million in the Residual Value component is not integrated into the formula that determines the tariff multiplier for the respective years (2023-2024); the residual portion up to 101 million was represented in the Residual Value, preventing in practice immediate invoicing;
- c) the reduction of operating costs (of € 3.3 million for both the years 2018-2019) made on years for which ACEA Ato5 S.p.A. has already incurred the related expense (costs in the 2018 and 2019 financial statements), entails a financial loss of the same amount, as the tariff change that has to be applied - for the respective years - is less than that applied starting from 1 January 2020 (in accordance with the provisions of art. 7.2 letter a of ARERA resolution 580/2019/R/idr);
- d) it does not provide for adequate coverage of the operating costs incurred by the Operator;
- e) it does not apply a congruous indemnity rate for existing receivables.

In this context, preparatory activities have been launched to challenge the tariff approval before the territorially competent TAR (see paragraph 8.12).

ARERA, with resolution 639/2021/R/idr of 30 December 2021, defined the rules and procedures for the biennial update, provided for by article 6 of resolution 580/2019/R/IDR, for the purpose of restating the tariffs of the integrated water service for 2022 and 2023 drawn up in compliance with the tariff methodology referred to in Annex A to the same resolution (MTI-3).

On February 16, 2022, the Governing Body of the A.T.O 5 sent by certified e-mail to the Manager a note with which he set a schedule of meetings on a weekly basis, on Tuesdays, and until the topics to be discussed were exhausted.

The aforementioned meetings, which are taking place once a week starting from February, are attended by representatives of the Company and the Technical Operational Secretariat assisted by the expert consultant of the EGA for the regulatory area in order to define the requirements necessary for arrive, as soon as possible, at the preparation of a shared tariff proposal.

In support of the activities carried out and with a view to ensuring economic and financial sustainability, the Manager, on 14 February 2022 with note ref. 47536/2022, submitted to EGATO5 the request for valorisation of the additional component of a forecast nature (Op EE exp, a) to be included in the cost component for electricity (COEE a) pursuant to article 4, paragraph 4.3, of the ARERA resolution 639/2021/R/idr, in order to anticipate at least in part the effects of the growth trend in the cost of electricity.

On 4 March 2022, with a note ref. 68235/22, the Company submitted to EGATO no. 5 the request for recognition of the OP social charges, i.e. the costs for the limitation procedure for certain types of users such as the users of the social water bonus, for 2022 and 2023 pursuant to article 18.10 of Annex A to resolution 580/2019/R/idr.

On the other hand, the requests for the recognition of the following charges are being prepared:

- ❑ OPMis for the purpose of implementing the measures aimed at accelerating the adaptation to the most recent regulatory provisions to make users more aware of their consumption, as well as to favour the limitation procedures in the event of arrears and selective disconnection of the supply where applicable;
- ❑ arrears (COmor) for the recognition of a higher percentage of arrears than that recognized by the tariff method (3%);
- ❑ emerging costs that escape tariff regulation (by way of example but not limited to: cyber security, higher costs ARERA resolution 610/21 "Two-year prescription", Drinking Water Directive - EU Directive 2020/2184).

With reference to Resolution no. 229/2022/R/idr of 24 May 2022, on 28 June 2022 the Technical Secretariat of EGATO sent to the CSEA and ARERA, by certified e-mail, the two requests made by the Operator, that of the valuation of the cost component OpEEexp and that of the financial advance, with the relative attachments, reserving the right to complete the sending of the requested documentation as soon as it is available. The amount of the bonuses associated with technical quality was determined within the scope of the "Account for the promotion of the quality of aqueduct, sewerage and purification services" set up at the Energy and Environmental Services Fund (CSEA), fed by the revenue from the UI2 component, and was disbursed, in the amount of € 731,691 at the end of June 2022, by CSEA itself.

With reference to relations with OTAA5, on 11 September 2018, OTAA5 and ACEA Ato5 signed minutes 1 with which the parties expressed their mutual willingness to open a Conciliation Board on the various disputes pending between the same.

Also in the same minutes, the Parties shared the rules of operation of the Conciliation Board and the criteria for the appointment of that Board and, in particular, each party appointed its own member.

On 17 September 2019, the Conciliation Board announced that it had completed the preliminary work on all the items assigned to the roundtable. However, it noted that due to the number and complexity of the issues under examination, a considerable amount of work was required to prepare a document presenting a comprehensive and reasoned conciliation proposal. Following a detailed and in-depth investigation, the Conciliation Board prepared a draft of the Conciliation Proposal, presented to the parties' legal counsel at the meeting held on 11 November 2019. At that meeting, the Parties invited the Board to draw up a draft of the Conciliation that would take into account the report illustrated in that meeting, as well as the proposals made by the Operator, to be submitted for examination and approval to the relevant Bodies.

On 27 November 2019, the Conciliation Board submitted the final Conciliation Proposal to the Parties together with the draft of the Conciliation Deed, which each party will be free to accept or reject, i.e. to accept it in full or even only in part. The assessments of the Board in fact had as objective and inspiring criterion the formulation of a unitary conciliatory proposal, capable of constituting a point of balance between the respective positions and interests of the parties, minimising the negative impacts on customers and on the

rate of the service and which will allow the establishment of a milder climate in relations between the Manager, the Area Authority and the customers of the O.T.A.A. 5, overcoming the previous period characterised by a climate of conflict, which generated serious damage for the Manager also in relations with customers.

Specifically, with reference to the individual mutual claims referred for its assessment, the solutions proposed by the Conciliation Board in the aforesaid Conciliation Proposal are as follows:

- Q judgement pending with the Court of Frosinone, docket number 1598/2012, relating to the 2006-2011 licence fees - the Board of Arbitrators would propose recognition of the debt owed by the Manager for the requested amount of € 1,750,000 (it should be noted that this amount is to be understood as an additional recognition with respect to the amount indicated in the settlement proposal made in the context of the aforementioned pending proceedings - see the description in the preceding paragraph "Civil Judgement RG 1598/2012");
- Q quantification of the concession fee relative to the period 2012-2017, and the linked destination of any economies for a total of 12,798,930.00 - the Board proposes, also taking into account the regulatory guidelines provided by ARERA, that these are taken out of the tariff adjustments in favour of the Operator;
- Q recognition of the amount owed by the Operator (€ 10,700,00.00) - the Board proposes recognition of this credit in favour of the Operator; - compensation of damages suffered by ACEA ATO 5 against delayed delivery of services by the Municipalities of Cassino, Atina and Paliano - the Board holds the Operator's claim to be founded but, in consideration of the difficulty in quantifying the damage suffered and with an eye to amicable settlement, proposes that the Operator renounces this claim with regard to the Area Authority;
- Q compensation of damages for the lack of handover of the ASI and Cosilam plants, assessed in the amount of € 2,855,000.00 - the Board holds that the requirements to dispute a deed which is now final are not met; nonetheless, the Operator will renounce the claim against recognition of the credit for € 10,700,000.00;
- Q recognition of penalties totalling € 10,900,000.00 applied by AATO 5 against the Operator and annulled by the Latina Regional Administrative Court by judgement no. 638/2017; Although the Operator has substantially renounced the application of the said penalties related to the period 2014-2015, the Board proposes partial acceptance of the Area Authority's claim for a total amount of € 4,500,000. In relation to this point, the Conciliation Proposal provides for an irrevocable commitment to make investments, in the territory of the OTA 5, of an amount corresponding to the quantification made by the Conciliation Board, with no tariff recognition and therefore at the total expense of the Operator;
- Q recognition of interest on the delayed payment of concession fees on the part of ACEA ATO 5, assessed in the amount of € 650,000.00 - the Board proposes recognition of this claim;
- Q request for an Operator repayment plan in relation to the Area Authority for debt positions relating to the concession fee for 2013/2018 which, at 30 June 2019, amount to around € 10,167,000.00 - the Board proposes offsetting this debt by the recognition of a credit of € 10,700,000.00;
- Q discounting of the Adjustments 2006/2011, and for 2014, 2015, 2016 and 2017, assessed in the amount of € 1,040,000.00 - the Board proposes recognition of this credit in favour of the Operator;
- Q non-invoicing of adjustments 2006/2011, due to the adjustment of 2012 volumes, assessed in the amount of € 1,155,000 - the Board proposes recognition of this claim in favour of the Operator.

The "Conciliation Proposal" and the draft "Conciliation Deed" were approved by the ACEA Ato5 BoD at a meeting held on 19 December 2019. On 4 February 2020, the Company informed the OTS of AATO 5, with note no. 53150/20, that on 19 December 2019 the BoD approved the Conciliation Proposal formulated by the Conciliation Board and the draft of the Conciliation Deed between AATO 5 and ACEA Ato5 and that, moreover, the Chairperson was given a mandate to sign the Conciliation Deed, confirming in particular the commitment to carry out interventions for a total amount of € 4,500,000 without any tariff recognition, in conciliation and for the reasons set out above.

However, in the light of the conduct shown throughout the conciliation process and, in particular, during the concluding session of 11 November 2019 in which the Conciliation Board illustrated to the legal representatives of the parties the Conciliation Proposal and as the Company's Board of Directors had already approved the related Conciliation Deed on 19 December 2019 and then communicated this decision to the O.T.A.A. 5 on 4 February 2020, the Company decided that at 31 December 2019 an implicit obligation had arisen for the commitments provided for in the Conciliation Deed and, in particular, for the aforementioned commitment to make investments in the territory with no tariff recognition, as the valid expectation that the Company intended to honour these commitments and to assume the related expenses had already been created in the Area Authority and the Municipalities of the territory of the OTAA 5. Based on the information available, considering the approval of the Conciliation Deed by the Conference of Mayors to be probable and consequently also considering the related implied obligation to be likely, at the end of 2019 the Company decided to allocate a provision for risks for € 4,500,000.

To date, the Conference of Mayors has not yet been scheduled for final approval of the two documents.

The Mayors' Conference on 28 October 2021 resolved that the approval of the Conciliation Deed could only be considered upon the outcome of, at least, the preliminary phase of the Criminal Proceeding 2031/2016 pending before the Court of Frosinone. Subsequently, on 26 January 2022, the OTS of OTAA 5 sent the Company a letter ordering it to set up an interest-bearing escrow account within 15 days at the latest, into which the sum of € 12.8 million relating to the aforementioned savings on concession fees for the period 2012-2017, as quantified in the joint report of 29 April 2019 attached to the work of the conciliation roundtable, which - according to the OTS - was allegedly invoiced by the Manager, would be transferred.

The Company acknowledged this letter on 10 February 2022, pointing out, among other things, that the Conciliation Board itself in its report, with specific reference to the savings on the 2012-2017 licence fees, had clarified that "these sums can only be considered virtually and abstractly (and not also in actual financial terms) as being available to the Manager" and that they would indeed represent a suitable financial source to cover the debt of € 10,7 million owed to the Manager or, alternatively, - as proposed in the draft conciliation agreement - to reduce the total amount of the tariff adjustments still due to the Manager, which far exceed the amount in question.

However, the Company is willing to set up a round table to discuss the matter further and find the most suitable solution to reconcile their mutual interests.

In view of the foregoing and pending the examination of the Conciliation Proposal by the Conference of Mayors of OTAA 5, the Company considers the draft Conciliation approved by the Board of Directors of OTA 5 at the meeting of 19 December 2019, as a still valid reference in relation to the overall composition of the issues submitted by the parties to the Conciliation Board and, therefore, considers that the same continues to represent - to the extent of the net amount of € 4.5 million to be paid to the AGB under it - an implicit obligation that can be enforced against it. Therefore, the provision for risks originally recorded in the financial statements as at 31 December 2019 is deemed to be reconfirmed when preparing the Company's 2021 financial statements.

As further confirmation of the continuing validity of the Conciliation Proposal between the parties, it should be noted that on 1 February 2022, the AGB requested the payment of the invoices for concessionary charges issued with reference to the years 2019-2022 and not those issued with reference to the years 2012-2018, which were the subject of the Conciliation Board meeting. The Company responded to this reminder with three separate letters sent on 3 February 2022, 17 February 2022 and on 2 March 2022, in which, respectively, it disputed the amounts of some of the invoices requested by the AGB (the amounts of which do not match those of the invoices in its possession), it put forward a proposal for a payment by instalment plan and reiterated, however, that this instalment proposal is not an alternative to the Conciliation Board, nor does it change its content in any way, but only concerns the settlement of the portion of debts referring to the 2019-2021 period.

Subsequently, with a note dated April 29, 2022, the STO, reiterating its claims regarding concession fees, convened a discussion table for May 6, 2022. In its letter of 6 May 2022, the Company repeated its arguments but confirmed its willingness to attend the requested meeting, although it was held on 09 May 2022. Following that meeting, the parties agreed on the need to begin technical talks in order to investigate the outstanding points. The technical talks are still ongoing, as of the reporting date.

The Mayors' Conference has not yet approved the tariff review for 2022-2023, and therefore the Financial Plan approved by OTAA5 in its Deliberation No. 1/2021 will remain in force. In this respect various considerations should be made.

The Financial Plan:

- ❑ does not set a certain date for the billing of the past tariff adjustments amounting to 50 million euros (out of the total 101 million euros);
- ❑ allows for the billing of 51 million euros only from 2024 onwards - that amount cannot be billed immediately and also, it has not been included correctly in the formula for calculating the authorised tariff change;
- ❑ does not take into account 3.3 million euros of operating costs for 2020-2021, which entails a financial loss of the same amount for 2021;
- ❑ sets a tariff change that is incompatible with the level of investment and operating costs over the Plan time period, as it does not take into account the financial deficit created for the operator from the previous tariff orders.

This delayed financial coverage is also aggravated by the dragging out of the process by which ARERA approves the tariffs for 2016-2019 and the 2018-2019 update. Consequently, although the Mayors' Conference has authorised the GRC for 2016-2019 and 2020-2023 to cover the allowable costs (albeit for a lower amount compared to 2020-2023), the operator is exposed to the uncertainty surrounding the billing of the past adjustments, which are needed to maintain financial equilibrium over the short-term and also in the medium-long term.

In view of the restrictions imposed by ARERA's tariff method, particularly with regard to the two-year time lag in recognising the allowable costs on the tariff, in the current tariff plan for 2020-2023 the AAT05 Mayors' Conference has not guaranteed the funding needed in order for the operator to cover its financial commitments, specifically the plan for repayment of the debt and water service management costs deriving from OTAA 5's previous violations of the tariff approvals.

Faced with this situation, the process of increasing the efficiency of operating costs continued in the first half of 2022 through the adoption of all suitable measures to improve the financial position of the Company necessary to confirm the assumption of business continuity.

The objectives of these actions include:

- ❑ repayment plans to pay off outstanding liabilities towards third-party suppliers and infragroup payables,
- ❑ more intensive use of reverse factoring on the main contracts signed in 2021,
- ❑ a set of coordinated actions designed to reduce bill collection times and thus improve the percentages of amounts received,
- ❑ the remodelling of targeted investments designed to guarantee the continued provision of services and also the financial sustainability of investments in the context of the 2020-2023 period and for the duration of the Plan,
- ❑ the cutting of operating costs due to the lower revenues coming from the Economic Financial Plan approved by the OTAA 5 Conference of Mayors;





- the filing of an appeal against Deliberation No. 1 made by the Conference of Mayors, approving the tariff proposal for 2020-2023,
- the making of an application for financial rebalancing which is a measure provided for in the regulation, if there are tariff-related uncertainties that could potentially create a financial imbalance.

With reference to the tariff deliberation, the Regional Administrative Court rejected the appeal on the grounds of lack of jurisdiction. The Company appealed the sentence before the Council of State.

With reference to the request for rebalancing, containing an illustration of the causes and the extent of the economic and financial imbalance in the management of the IWS of ATO 5 and the proposal of the rebalancing measures assumed, including the request for access to the financial equalisation measures, the OTAA 5 Operational Technical Secretariat responsible for transmitting the request to ARERA began the necessary checks, making use of qualified external consultants. As of the date of preparation of this report, there are no elements that can be used to predict the outcome of the request.

In view of this situation, in which the significant uncertainties from the previous year have persisted, the Directors have taken measures to improve the Company's financial position and to address the financial tensions described above.

The objectives of these actions include, among other things:

- a request for a technical discussion group to be arranged with the OTS, in order to offset the reciprocal debtor positions already discussed at the conciliation roundtable, and to start a repayment plan on the items excluded from the roundtable, compatibly with the current tariff scenario,
- the filing of an appeal with the Regional Administrative court and Council of State, against Deliberation No. 1/2021 made by the OTAA 5 Conference of Mayors,
- submission of the request for economic-financial rebalancing as provided for in Articles 9 and 10 of the Standard Agreement approved by ARERA in its resolution 656/2015/R/idr,
- the signing of medium-long term repayment plans to restructure the debts (to external suppliers and intercompany) expiring on 31 December 2021,
- the adoption of new intercompany repayment plans relative to the portion of outstanding debts not restructured as of 31.12.2022,
- the consolidation and increased usage of reverse factoring as the standard form of paying off new debts from 2022 onwards,
- the further increase in the use of repayment plans (with external and internal suppliers) covered by reverse factoring.

In view of the uncertain regulatory situation surrounding the Company, on 16 June 2022 the parent Acea SpA authorised the capitalisation of Acea Ato5 by waiving its claims to: the non-financial items (trade and other) due as of 31 December 2021, the overdue capital portion of the interest-bearing loan and the portion of interest due as of 31 December 2021, for a total of € 96,337,589.84. It also restructured the liability on the interest-bearing shareholder loan by waiving the interest accruing from year to year and the capital line, which year on year will become due in the years 2022, 2023 and 2024 if the Company requests it and if the uncertain conditions remain.

The capitalisation operation performed by the parent Acea SpA is intended to re-establish financial equilibrium, thanks to the reduction in the stock of accounts payable to the parent company and to the significantly positive effects on NFP, thus freeing up financial resources to be allocated gradually to paying off prior trade payables to third-party suppliers.

The Company must take into account the as yet unforeseeable outcome of the 2022-2023 two-year tariff updating process, which is currently under way with the Area Authority, in order to review its going-concern assessment in terms of updating the economic and financial projections and prospective cash flow from service management. Therefore, it is not yet possible to rule out the continued existence of the many significant uncertainties identified when the Company was preparing its financial statements for 2021, which could generate significant doubts as to the continuation of the business.

Nevertheless, the Directors have maintained the going-concern assumption in the preparation of the half-yearly reports to 30 June 2022, considering that the actions to taken to preserve continuity, which have been further reinforced by the decisions of Acea SpA, will be enough to allow the ordinary management of the business. They are also confident that the tariff proceedings described above, and the ARERA tariff approvals, will be concluded as envisaged, within a reasonable period of time.

We inform that with resolution 183/2022/R/idr of 26 April 2022, published on 28 April 2022, the Authority provided for the first application of the incentive mechanism for the regulation of the technical quality of the integrated water service (RQTI) for 2018-2019. The provision constitutes the implementation of Title 7 of Resolution 917/2017/R/idr, which established an incentive system with reference to macro indicators of technical quality for the pursuit of a series of objectives relating to the integrated water service.

Revenues for the integrated water service are determined on the basis of the new water tariff method (MTI-3), as approved by the Authority (ARERA) with its resolution 580/2019/R/idr of 27 December 2019 and amount to € 41.8 million, including the estimate of adjustments for pass through items and the FoNI component of € 4.9 million. In terms of determining the GRC, the relevant tariff components were valued on the basis of the current EFP in force in accordance with the provisions of Resolution 580/2019/R/idr, Art.7.2, without the incorporation of the new features introduced by Resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - financial charges, tax charges, deflators, inflation), also in view of the fact that the current state of contact with the Technical Secretariat of the EGA does not allow for a different forecast of the revenues of the IWS.

Tariff adjustments amount to € 101.2 million based on the recalculation carried out as a result of the credit adjustment for bills to be issued to users after the audit carried out by ARERA for 2012-2017 and the subsequent tariff update of 1 August 2018 by the AGB.

In reference to additional cases related to legal disputes, filed or being filed, see the "Update on major disputes and litigation" section of this document".

#### Acea Molise

Acea Molise Srl manages the Integrated Water Service in the following multi-regional and multi-area contexts:

- Molise Region: direct management of the Integrated Water Service in the municipality of Termoli (single OTA);
- Lazio Region: the services covered are as follows:
  - direct management of the Integrated Water Service of the Municipality of Campagnano di Roma (OTA 2 Lazio);
  - operation of the purification plant in the Municipality of Valmontone (OTA 2 Lazio).

The Termoli and Campagnano concessions expired at the end of 2021 and were extended by the granting authorities as follows:

**MUNICIPALITY OF TERMOLI:** the management of the IWS in the Municipality of Termoli has been technically extended until 30 June 2022, pending the conclusion of the call for tenders concerning the "Entrusting of the implementation of measures to protect the territory and water and to improve the integrated water service in the Municipality of Termoli - Public Private Partnership - Project Finance with right of pre-emption of the promoter (Art. 183, paragraph 15, Italian Legislative Decree No. 50/2016)".

Despite the fact that Acea Molise was the promoter of the Project Finance with the right of pre-emption, on viewing the qualifications for the tender, the Company realised that it did not possess all of the required qualification requirements. Therefore, consideration was given to the opportunity to still participate in the tender and submit an improved offer (losing the right of pre-emption) with the pooling of TWS (Acea group) and third-party operators of Acea's liking. In addition to broadening requirements, this solution would allow for significant group synergies.

On 29.03.2022, the Board of Directors of the parent company Acea Spa (sole shareholder of Acea Molise) gave a favourable opinion to the Company's request to participate in the tender called by the Municipality of Termoli (with the pooling of TWS and third-party operators), and at the same time resolved on the relevant financial support, up to a maximum amount of € 5 million.

Following this, on 30/03/2022, the Board of Directors of Acea Molise, having taken note of the resolution of the partner Acea Spa, also expressed its favourable opinion to participate in the tender with the establishment of pooling.

On 31/03/2022, Acea Molise, in collaboration with the Group Tenders unit, submitted, through a platform made available by the Municipality of Termoli contracting station, an improved offer, investments side, in relation to the tender documents.

As of 01/04/2022, the deadline for submission of tender bids, there is no news of additional bids beyond that submitted by Acea Molise.

The Central Single Contracting Authority met on 19/05/22, with a note ref. 32122, and communicated the completion of the works by the tender commission with the proposal of awarding the Project Financing in favour of Acea Molise S.r.l. With Executive Resolution no. 1089 dated 20/05/2022, the contract in question was finally awarded to Acea Molise Srl.

The award of the Project Financing tender called by the municipality of Termoli therefore allows the company to continue with good reason in the management of the integrated water service in that municipality, pending regional decisions by the single area operator. A wide-ranging objective of interest to the Acea Group, is in fact the participation in a potential tender for the management of the integrated water service for the entire Molisano area, which could be announced by the first half of 2023. At present, there is evidence of the approval of the regional Area Plan, defined by the EGAM in collaboration with Sogesid (a company 100% owned by the Ministry of Economy and Finance), and officially published on the Molise Region website, and there is news of the imminent establishment of a management company with 100% public capital to which the entire integrated water service of the single OTA of Molise will be entrusted.

Therefore, developments are awaited regarding the decisions of the Molise Region and the EGAM regarding the operational mode of management of the integrated water service in the Molisano area: through total in-house management or with the (hoped-for) help of a private partnership.

**MUNICIPALITY OF CAMPAGNANO DI ROMA:** The concessionary management of the drinking water distribution service of the Municipality of Campagnano, entrusted in 1991 and extended in 2000 to the entire Integrated Water Service, expired on 31 December 2020 and has been extended until 31 December 2021, pending the ratification by the Regional Council of the move of the Municipality of Campagnano di Roma from OTA1 North Lazio-Viterbo to OTA2 Central Lazio-Rome.

On 14 July 2021, the Regional Council of the Lazio Region, by Resolution no. 10, ratified the transfer of the Municipality of Campagnano di Roma, from OTA1 North Lazio-Viterbo to OTA2 Central Lazio-Rome, an area whose single operator is the company ACEA Ato2. During the second half of 2021, a series of meetings took place with the municipality and the Acea Ato2 Area Operator to define the handover of the integrated water service.

Despite the commitment of the parties involved in the management transition, on 14 December 2021, with a letter ref. 37728, the Mayor of the Municipality of Campagnano di Roma, due to the complexity of the procedural process, both administrative and technical, for joining OTA2, asked Acea Molise if it could continue the management of the integrated water service of the same Municipality, for an additional year, and therefore until 31 December 2022, as a reasonably estimated term for the conclusion of the management

transition to ACEA Ato2. At the same time, he asked Acea Molise for its availability, as of 1 January 2022, to also operate the municipal arsenic treatment plant (Water purifier station) upon tariff adjustment.

On 20 December 2021, with a letter ref. 24984. Acea Molise Srl expressed its willingness both to continue the municipal integrated water service for an additional year and to expand its scope of management by taking over the Water purifier station.

Currently, all preparatory activities for the management handover are underway in consultation with the Operational Technical Secretariat (OTS) of OTA2 Central Lazio-Rome, and it is assumed that these will materialise by 30 September 2022.

**MUNICIPALITY OF VALMONTONE:** The management contract for the Valmontone Purification Plant naturally expired in April 2022, and the business was to be taken over by the single area operator ACEA Ato2 Spa.

However, the Parties have agreed to postpone the expiration of the contract by 3 months, to 31/07/2022, in order to allow Acea Molise Srl to conclude all activities pertaining to waste disposal, as indicated in the loading and unloading register in the company's name.

#### **Campania – GORI S.p.A. (Sarnese Vesuviano)**

Gori provides integrated water services in 76 Municipalities in the provinces of Naples and Salerno, on the basis of a thirty-year agreement signed on 30 September 2002 by the company and the Sarnese Vesuviano Area Authority. Gori pays a fee to the grantor of the concession (the Sarnese Vesuviano Area Authority), based on the date the right to manage the related services is effectively acquired. The area of operations has remained unchanged compared to the previous year, since the process of acquiring management is now complete. In fact, 76 Municipalities are managed, i.e. all those falling under Ato 3 in the Campania Region.

#### **2020 - 2023 Regulatory Framework**

On 12 August 2021, the Executive Committee of the Authority definitively approved the 2020-2023 Regulatory Framework for the operator GORI SpA with Resolution no. 35; also on 12 August 2021, the offices of the CWA then sent the regulatory framework to ARERA via the IT procedure. Under this CWA-approved regulatory framework, a Theta of 1 is provided for the years 2020, 2021 and 2023 and a Theta increase of 2.4 is provided for the year 2022.

In the resolution in question, the CWA also decided to postpone any further and final determination regarding possible corrective measures on the regulatory frameworks referring to previous periods not considered in the approved proposal, in order to wait for the measures that ARERA will have to take in execution of the provisions established by the ruling of the Council of State, Sixth Section, No 5309/2021 of 13 July 2021; more specifically, the Council of State ordered ARERA to renew the preliminary investigation underlying the tariff determinations approved by the same ARERA with Resolution no. 104/2016/R/idr concerning the "approval for the purposes of establishing the value of adjustments in the context of the tariff method for the second regulatory period MTI-2, tariff provisions regarding the Sarnese-Vesuvian optimal territorial area, for the 2012-1015 period", without prejudice to the fact that "renewal of the enquiry has no constrained content; it could end obviously in confirmation of the tariff decision cancelled herein only for insufficient enquiry".

Consequently, with Resolution no. 373/2021/R/idr of 7 September 2021 and the subsequent Resolution no. 18/2022/R/idr of 18 January 2022, ARERA started the procedure for the renewal of the aforementioned preliminary investigation, at the outcome of which it provided, initially, for the adoption of the final measure by 31 December 2021, then extended to 15 March 2022, due to the extension of the term intervened with the aforementioned Resolution no. 18/2022/R/idr.

At the moment, as part of the aforementioned enquiry procedure initiated by ARERA, the Campania Water Authority ("CWA") – at the specific request of the Authority and in response to the requirements of Council of State Sentence No 5309/2021 – has ascertained the validity of the Area Plan, approved in 2000 and regularly updated in 2007, and has ascertained that the managing entity GORI S.p.A. ("GORI" or "Operator" or "Company") effectively implemented the Area Plan up to the end of 2011 in accordance with the provisions of sector-specific legislation.

In addition, on 25 May 2022, ARERA, at the outcome of the initial preliminary investigation activities conducted, convened a preliminary investigation meeting pursuant to point 2 of Resolution no. 373/2021/R/IDR, "with the aim of ensuring the widest "cross-examination with the appellant entities", as judged by the Council of State in the aforementioned ruling, before the adoption of the measure concluding the proceedings, (...omissis...) "aimed at representing the outcomes of the preliminary investigation activities carried out by the writing offices, and to allow the relevant subjects to provide contributions or comments during the meeting in question".

As a result of the aforementioned meeting, ARERA adopted, on 31 May 2022, Resolution no. 247/2022/R/IDR, concerning "Determinations for the renewal of the preliminary investigation with regard to the tariff arrangements for the operator GORI S.p.A, for the years 2012 and 2013, and extension of the deadline for the conclusion of the proceedings aimed at complying with ruling No 5309/2021 of the Council of State" by which the Authority has further extended, to 30 September 2022, the deadline for the conclusion of the proceedings, initiated by Resolution 373/2021/R/idr (for the renewal of the preliminary investigation underlying the tariff determinations referred to in Resolution 104/2016/R/IDR, in compliance with ruling No 5309/2021 of the Council of State) and assigned to the Campania Water Authority a deadline (no later than ninety days from the receipt of this measure, i.e., by 29 August 2022) for the adoption and submission of the relevant determinations to the Authority, also providing - where the Campania Water Authority does not ensure, in compliance with the terms and procedures for the adoption and submission of the relevant documents - the zeroing of the share of the related operating costs referred to in Article 154, paragraph 1, of Italian Legislative Decree 152/06.

At present, to the best of its knowledge, the Campania Water Authority is preparing the documents to be submitted to the Executive Committee for final approval and subsequent submission to the Authority within the prescribed deadlines.

Revenues as of 30 June 2022, which total € 125 million, were determined on the basis of the regulatory scheme approved by the Campania Water Authority with Resolution 35/2021, in compliance with ARERA Resolution 580/2019/R/idr, adjusted on the basis of the provisions of ARERA Resolution 639/2021, with which the Authority defined the criteria for the two-year update (2022-2023) of the tariff arrangements for the Integrated Water Service.

Verification of parameters to identify the regulatory quadrant and the presence of OPnew relative to systematic changes in operator activities in the "presence of the supply of a new service (e.g. purification or sewers for an operator whose management was previously limited to aqueduct services or, in other cases, in the presence of expansion with an upstream supply chain), pursuant to article 18.2, 18.3, letter c) and 18.4 of Annex A to resolution ARERA 580/2019/R/idr, determined placement in the VI regulatory quadrant. Nonetheless, as already noted, in order to guarantee the social sustainability of the tariff, while respecting economic/financial balance in managing the IWS, Campania Water Authority resolved on a tariff increase lower than the maximum limit allowed under the regulatory method MTI-3.

It should also be noted that, for the calculation of the Guaranteed Revenue Constraint (GRC) as at 30 June 2022, the constraint component relating to the Opsocial supplementary water bonus, pertaining to the year 2022, has been set equal to zero because, although it has been recognised within the regulatory framework approved by the CWA, a specific deliberative act is actually missing, considering that "*the disbursement of the supplementary water bonus is subject to any determinations that will be made, in this regard, by the Campania Water Authority to maintain the facility provided in the 2018-2019 two-year period, identifying at the same time the number of beneficiaries entitled to the supplementary water bonus and the related access procedures*"; while the Opsocial component related to the years 2020 and 2021 (not recognised in the respective financial statements) was considered in the calculation of the Constraint, as resolved by the Executive Committee of the Campania Water Authority in Resolution no. 2 of 5 May 2022, by which it approved the criteria for the allocation of the supplementary water bonus for the 2020-2021 two-year period.

The purely regulatory components COdeltafanghi and COEE were also considered.

The OpexQC and OpexQT components were calculated in the amount of what was requested in the related cost recognition requests, within the limit of what was recognised in 2019.

The OPnew included in the calculation were quantified in the same manner as in previous years, and therefore, on the basis of the full cost recovery principle, the costs effectively incurred on plants transferred at 30 June 2022 are covered, as demonstrated in the accounting documents.

At 30 June 2022, the works transferred to the Operator are: Waterworks at Mercato Palazzo with transfer in October 2016, waterworks at Boscotrecase and Cercola with transfer in March 2018, waterworks in the Nolana area with transfer in September 2018, waterworks at Campitelli and Boccia a Mauro to complete the Vesuvius area with transfer in December 2018, the Angri Wells Field with transfer in February 2019, the Nolana Area treatment plant with transfer in March 2019, the completion of the Sarnese Area with transfer in April 2019, the Medio Sarno 2 treatment plant with transfer in July 2019, the transfers relating to the Medio Sarno 3 treatment plant and the Sorrentine Peninsula water area in December 2019, the transfer of the Foce Sarno treatment plant in December 2020, and finally the transfer of the Alto Sarno treatment plant in January 2021.

External operating costs Opexend were defined based on what is established in article 17.1 of Annex A to resolution ARERA 580/2019/R/idr when measures were introduced to incentivise efficient behaviour by operators; to that end, calculation of the per capita level of operating costs incurred by GORI in 2016 placed GORI in class B1 of the regulatory matrix pursuant to article 17.1 of resolution ARERA 580/2019/R/idr, while calculation of estimated operating costs, using the statistical model found in article 17.2 of Annex A to resolution ARERA, transformed into per capita terms, placed the operator in Cluster A of the regulatory matrix. Therefore, GORI was placed in quadrant 4 of the regulatory matrix. The Opexend thus defined, adjusted by the inflation coefficient provided by the Authority as part of the 2022-2023 two-year regulatory update, amount to € 74.8 million.

The GRC was also updated pursuant to art. 27.1 of Annex A of ARERA Resolution no. 580/2019/R/idr as subsequently amended and integrated which envisages that, for the purposes of determining the GRC for the 2020-2023 regulatory period, some cost items (electricity cost, balance of payments and penalties, Authority contribution, cost of wholesale supplies, activity costs connected to the IWS due to systemic changes in the conditions of the service or to the occurrence of exceptional events) are subject to a final assessment, as adjustment components (Rc), relative to the year (a-2).

With regard to the calculation of the Constraint for the costs for wholesale water services by the Campania Region at 30 June 2022, the tariff approved by the CWA by Resolution no. 7 of 26 June 2019 was considered. This determines the 2020-2019 regulatory scheme for the proposed wholesale water tariff for the "Campania Region" operator and is equal to € 0.20452/m<sup>3</sup>, with the application, for the year 2022, of a theta equal to 1.060 (6% increase).

The pertinent cost at 30 June 2022 on the COws relating to regional water supplies, according to the principle of full cost recovery, was approximately € 3.1 million, entered for the same amount in GRC and in the related costs.

As regards the COws of the collection and purification service, here again they were calculated starting from the quantification of the recognised costs which, to determine the relevant costs at 30 June 2022, according to the full cost recovery principle, amounted to approximately € 3.7 million. Reference was made to the tariff for wastewater collection and purification services, equal to 0.310422 €/m<sup>3</sup>, (as a result of application of the ARERA 338/2015/R/idr resolution to the regional tariffs for wholesale services, recognised by the Parties within the minutes of the meeting of 4 March 2016 between the Campania Region, the Area Authority and Gori), applying it to volumes treated by the regional plants.

#### **Operating Agreement between Campania Region, the Campania Water Authority and GORI**

On 8 November 2018, an Operating Agreement was entered into between the Campania Region, the Campania Water Authority and GORI ("Operating Agreement") aimed at the complete implementation of the Integrated Water Service in the Sarnese-Vesuvian District

area within a framework of economic-financial equilibrium of the management for its entire residual duration and the pursuit of the following related objectives: (i) GORI's assumption of the service's management and the taking over of the so-called "Regional Works" (i.e. several major infrastructures of the IWS falling within the territory of the Sarnese-Vesuvian District area, managed for a long period by the Campania Region and transferred by the latter to the operator GORI in the period between 2019 and 2021) and their consequent efficiency improvement; (ii) approval by the Campania Region of plans for the payment in instalments of the debt accrued by the Company for the wholesale supplies (of water and sewer and purification services) provided from 2013 onwards, and the concurrent resolution of the complex legal dispute that has arisen with respect to the payment for the regional "wholesale water" supplies and the regional "wastewater collection and purification" services; (iii) the creation of conditions to facilitate GORI's access to the credit market; (iv) the commitment of the parties to the extent of their remit to restore/maintain the economic-financial equilibrium of the IWS of the OTA, if the need should arise.

As a result of the Operating Agreement, the Company entered into a long-term loan agreement with a pool of banks on 18 July 2019, with an availability period of 4 years, a ten-year term and a final maturity for repayment on 31 December 2029.

Moreover, the Covid-19 health emergency and rising raw material and energy costs have inevitably led to significant socio-economic criticalities, for which the national government, the Campania Regional Council and also ARERA have adopted and are adopting a series of measures in order to mitigate the effects, above all - as far as it is of interest here - to provide greater protection to the users of the IWS (suspension of credit collection activities and suspension/interruption of service for defaulting users, as well as deferment of payments). As a result of this situation, the Campania Region and GORI - also in order to ensure a socially sustainable tariff in this historical period and, at the same time, maintain the level of planned investments and, more generally, ensure the economic and financial balance of the management of the IWS of the Sarnese-Vesuvian District area - have already determined to reschedule the payments of the sums due by GORI to the Region as debt for past wholesale supplies, reaching on 20 November 2020 the stipulation of an Additional Act to the Operating Agreement, with which the payment of the instalments due in the period from December 2020 to December 2021, amounting to approximately € 34.4 million, is postponed to 2028.

Similarly, as part of the preparation of the 2020÷2023 Regulatory Framework approved by the Campania Water Authority by means of Executive Committee Resolution no. 35 of 12 August 2021, the deferment of the instalments provided for in the repayment plans established by the Operating Agreement for the years 2022, 2023 and 2024 (and amounting in total to approximately € 34.4 million) to the years 2030, 2031 and 2032 is planned. In any case, the Campania Region, Campania Water Authority and GORI will still be required to identify suitable solutions to ensure that the economic and financial balance of IWS management is maintained.

With reference to the judgement of the Lombardy Regional Administrative Court (RAC) no. 1619 of 29 June 2018 we can inform you that the Council of State, accepting partially the appeal of the aforesaid Municipalities, with the recent judgement no. 5309 of 13 July 2021, revised the judgement of the Lombardy R.A.C. Milan office no. 1619/2018, on the premise that ARERA had not carried out a correct enquiry regarding *"the quantification of the tariffs"*, because it had not assessed whether the Area Plan had been effectively implemented after 2009 and, that is, after the proceeding to revise it had been launched; it therefore argued, for the purposes of the aforesaid *"quantification of the tariffs"*, on the verification of effective implementation of the Area Plan *"... taking into account the need to verify the congruity of the costs with respect to the planned objectives also "in relation to the investments planned" (art. 149 Italian Legislative Decree 152/06) ... which implies the need for an enquiry ... on the status of implementation of the [area] plan as a condition for assessing concretely the operating costs and a possible concrete assessment of the situation determined in order to identify the adequate tariffs..."*. The Council of State then concluded providing for a temporary reduction of 30% of the tariff increase provided for in Resolution no. 104/2016/R/idr *"while awaiting renewal of the enquiry proceeding"* of ARERA in preparation for the assumption of new decisions (also confirming the decisions made with ARERA resolution 104/2026/R/idr regarding *"quantification of the tariffs"* – *"as in any case the amount of the earlier consolidated tariffs is not in question and as a preponderant weight has to be attributed in any case to the approval of the plan"* – without affecting the fact that *"renewal of the enquiry has no constrained content; it could end obviously in confirmation of the tariff decision cancelled herein only for insufficient enquiry but on the basis of new elements, that is the precise verification of the implementation of the plan and of the presumable justified future modulation of the works planned or on the basis of a more specific different motivation or, on the contrary, if the Authority so decides, it could end in confirmation wholly or in part of the jurisdictional cancellation order (which has only a preliminary conformatory effect while awaiting renewal of the technical assessments). This reduction is ordered, until the new decision of the Authority, which must intervene promptly and expressly and concretely motivate on the effects deriving, for the purposes of covering the costs, from any remaining non-implementation of the plan, unless final adjustments are ordered after the renewal (if the reduction in the increase cancelled herein were to be calculated in an amount of less than thirty percent)"*. In this regard, it is specified that since the Campania Water Authority (i.e., the competent government authority) has not adopted the tariff structure for the 2020-2023 four-year period, ARERA gave notice to the Campania Water Authority on 2 July 2021 to *"comply pursuant to paragraph 5.6 of resolution 580/2019/R/IDR and art. 3, paragraph 1(f) of the Prime Ministerial Decree of 20 July 2012"* and, therefore, to proceed, within 30 days from receipt of said memo, with the decisions and submissions within its remit with reference to the years 2020-2023, *"noting that, after this deadline the operator's request would be understood to have been accepted by the competent authority as the tariff structure, as a result of the provisions of art. 20 of Law no. 241/1990, and would be sent to the Authority for evaluation and approval in the subsequent 90 days"*. Following ruling no. 5309/2021 of the Council of State, ARERA gave another notice to the Campania Water Authority (which had communicated that it had *"deferred the approval of the 2020-2023 regulatory scheme, as prepared by the offices, in order to verify the impact of the Ruling [of the Council of State] on the Regulatory scheme in question and pending the acquisition of specific clarifications [...]"* from the Authority regarding the effects of said ruling) and the Operator – each within the scope of its own remit and *"[...] pending the said renewal [of the supplementary investigation ordered from it by the Administrative Judge] [...]"* – to proceed with adopting the 2020-2023 tariff structure *"[...] while guaranteeing the economic and financial balance of the management [...]"* and

taking account “[...] (also for the purposes of verification of compliance with the price limit set by the regulation in force *pro-tempore*) of the effects of what was established by the aforementioned ruling [...]”, thus in terms of “price limits” of invoicing users. Therefore, ARERA – with Resolution 373/2021/R/idr of 7 September 2021 – has already initiated the procedure for compliance with Ruling No 5309/2021 of the Council of State, with the primary and express purpose of “... renewal of the preliminary enquiry – limited to the profiles referred to in the grounds [of Ruling No 5309/2021] – underlying the tariff determinations referred to in Resolution 104/2016/R/idr”. Moreover, ARERA with subsequent Resolution 247/2022/R/idr of 31 May 2022, ordered the Campania Water Authority: “... to employ and submit to the regulatory Authority, within and no later than 90 (ninety) days starting from the receipt of this measure, the specific determinations, within its competence and responsibility, regarding the tariff preparations relating to the operator GORI S.p.A, for the years 2012 and 2013, without prejudice to the timelines set by the Authority with regard to the regulatory fulfillments pertaining to subsequent years; ... for the purpose of a complete renewal of the preliminary investigation with regard to the aforementioned tariff arrangements, to ensure that the submission to the Authority of the determinations ... be accompanied by all the data and information already requested by the Offices of the Authority with the communication of 11 November 2021, referred to in the grounds, along with – also taking into account the report produced by the appellant municipalities – the information required to provide all the elements useful to the conduct of the proceedings in question within a clear and consistent framework; ... to extend to 30 September 2022 the deadline for the conclusion of the proceedings, initiated by Resolution 373/2021/R/idr, for the renewal of the preliminary investigation underlying the tariff determinations referred to in Resolution 104/2016/R/idr, in compliance with ruling No 5309/2021 of the Council of State ...”. To date, within the scope of the investigations carried out, it emerges that no immediate restitution should be made to users, given that any reduction of 30% (if confirmed) would in any case be absorbed by the tariff adjustments accrued by the Operator GORI and still open, as confirmed by the resolution of the Executive Committee of the CWA No 35 of 12 August 2021. Therefore, it is necessary to wait for the measures that the Authority will adopt by the deadline (30 September 2022) in execution of ruling No 5309/2021 of the Council of State. For the reasons stated and on the basis of the opinion of the legal consultants consulted for this purpose, as it stands there are no economic impacts expected from this Council of State ruling, including in light of the fact that it will nevertheless be necessary to wait for any new ARERA resolutions.

#### **Campania – GESESA S.p.A. (OTA 1 - Calore Irpino)**

The Company operates in OTA 1 Calore Irpino which promotes and develops the initiative for the Management of the Integrated Water Service in Municipalities in the Province of Avellino and Benevento. Currently, the Authority – governed by the Extraordinary Commissioner referred to in DGR no. 813/2012 and merged into the regional EIC at the end of 2018 – has not yet assigned the management of the Integrated Water Service (aqueduct, sewerage and treatment) to a single operator. Gesesa manages the Integrated Water Service in 22 Municipalities in the province of Benevento for a total resident population of 117,492 inhabitants spread over an area of about 710 square kilometres with a water infrastructure of about 1,547 km, a sewerage network of 553 km and about 332 plants managed. The total number of user accounts amounts to 57,405, for which 2022 consumption has been estimated at about 7.8 million cubic metres of water.

The sewerage service is provided to approximately 80% of users while the purification service reaches about 35% of users.

With regard to the management concession of the IWS of the Municipality of Benevento, which expires on 30 June 2022, it should be noted that the Municipality of Benevento, by resolution of the Municipal Council of 29 June 2022, resolved to extend the concession of the service to the Company for 12 months, considering this time period necessary to allow the Campania Water Authority to initiate the procedures to enable the single operator, who will be identified, to be able to take over the management of the service.

It should be noted that one of the company's objectives is to consolidate, expand and increase the efficiency in particular of the sewerage and treatment service. For these reasons, the investments also focused on the improvement and adaptation of the sewerage systems and the restructuring of the treatment plants and the preliminary design of those not yet present in the territory.

In relation to criminal proceeding 5548/16 R.G.N.R. in which the Public Prosecutor's Office at the Court of Benevento, in May 2020, placed 12 of the company's purification plants under seizure with the appointment of a Judicial Administrator to manage them, the Public Prosecutor in May, among others, requested the indictment of several managers and employees of Ge.se.sa. The preliminary hearing has been set for 23 January 2023.

It should be noted that the investigation relates to the management of the treatment system in the Beneventan territory and its possible connection with the pollution of water bodies that are linked to that area. Based on that claimed, the accused are alleged to have, in particular, committed fraud in public services, pursuant to article 356 of the Criminal Code and the crime of environmental pollution, pursuant to article 452-bis of the Criminal code which, in the Public Minister's opinion, is a direct consequence of the negligent management of the purification plants. Gesesa is continuing the execution of the work contained in the Audit prepared by the Judicial Administrator as a result of the investigation of the plants themselves to identify solutions and interventions aimed at improving the efficiency of their purification performance. The execution of the work is carried out according to the terms contained in the agreement approved by the examining judge for the Court of Benevento, signed on 17 March 2021, between the Company and the Judicial Administrator.

It should be noted that during the meetings of the Technical Committee, established for the management of the activities under the agreement, which are held periodically, it was acknowledged that the difficulties and delays for the procurement of materials as a consequence of the COVID emergency have continued, so the deadline set for the completion of the upgrading work may also not be met.

In relation to the 231 proceedings against the company, it should be noted that for this too, in May, the Public Prosecutor requested indictment for the company, and the simultaneous discussion of all positions in relation to both individuals and the company was ordered. The preliminary hearing has been set for 23 January 2023.

Regarding the measure of 11 November 2021, with which the examining judge, at the request of the C.T. and the Public Prosecutor, had ordered the seizure of funds, directly traceable to the profits of the crime at the company's disposal and the seizure, with the aim of confiscation, of fungible assets, property and anything else of patrimonial value at the Company's disposal, up to a value of over € 78,000,000, with the appointment of a Judicial Administrator, annulled following the acceptance of the appeal, by the Judicial Review Court, it is noted that this measure, following the failure of the examining judge to appeal, has become final.

Regarding the tariff update, the CWA has not yet approved the proposed two-year update of the 2018-2019 tariffs, although it has, by a note of the General Manager ref. 3866 of 28 February 2020, deemed the documentation provided and the processing carried out as part of the preliminary investigation by the Planning Sector Manager to be consistent with the Authority's regulatory framework, nor has it approved the tariff method for the third regulatory period (MT3) 2020-2023.

It should also be noted that on 29 December 2020, with note VC/plb/50001/2020, and the lack of approval of tariff updates persisting, the company submitted to the CWA the request for tariff updating pursuant to Article 13, paragraph 13.4 of ARERA Resolution 918/2017/R/IDR and the request for the tariff provision containing the regulatory frameworks of the third regulatory period 2020-2023 provided for in Resolution 580/2019/R/idr, requesting, at the same time, ARERA to exercise its substitute powers. This action, to date, has only resulted in the sending on 2 July 2021, of a warning from ARERA to the Campania Water Authority, which has not been followed up.

As a result of these actions and the feedback provided by the CWA, despite the difficulties in creating dialogue with the latter, a discussion between the parties has always been maintained, which, at present, has been unproductive.

With regard to the biennial update of the 2018-2019 tariffs, the Company prepared the final accounts referring to the 2016 and 2017 years and the Works Programme for the preparation of the tariff revision proposal with the definition of the GRCs and the Theta for the years 2018-2019, revising the investment planning for the years 2018-2019, also incorporating the results of the inspection audit of 16-20 October 2017 contained in the ARERA Determination No DSAI/26/2018/IDR, dated 10 April 2018, having as its object the initiation of a proceeding for the adoption of sanctioning and prescriptive measures regarding the tariff regulation of the Integrated Water Service.

Finally, with reference to the sanction proceedings under DSAI/26/2018/IDR, on 21 June, the Authority issued Resolution 262/2022/S/idr - Imposition of pecuniary administrative fines for violation of IWS tariff regulation, imposing a fine totalling € 83,700. From an initial analysis of the document, it is clear that no account has been taken of the incorporation of the violations ascertained, carried out by the company in the 2018-2019 two-year tariff update proposal (which, moreover, was never approved by the CWA and was the subject of the request to ARERA for the exercise of substitute powers).

#### **Tuscany - Acque S.p.A. (OTA 2 - Basso Valdarno)**

The management agreement, which came into force on 1 January 2002 with a 20-year duration (expiry is now in 2031), was signed on 21 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of Ato2, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 57 Municipalities. In return for award of the concession, Acque pays a fee to all the Municipalities, including accumulated liabilities incurred under previous concessions awarded.

With Resolution no. 6/2018 of 22 June 2018 concerning the "Update of the tariff structure 2018-2019", the Executive Council of the Tuscan Water Authority modified, with the same tariff multipliers, the composition of the 2016 and 2017 tariffs approved by AIT Resolution no. 32/2017 of 5 October 2017 providing for a remodulation of the recovery of tariff adjustments for approximately € 9.7 million in the period 2022-2023.

With the same Resolution the Executive Council of the Tuscan Water Authority approved the 2018-2019 tariff proposal, the update of the works programme, the updating of the economic and financial plan and the extension of the duration of the concession of service from the previous deadline of 31 December 2026 to the new deadline of 31 December 2031. On 9 October 2018 with Resolution no. 502/2018/R/IDR ARERA approved the tariff proposal.

The new Tariff plan with the end of the concession on 31 December 2031, compared to the previous plan with the end of the concession on 31 December 2026, contains the forecast of greater investments in service infrastructure and more contained tariff increases.

Finally, it is noted that on 24 January 2019, with the submission of the required documentation, with the termination of the previous loan and the related hedging contracts and with the stipulation of the new interest rate hedging contracts, the suspensive conditions were met and, therefore, the new loan agreement became effective. The new loan was established with a pool of banks and envisages two lines of credit: (i) Term Line of € 200.0 million disbursed in a single use and with final single maturity of 29 December 2023 and, (ii) RCF Line equal to € 25.0 million payable in one or more uses within the period of use and final maturity on 29 December 2023. This line must be used exclusively to meet the financial needs of the Company for its ordinary business.

At the same time the new loan agreements were entered into, 6 new interest rate hedging contracts were entered into. These new contracts envisage the Company's semi-annual payment of a fixed rate to the counterparties starting from 24 January 2019 and in correspondence with a payment by the counterparties to Acque of a variable rate.

The 2020 - 2023 tariff arrangement was approved by ARERA on 28 September 2021 by Resolution no. 404/2021/R/IDR. The Contractual and Technical Quality Macro-indicator targets for the year 2020 and 2021 and the Tariff Multiplier Values for the years 2020 - 2023 were also approved. The submission of preparatory data for the two-year tariff review is currently underway.

As is known, with Resolution 639/2021, ARERA recalculated the WACC for the years 2022 and 2023.

For the same level of investment, this will result in a decrease in the Financial and Tax Charges recognised and this decrease is partially offset by the revaluation of the RAB due to the deflator.

#### **Tuscany - Publiacqua S.p.A. (OTA 3 - Medio Valdarno)**

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 20 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of OTA 3, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 49 Municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentinagas. In return for awarding the concession, the Operator pays a fee to all the Municipalities, including accumulated liabilities incurred prior to the awarding of the related contracts.

Regarding the new tariff structure, with AIT Resolution no. 24 of 7 December 2018, the AGB with the approval of the 2018-2019 tariffs also approved at the same time the extension of the Company's concession until 2024. The Company then began a market survey with the main financial institutions, aimed at verifying the availability and economic conditions to proceed with the disbursement of a medium/long-term bank loan aimed in part at extinguishing existing financial exposures and in part at supporting the investments provided for in the new approved Works Programme. On 18 June 2019 the banks were invited to submit a binding offer on the basis of a term sheet. Following the offers received, on 31 July 2019 the Company signed the new loan for € 140.0 million divided among five lending banks. The **Base Line** must be used for the full repayment of the existing Loan stipulated on 30 March 2016 with BNL and Banca Intesa for the payment of the ancillary costs of the new Loan and for the requirements related to the realisation of the investments envisaged in the EFP, while the **Investment Line** will be used to fully cover the requirements for further investments envisaged in the EFP. Among the conditions precedent to the disbursement of the loan, the lending banks have requested ARERA's approval of the new Tariff Plan, including the extension of the concession. On 6 February 2020, ARERA sent a communication on the tariff provisions for the Integrated Water Service for the two-year period 2018-2019 confirming the validity of the tariff determinations adopted (and consequently the approval of Publiacqua's 2018-2024 Economic and Financial Plan), for which the suspensive condition could be exceeded after the end of the year. It is noted that on 26 June 2020, the AIT approved the tariffs for the third regulatory period (2020-2023) and promptly sent the tariff proposal to ARERA. Substantially, the regulatory Economic and Financial Plan (EFP) highlights a tariff trend, and consequently a Guaranteed Revenue Constraint (GRC), that is constant over time, with application only of annual inflation. On 16 February 2021, with Resolution no. 59/2021/R/idr ARERA approved the specific regulatory scheme containing the tariff provisions for 2020-2023 pursuant to Authority Decision of 27 December 2019, 580/2019/R/IDR and related Annex A, containing "2020-2023 Water Tariff Method MTI-3"; therefore, the tariffs for 2021 were determined in accordance with the aforesaid resolution.

On 31 March 2021, following ARERA resolution 59/2021, the agreement which approved the extension of the concession to 31/12/2024 was signed with the AIT. Finally, it should be noted that the tariff update process for the 2022-2023 two-year period has been initiated; therefore, Publiacqua has sent all data to the AIT for approval of the tariff provision.

#### **Tuscany - Acquedotto del Fiora S.p.A. (OTA 6 - Ombrone)**

Based on the agreement signed on 28 December 2001, the operator (AdF) is to supply integrated water services on an exclusive basis in OTA 6, consisting of public services covering the collection, abstraction and distribution of water for civil use, sewerage and waste water treatment. The term of the Management Agreement is 25 years from 1 January 2002 and in 2020 was extended until 2031.

With regard to the update of the tariffs, on 27 November 2020, based on the actual data collected referring to the years 2018 and 2019 and the Investment Plan, the Tuscan Area Governing Body (AIT) approved the tariff revision proposal with the MTI-3 scheme, setting the GRC and the Theta of the years 2020-2023 and also redesigning the entire tariff profile until the end of the IWS concession (Deliberation of the Executive Council of the AIT no. 6/2020 of 27 November 2020). This tariff proposal was then forwarded by the Tuscan AGB to ARERA for final ratification, which was carried out by ARERA Resolution 84/2021/R/IDR on 2 March 2021, approving the GRC and Theta proposed by the AIT. Revenues for the period were therefore based on the current tariff Economic and Financial Plan (EFP) approved by ARERA.

#### **Toscana – GEAL S.p.A. (Ato1 – Toscana Nord)**

The Company manages the Integrated Water Service in the Municipality of Lucca in accordance with the Management Agreements with the local authority expiring on 31 December 2025, updated during 2013 to take into account the memorandum of understanding signed with the AIT on 29 November 2011 and in 2016 pursuant to ARERA Resolution no. 656/2015. With regard to tariffs, it should be noted that ARERA approved the plan for the four-year period 2016-2019 with Resolution no. 726 of 26 October 2017 and approved the related update with Resolution no. 387 of 12 July 2018, also incorporating the request made by GEAL for the recognition of the OpexQt component for € 180,000/year. Regarding the four-year period 2020-2023, on the basis of the rules established by ARERA Resolution no. 580 of 27 December 2019, GEAL provided all documentation required for preparation of the new plan in the initial months of 2020, in line with the deadlines set by the AIT. On the basis of this data and the verifications carried out jointly by the Company and ARERA, the tariff provisions for the years 2020-2023 was prepared, and subsequently approved with AIT Resolution no.4 of 28 September 2020. The dynamics of tariff increases planned for the four-year period 2020-2023 are the same as those approved



by ARERA in 2018, even though the new rules of the MIT-3 have imposed new limits on operators. We can note that with ARERA Resolution no. 265 of 22 June 2021, the tariff structure for 2020-2023 was approved. In particular, this resolution confirmed the increases envisaged by AIT Resolution no. 4 of 28 September 2020, equal to 6.2% for each of the 4 years. Finally, it should be noted that on 31 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023. The document, as per good practice, has been brought to the attention of ARERA for final approval of the tariffs. It should be noted that ARERA, with Resolution no. 183/2022/IDR/R, awarded the Company a bonus of € 2.805m (ACEA share € 1.346m) for the results achieved in Technical Quality in the 2018-2019 two-year period.

#### **Umbria - Umbra Acque S.p.A. (OTA 1 - Umbria 1)**

On 26 November 2007, ACEA was definitively awarded the contract in the context of the tender procedure launched by the Area Authority for OTA I Perugia for selection of the private minority industrial partner of Umbra Acque S.p.A. The entry into the capital of the company (with 40% of the shares) took place with effect from 1 January 2008. The company performed its activities in all 38 Municipalities constituting OTAs 1 and 2.

The tariff applied to users for the year 2019 is the rate applied to users was determined by Resolution no. 489 2018/R/IDR of 27 September 2018 with which ARERA approved the updating of tariff arrangements for the two-year period 2018-2019, previously proposed by the Assembly of Mayors of the AURI with Resolution no. 9 of 27 July 2018. Finally, we inform you that on 29 December 2018 the request to extend the duration of the assignment to 31 December 2031 pursuant to art. 5.2 and 5.3 of the Convention and Resolution 656/2015/R/IDR was formally sent to AURI and ARERA. It should also be noted that the determination of the new tariff plan for the regulatory period 2020-2023 (MTI-3), which includes the outcome of the request to extend the duration of the contract from 4 March 2028 to 31 December 2031 and the acquisition of the new structured loan linked to a bankable regulatory EFP could be significantly reflected in the company's operations, and therefore in the pursuit of the Company's institutional objectives.

As of 30 June 2022, the rate applied to users was determined on the basis of Water Tariff Method 3 (MTI-3) under Resolution no. 36/2021/R/idr of 2 February 2021 with which ARERA approved the preparation of the 2020-2023 tariff update previously approved by the Assembly of Mayors of the AURI with Resolution no. 10 of 30 October 2020, which, for 2022, provide a theta of 1.105 and an increase of 5.24% compared to 2021, also due to the billing of GRC adjustments for 2018. The average tariff €/m<sup>3</sup> was approximately € 3.02 at 30 June 2022. The number of users served was approximately 233 thousand, substantially unchanged compared to the previous year. With reference to volumes, on the basis of the estimates made, approximately 14.2 million m<sup>3</sup> of water was distributed (+4.5% compared to the first half of 2021).

Finally, it should be noted that ARERA Resolution no. 183/2022/IDR/R awarded the Company a bonus of € 1,532 thousand (Acea share € 613 thousand) for the results achieved in Technical Quality in the 2018-2019 two-year period. The bonus was collected on 2 June 2022.

#### **Umbria –S.I.I. S.c.p.A. (OTA2 – Umbria 2)**

The Optimal Territorial Area Authority no. 2 Umbria (O.T.A. Umbria n°2), awarded to S.I.I. S.c.p.A. from 1 January 2002, the date on which the Convention was signed, for the duration of thirty years, the management of the Integrated Water Service (water supply, sewerage and treatment, hereinafter IWS) in the 32 municipalities of the Province of Terni (today Sub-area no.4 of the Umbria AURI). The Terni Area covers an area of 1,953 square kilometres, 93% of which is hills and 7% mountains. With the exception of the industrial areas of Terni and Narni, the land is prevalently used for forest and agriculture. The resident population served amounts to approximately 220,000 inhabitants. There are approximately 121 thousand users served.

Pursuant to ARERA Resolution 639/2021 for the two-year update (2022-2023) of tariff arrangements, the Company supplied and submitted to AURI the data collection for 2020 and 2021, completed with the applications for the recognition of the RCarc, OPmis, OPSocial and OpexQC components. At the same time, it has produced what is required to allow AURI to formulate a reasoned request to the CSEA for the activation of forms of financial advances related to the procurement of resources to meet part of the expenses incurred for the purchase of electricity in accordance with the timeframe provided by ARERA Resolution 229/2022.

During the six-month period, the Company amended the Regulations for the drinking water distribution service and the Service Charter to accommodate the new features of ARERA Resolution 609/2021, mainly concerning the treatment of hidden leaks compared to the procedures adopted so far. This revision was approved by the Consumer Council at its meeting on 15 June 2022.

#### **Progress of the procedure for approving the tariffs**

The following table shows the updated situation of the procedure for approving IWS tariff provisions for Group companies relating to the 2016-2019 regulatory period, the 2018-2019 two-year tariff update, and tariff provisions for 2020-2023. The 2022 – 2023 two-year tariff update is ongoing, which has only been concluded for GEAL with the approval of the area governing body (EGA).

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023
ACEA Ato2	On 27 July 2016, the AGB approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. <u>The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed.</u>	The Conference of Mayors approved the tariff update on 15 October 2018. On 13 November 2018, ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/idr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA Resolution.	On 27 November 2020, the AGB approved the tariff for the 2020-2023 regulatory period with Resolution no. 6/2020 ARERA approved the 2020-2023 tariffs on 12 May 2021 with resolution 197/2021/R/IDR
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex <sub>QC</sub> . ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016,	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. ARERA has not yet given its approval.	On 14 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023
	rejecting, among others, the request for recognition of the Opex <sub>qc</sub> . Approval by ARERA is awaited.		On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021. ARERA has not yet given its approval. The Manager appealed against this resolution to the Regional Administrative Court, which rejected the appeal. The Company appealed to the Council of State and submitted an application for economic and financial rebalancing.
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opex <sub>qc</sub> as of 2017. Approval by ARERA is awaited. With Resolution 247 of 31 May 2022, ARERA ordered CWA to employ and submit - within 90 days - specific determinations regarding tariff arrangements for the years 2012 and 2013. The measure at the same time extends the deadline for the conclusion of the proceedings to 30/09/2022, for the renewal of the contradictory preliminary investigation underlying the tariff determinations in Resolution 104/2016 (2012 - 2013 and 2014 - 2015)	On 17 July 2018 the Extraordinary Commissioner of the AGB approved the 2018-2019 tariff update. ARERA has not yet given its approval.	On 18 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. Following a warning from ARERA, CWA with resolution dated 12 August 2021, approved the 2020-2023 tariff proposal. ARERA has not yet proceeded with approval.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Executive Council approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With Resolution 502 of 9 October 2018, ARERA approved the 2018-2019 tariff update.	On 18 December 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 7. ARERA approval arrived with resolution 404/2021/R/idr of 28 September 2021.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. <u>On 12 October 2017, with resolution 687/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. ARERA approved the 2020-2023 tariff provisions and the 2018-2019 two-year update with Resolution 59/2021 of 16 February 2021.	On 26 June 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 3. ARERA approved the 2020-2023 tariff provisions with Resolution 59/2021 of 16 February 2021.
Acquedotto del Fiora	On 5 October 2016, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . <u>On 12 October 2017, with resolution 687/2017/R/idr, ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Executive Council on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its Resolution of July 2018. ARERA approved the two-yearly update (with a small correction of the recognised Opex <sub>QC</sub> ) and the extension of the concession with Resolution no. 465 of 12 November 2019.	On 26 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 6. ARERA provided approval with resolution 84/2021/R/IDR of 2 March 2021
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the Opex <sub>qc</sub> . <u>On 26 October 2017, with resolution 726/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	On 12 July 2018 ARERA approved the 2018-2019 tariff update proposed by AIT.	On 28 September 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 4, updated with Resolution nos. 13 and 14 of 30 December 2020. ARERA provided approval with resolution 265/2021/R/idr of 22 June 2021. On 31 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023.
Acea Molise	Following Resolution no. 664/2015/R/IDR, both for the Municipality of Campagnano di Roma (RM) and the Municipality of Termoli (CB), Municipalities where Crea Gestioni offers the IWS, neither the Granting Body nor the Area Authority of reference submitted a tariff proposal for the regulatory period 2016-2019, so the Company independently submitted tariff proposals. Currently approval by the ARERA is still pending.	The Company has submitted the data to the competent parties/AGB in order to update the 2018-2019 tariff. For the management of the IWS in the Municipality of Campagnano di Roma (RM), given the inaction of the designated parties the Company filed an application with ARERA in early January 2019 for a tariff adjustment in 2018-2019, also revising the 2016-2019 proposal. ARERA has not yet pronounced or issued a warning to the AGB and/or to the competent parties. For the management of the IWS in the Municipality of Termoli (CB), with a Resolution dated 17 December 2019 the Municipal Council of Termoli approved the alignment of the pre-existing Agreement to the Agreement template, extending its expiry to 31 December 2021, and confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for 2018 and 2019, also revising the 2016-2019 proposal. ARERA has not yet given its approval.	The Municipality of Termoli approved the tariff provisions for 2020-2023 on 4 February 2021. These were sent by the EGAM on 4 March 2021. For the Municipality of Campagnano, the Operator sent the tariff provisions to ARERA on 30 March 2021 in accordance with the provisions under art. 5.5 of Resolution 580/2019/R/idr.
Gesesa	On 29 March 2017 with Resolution no. 8 of the Extraordinary Commissioner the OTAA1 approved the tariff provisions for the years 2016-2019. Currently approval by the ARERA is still pending.	The Company submitted the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation by the technical offices of the competent AGB (EIC-Campania Water Authority) was completed at the end of February 2020. The final approval of the EIC Executive Committee has not yet been given.	On 29 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. The CWA convened the District Council for 22 July 2021 (findings report on checking of the minutes of 31/7/20) following the warning from ARERA received on 2 July 2021. In February 2022, a new District Council was appointed, which has not yet expressed a position on the tariff arrangements.
Nuove Acque	On 22 June 2018, the AIT Executive Council approved the rates	On 16 October 2018 with Resolution 520 ARERA approved the 2018-2019 tariff update proposed by the AIT.	On 27 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 5. ARERA provided approval with resolution 220/2021/R/IDR of 25 May 2021
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the Opex <sub>qc</sub> . <u>The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.</u>	In its session of 27 July 2018, the AURI Assembly approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with Resolution no. 489 of 27 September 2018	AURI approved the 2020-2023 tariff provisions with Resolution no. 10 of 30 October 2020. ARERA approved the same with Resolution 36/2021 of 2 February 2021.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023
SII Terni S.c.a.p.a.	On 29 April 2016, with Resolution no. 20, AURI approved the tariff multiplier for the 2016-2019 four-year period and with determination no. 57 it approved the adjustment for previous items. ARERA approved the 2016-2019 tariff provisions with resolution 290/2016 of 31 May 2016.	With resolution of the Board of Directors of AURI no. 64 of 28-12-2018, approval was given to the 2018-2019 two-year update. ARERA approved the biennial adjustment 2018-2019 with its resolution of 20 September 2018 464/2018.	AURI approved the 2020-2023 tariff structure with the resolution by the Assembly of Mayors 12 of 30 October 2020. ARERA provided approval with resolution 553/2020 of 15 December 2020.

### Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in the first half of 2022 valued on the basis of the new MTI-3 Tariff Method. The data also include the adjustments of passing items and the Fo.NI component.

In terms of determining the GRC, the relevant tariff components were valued on the basis of the current EFP in force in accordance with the provisions of Resolution 580/2019/R/idr, Art.7.2, without the incorporation of the new features introduced by Resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - Ofin, Ofisc, deflators, inflation), also in view of the fact that the current state of contact with the Technical Secretariat of the EGA does not allow for a different forecast of the revenues of the IWS.

Company	Revenue from the IWS (pro quota values in € million)	FoNI (pro quota values in € million)
ACEA Ato2	341.5	FNI = 24.4 AMMFoNI = 9.1
ACEA Ato5	41.8	FNI = 2.0 AMMFoNI = 2.9
GORI	125.0	-
Acque	35.9	FNI = 1.4 AMMFoNI = 2.2
Publiacqua	48.9	AMMFoNI = 8.1
AdF	55.7	AMMFoNI = 6.5
Gesesa	7.1	AMMFoNI = 0.1
Geal	4.3	AMMFoNI = 0.6
Acea Molise	3.3	-
IWS	23.0	AMMFoNI = 0.6
Umbra Acque	18.3	FNI = 0.1 AMMFoNI = 0.6

## Related Party Transactions

### ACEA GROUP AND ROMA CAPITALE

Trading relations between ACEA Group companies and Roma Capitale include the supply of electricity and water and provision of services to the Municipality.

Among the principal services are the management, maintenance and upgrading of public lighting facilities and, with regard to environmental–water services, the maintenance of fountains and drinking fountains and the additional water service, as well as contract work.

Such relations are governed by appropriate service contracts and the supply of water and electricity is conducted by applying the tariffs in force on the market adjusted to the supply conditions.

ACEA and ACEA Ato2, respectively, provide public lighting and integrated water services under the terms of two thirty–year concession agreements. Further details are provided in the section “Service concession report”.

In 2019, Roma Capitale and the ACEA Group began a technical round table to define some previous positions regarding the services provided under water service and public lighting contracts. At present, the parties are continuing to reconcile their respective items.

For further information regarding relations between the ACEA Group and Roma Capitale, reference should be made to the disclosures regarding receivables and payables from and to the Parent Company in note 26 of this document.

The following table shows details of the main revenues and costs at 30 June 2022 of the ACEA Group (compared to those of the previous year) deriving from the most significant financial relations.

€ thousand	30/06/2022	30/06/2021
<b>REVENUES</b>		
Supply of fresh water	25,179	23,041
Supply of electricity	1	3
Public Lighting Service Contract	20,681	13,254
Public Lighting contract interest	2,685	3,015
Water maintenance service contract	63	115
Monumental fountain service contract	63	115
<b>COSTS</b>		
Concession fee	13,168	13,168
Lease fees	56	67
Taxes and duties	1,509	1,185

Reference should be made to note 26.b for details on the impact of these transactions, while the table below summarises the changes in receivables and payables.

€ thousand	31/12/2021	Collections / payments	Accruals 2022	30/06/2022
RECEIVABLES	150,421	(11,356)	50,127	189,192
PAYABLES	(182,598)	17,159	(110,660)	(276,099)

### ACEA GROUP AND ROMA CAPITALE GROUP

The ACEA Group also maintains trading relations with other companies, special companies and entities owned by Roma Capitale, mainly concerning the supply of electricity and water.

The supply of services to entities owned by the Roma Capitale Group is also conducted by applying the tariffs in force on the market adjusted to the supply conditions. The prices applied to sales of electricity to free market users are in line with the sales policies of ACEA Energia.

The following table shows the most significant amounts of revenues, costs, receivables and payables deriving from relations between the ACEA Group and entities owned by the Roma Capitale Group.

Roma Capitale Group	Trade payables	Costs	Trade receivables	Revenues
AMA S.P.A.	687	593	4,883	2,897
ATAC S.P.A.	106	36	7,635	859
Assicurazioni Di Roma - Mutua Assicuratrice Romana	119	57	7	1
<b>Total</b>	<b>913</b>	<b>686</b>	<b>12,524</b>	<b>3,757</b>

### ACEA GROUP AND MAIN CALTAGIRONE GROUP COMPANIES

The ACEA Group companies maintain trading relations that mainly concern the supply of electricity and water.

The supply of services to entities owned by this company is conducted by applying the tariffs in force on the market adjusted to the supply conditions. The prices applied to sales of electricity to free market users are in line with the sales policies of ACEA Energia.

The following table shows the most significant amounts relating to financial relations between the ACEA Group and the main entities owned by the Caltagirone Group at 30 June 2022.

€ thousand	Revenues	Costs	Receivables	Payables
Caltagirone Group	80	53	66	183

#### ACEA GROUP AND SUEZ ENVIRONMENT COMPANY SA GROUP

There were no relations with companies in the Suez Group as at 30 June 2022. It must also be noted that the financial balances described above do not include relations with companies in the Group consolidated under the equity method., which are included in the financial statements.

#### List of significant related party transactions

It should be noted that no non-recurring significant transactions with related parties were carried out during the period. The table below shows the percentage weight of transactions with related parties on the statement of financial position, the income statement and the cash flow statement.

#### Impact on the Statement of Financial Position

€ thousand	30/06/2022	Of which with related parties	Impact	31/12/2021	Of which with related parties	Impact
Financial assets	18,257	6,584	36.1 %	22,549	8,319	36.9 %
Trade receivables	1,143,284	94,262	8.2 %	1,071,644	51,601	4.8 %
Current financial assets	526,166	140,515	26.7 %	407,944	113,981	27.9 %
Trade payables	1,668,913	80,043	4.8 %	1,706,363	51,965	3.0 %
<b>Borrowings</b>	<b>679,107</b>	<b>204,834</b>	<b>30.2 %</b>	<b>285,222</b>	<b>120,137</b>	<b>42.1 %</b>

#### Impact on the Income Statement

€ thousand	30/06/2022	Of which with related parties	Impact	30/06/2021	Of which with related parties	Impact
Consolidated net revenue	2,347,664	61,354	2.6 %	1,824,266	50,742	2.8 %
Consolidated operating costs	1,681,197	33,600	2.0 %	1,216,595	30,894	2.5 %
<b>Total Financial (costs)/income</b>	<b>(43,729)</b>	<b>(2,378)</b>	<b>5.4 %</b>	<b>(43,359)</b>	<b>2,379</b>	<b>(5.5%)</b>

#### Impact on the Cash Flow Statement

€ thousand	30/06/2022	Of which with related parties	Impact	30/06/2021	Of which with related parties	Impact
Increase in receivables included in the working capital	(113,800)	(42,662)	37.5 %	(108,847)	(36,951)	33.9 %
Increase/decrease in payables included in the working capital	(30,644)	28,078	(91.6%)	(100,907)	49,769	(49.3%)
Collections/payments deriving from other financial investments	(114,318)	(24,799)	21.7 %	(50,013)	(8,848)	17.7 %
Dividends received	3,381	3,381	100.0 %	2,466	2,466	100.0 %
Decrease/increase in other short-term borrowings	(32,019)	84,698	ns	(162,888)	(44,792)	27.5 %
Dividends paid	(88,282)	(88,282)	100.0 %	(90,623)	(90,623)	100.0 %



## Update on major disputes and litigation

### Tax issues

#### Tax audit of SAO (now incorporated into ACEA Ambiente)

In October 2008, the Revenue Agency notified the company with two notices of assessment which reassessed, inter alia, the tax reports for the tax years 2003 and 2004 with regard to the IRES tax. The alleged irregularities arise from the application of article 14, paragraph 4-bis of Law no. 537 of 24 December 1993.

The appeals filed by the Company were merged by the Tax Commission of Terni which, in the month of May 2009, upheld the application for suspension filed by SAO and in November 2009 stayed the proceedings by raising the issue of the constitutionality of Article 14, paragraph 4 bis of Law no. 537 of 24 December 1993, upon which the tax assessment was based.

By decision of March 2011 the Constitutional Court dismissed the constitutionality issue and remanded the proceedings to the Tax Commission of Terni. In January 2013, the Commission upheld the appeals filed by SAO and ordered the Agency Revenue to pay 50% of the legal costs incurred by the Company.

By judgement 419/04/14 issued on 24 February 2014, filed in July 2014, the Regional Tax Commission of Umbria rejected the appeal filed by the Revenue Agency, ordering it to pay the legal costs. On 21 September 2015, the company received from the State Attorney General the appeal filed by the Revenue Agency with the Court of Cassation against the cited judgement 419/04/14: SAO (now ACEA Ambiente) filed its appearance with a defence statement and simultaneous conditional cross-appeal, on 28 October 2015. Currently no date has been fixed for the hearing before the Supreme Court of Cassation.

In addition to the above, in November 2008, the Revenue Agency notified the company, and the former Parent Company EnerTAD S.p.A., with a notice of assessment that reassessed the IRES tax due for the 2004 tax period, establishing an additional tax charge of € 2.3 million for taxes, net of penalties, where applicable. The alleged irregularities arise from the application of article 14, paragraph 4-bis of Law no. 537 of 24 December 1993.

The Company's defence arguments were upheld by both the Provincial and the Regional Tax Commission. In February 2013, the Revenue Agency appealed to the Supreme Court of Cassation and the company filed its appearance.

The Court of Cassation with judgements no. 29153/21 and no. 29400/21, overturning completely the rulings of the Tax Commissions, cancelled the appealed judgements and sent the case back to the RTC of Umbria for a new examination of the disputes.

The cases must be resumed within the term of six months from the filing of the Court of Cassation judgements under the terms of art. 63 of Italian Legislative Decree no. 546/1992 so that the RTC can proceed to a new examination of the disputes.

In any case, it is believed that the actions of the tax authorities mentioned above are illegitimate, and that the risk of having to pay the full amount is remote, which previous shareholder (EnerTad, now Erg Renew) will be obliged to pay on the basis of the guarantees issued as part of the purchase/sale agreement regarding the shares of the direct parent company A.R.I.A. S.r.l. (now Acea Ambiente s.r.l.).

For the sake of completeness, we also mention that in January 2009, the company challenged the decision ref. no. 2008/27753 of 27 November 2008 by which the Revenue Agency suspended the payment of a VAT refund claimed by the Company for the 2003 tax year. This refund amounting to € 1.3 million, was recognized by the tax authorities, but it was suspended as a precautionary measure due to the above mentioned tax assessments. The Tax Commission, with Ruling issued following the hearing held in March 2010, upheld the appeal lodged by the company, thus cancelling the cited measure against the aforementioned ruling. The Court of Cassation with judgement no. 33284/21 of 11 November 2021, accepted the appeal presented by the Revenues Agency against the judgement of Sect. no. 4 of the Umbria RTC no. 52/04/12 of 26 March 2012, which had cancelled the measure with which the Office ordered the suspension of disbursement of the VAT rebate related to the 2003 tax period.

It should be noted that the receivable concerning the above VAT refund was sold for valuable consideration in July 2010. The buyer lodged an appeal, simultaneously requesting discussion at a public hearing for the cancellation of measure 73747/2011 by which the Terni Provincial Department of the Revenue Agency declared the sale of said VAT credit from SAO to said assignee to be unacceptable. By ruling no. 52/04/12 issued on 3 October 2011 and filed on 26 March 2012, the Perugia Regional Tax Commission rejected the appeal filed by the Tax Authorities, with reimbursement of costs. The Revenues Agency lodged an appeal to the Court of Cassation. With judgement no. 29050/21 of 20 October 2021 the Court of Cassation rejected completely the appeal presented by the Revenues Agency.

#### Tax audit of areti

In the Report on Findings (PVC) concerning the general inspection for 2010, an assessment was also made for the years from 2008 to 2012 on the taxation treatment of some items that were previously inspected and had a multi-annual validity.

On the basis of the notification made in the PVC, the Lazio DRE - Major Taxpayers' Office served five notifications of assessment concerning VAT for 2009, 2011, 2012, 2013 and 2014.

With regard to the notices relating to 2009, 2011 and 2012, the Regional Tax Commission considered the company's reasons valid and annulled the notices of assessment, and the litigation is now pending before the Court of Cassation. With regard to the year 2013, the CTP rejected the appeal filed by the Company. The date of discussion for the notice of assessment for the year 2014 has not yet been set.

On the basis of another report, the Company received notices of assessment for the years 2011 to 2014 concerning the IRAP treatment of tariff benefits granted to employees and former employees. As regards the year 2011, the CTR, the Court of Cassation rejected the appeal proposed by the Office; with regard to the 2012 annuality, the Provincial Tax Commission cancelled the notice of assessment,

the Inland Revenue filed an appeal against the aforementioned sentence, the Company is still awaiting the setting of the second degree hearing. For the years 2013 and 2014, the PTC rejected the Company's appeal. On 23 January 2020 the Company served notice of appeal against the first instance decision related to 2013. For the year 2014 the terms for presenting an appeal are still pending.

#### **Tax disputes/lawsuits with ARSE**

In January 2016, ARSE, a company at the time already closed due to complete spin-off, was informed of a notification of liquidation of the complementary register fee concerning the requalification of the conferment transaction and subsequent transfer of the equity investment in Apollo Srl, a company in the photovoltaic segment. The tax demanded, including interest, amounts to € 672 thousand.

On 7 March 2017, the beneficiaries of the ARSE – ACEA S.p.A., ACEA Liquidation e Litigation (ex Elga Sud) and ACEA Produzione – believe the notification of liquidation is groundless as regards both the obvious technicalities in terms of its form and as regards the dispute involved in the notification.

On 15 January 2018, the hearing for discussion was held before the Provincial Tax Commission of Rome. By judgement no. 1926/15/2018 deposited on 22 January 2018, the judges cancelled the notice of assessment challenged. On 5 June 2018 the Office filed an appeal against the above judgement; the companies joined the proceedings in the second instance, filing counterarguments on 7 August 2018. As of today's date, a hearing to discuss this case has not yet been scheduled.

On 14 June 2012, the Company was delivered a Report on Findings from the Italian Financial Police - Rome Tax Police Department following its inspection to check the correct use of the tax suspension provisions under the VAT tax warehouse system pursuant to article 50-bis of Italian Law Decree 331 of 30 August 1993 ("VAT Deposits"), relating to certain assets imported by the Company in 2009, 2010 and 2011.

Based on the alleged abusive use of the aforementioned system by the company, the inspectors charged the company with failure to pay VAT on imports – for 2009, 2010 and 2011 – amounting to a total of € 16,198,714.87.

On 6 August 2012 the company submitted a defence brief pursuant to art. 12, paragraph 7, of Law no. 212 of 27 July 2000 concerning the findings contained in the aforementioned Report on Findings.

The issue relating to the concepts of simulated warehouses and the introduction of goods to the country is particularly well-known and debated, and has been the subject of numerous papers on practices issued by the Customs Authority and several cases of legal intervention.

The company considers that all the factual and legal conditions envisaged in the regulation on the use of VAT Deposits, as interpreted by the relevant administrative bodies, were fully satisfied and therefore the aforementioned Report on Findings is without grounds.

#### **Tax audit of ACEA Ato5**

On 7 March 2018 the Guardia di Finanza - Economic and Financial Police Unit of Frosinone - Section for the Protection of Public Finance commenced a general tax audit of the Company. The audit was concluded on 25 October 2018 with the drafting of the PVC (Audit Report) that alleged substantial violations of income taxes and IRAP by the Company in the 2013 tax year.

It is also noted that on 21 December 2018 the Court of Frosinone - section of the judge for preliminary investigations notified the Company of a decree of preventive seizure (no. 3910/2018) of the financial resources present in the Company's current accounts up to the value of € 3.6 million, charging the Company with a crime under art. 4 of Italian Legislative Decree 74/2000.

On 24 December 2018 the Company produced and filed with protocol no. 77899 its own Observations regarding the PVC, drawn up according to article 12, paragraph 7 of Italian Law no. 212 dated 27 July 2000.

On 3 January 2019, the Inland Revenue – Provincial Department of Frosinone – Control office, notified the Company of assessment notice no. TK00C6M02152/2018, with which the tax return was adjusted for IRAP for the 2013 tax period for an amount payable by the company of € 591 thousand for taxes, net of fines and interest. The findings identified derive from application of articles 5 and 25 of Italian Legislative Decree 446/97 and in particular relate to an undue downward variation due to the use of a risk provision, the omitted accounting/declaration of positive income components as well as the undue deduction of negative income elements related to default interest. The Company appealed against the said assessment before the Provincial Tax Commission of Frosinone. Based on the assessments of its tax advisors, the Company has not identified any particular risk with regard to this audit.

In any case, taxes were paid on a provisional basis pending the trial, the hearing for which was held on 3 July 2019. On 23 October 2019 sentence no. 475/1/2019 was filed by the Provincial Tax Commission of Frosinone rejecting the appeal filed by the Company against the administrative fine imposed by the Revenue Agency for violations ascertained by the Guardia di Finanza for 2013. The Company challenged the aforementioned judgement and filed an appeal before the Regional Tax Commission.

It is noted that the findings for IRES purposes relating to the aforementioned tax assessment report have been the subject of a separate assessment as described below.

Finally, it is noted that on 1 February 2019, having examined the request for review pursuant to art. 324 of the Italian code of criminal procedure proposed by the Company, the Court of Frosinone, having heard the parties in the Council Chamber at the hearing and dissolved the reservation, annulled the decree of preventive seizure issued by the examining judge and ordered the restitution of the seized property to the party entitled.

It should also be noted that the audit continued for the tax years 2014-2018, ending with the drafting of a further tax assessment report on 30 October 2019.

As a result of the tax audit carried out, the tax authorities found that the company had committed a series of substantial violations with regard to IRES and IRAP for the tax periods from 2014 to 2017, except for what had already been found for 2013 with the previous PVC of 25 October 2018 and partly amended.



Also in relation to this last PVC, the Company submitted specific comments and also requested the cancellation in self-protection of what is subject to adjustment for 2013.

Nevertheless, on 31 December 2019, the following were served by the Revenue Agency:

- notice of assessment no. TKQ0E6M01680 regarding IRES for 2013, for an amount of € 3.1 million for taxes, net of penalties and interest;
- notice of assessment no. TKQ0C6M01854 regarding IRAP for 2014, for an amount of € 0.9 million for taxes, net of penalties and interest;
- notice of assessment no. TKQ0E6M01853 regarding IRES for 2014 for an amount of € 5.2 million for taxes, net of penalties and interest.

The notices of Ires assessment were served to the Parent Company ACEA as consolidating company. The companies filed an appeal before the Provincial Tax Commission of Frosinone on 28 February 2020. With regard to the findings contested in said notices of assessment, supported by the opinion of their tax advisors the Companies consider the Inland Revenue's requests to be completely groundless. The Revenues Agency lodged an appeal. The Company entered an appearance at second instance by filing counterarguments. The case is pending as a hearing is still to be fixed.

The PTC of Frosinone accepted the company's defensive arguments and cancelled the notices related to IRES years 2013 and 2014 and IRAP year 2014 ordering the Agency to pay the costs.

On 23 December 2021, the following were served by the Revenues Agency:

- notice of assessment no. TKQ0E6M00539 regarding IRES for 2016 for an amount of € 1.3 million for taxes, net of penalties and interest;
- notice of assessment no. TKQ0E6M00541 regarding IRAP for 2016, for an amount of € 0.2 million for taxes, net of penalties and interest;

On 28 December 2021, the following were served by the Revenues Agency:

- notice of assessment no. TKQ0E6M00387 regarding IRES for 2015, for an amount of € 1.5 million for taxes, net of penalties and interest;
- notice of assessment no. TKQ0E6M00521 regarding IRAP for 2015 for an amount of € 0.3 million for taxes, net of penalties and interest;

The notices of Ires assessment were served to the Parent Company ACEA as consolidating company.

The Company appealed the verification notice with the Provincial Tax Commission of Frosinone within the deadline of 60 days from the date of notification of the aforementioned notices of assessment, jointly and severally with the parent company Acea SpA. With reference to the findings related to the lack of jurisdiction disputed for 2015 described above, supported by its tax advisors, having carried out the appropriate assessments of the risk profiles related to the aforementioned findings, the Company allocated a provision for tax risks for approximately € 701 thousand; whereas, with reference to the other findings, supported by the opinion of its tax advisors, the Company believes that there is a risk of losing the case in the "remote" tax proceedings.

Relative to the appeals submitted by the Company against the notices of assessment for corporation tax (IRES 2015 and 2016), the Provincial Tax Commission has set a hearing date on 27 September 2022.

#### **Customs audits of Umbria Energy S.p.A.**

In 2016, the Terni Customs Office, after completing an audit at the company relative to declarations of energy consumption for the years 2010 to 2012, issued a series of provisions in the form of payment orders and deeds issuing fines in the amount of € 1,410 thousand for the Province of Perugia and of € 862 thousand for the Province of Terni.

The Office claimed taxes had not been paid (excise and additional electricity taxes) and errors in the completion of consumption declarations.

The company promptly challenged these provisions with the relevant institutions.

In 2017, the Perugia Provincial Tax Commission rejected the appeal submitted by the Company arguing the substantive relevance of the conduct upheld and declared that in the event of any billing adjustments, the procedure to be applied is that of submitting a formal request for reimbursement to the Office in accordance with art. 14 of the Environment Act. The relevant sentences were promptly appealed by the Company and the corresponding judgements are currently pending before the Perugia CTR, which has postponed the proceedings to be rescheduled.

With regard to the deeds challenged by the Company relating to the electricity injected for consumption in the province of Terni for the year 2010, the decision of appeal, while confirming the decision of the first instance with regard to the tax due, found that the obligation of the Office to recalculate the penalty was justified. The ruling was promptly appealed by both the Company and the Customs Agency and the relevant case is currently pending before the Supreme Court of Cassation.

Management carried out the appropriate provisioning, reflecting the level of risk to which the Company is exposed on the basis of the opinion issued by an external professional, appointed to defend the Company.

At 31 December 2021, as there are no new elements that could change the assessment of the risk inherent in the dispute in question, the provision of € 1.0 million has been kept unchanged with respect to the previous year.

#### **Other issues**

**ACEA Ato5 - Appeal to TAR Lazio – Latina (RG. 308/2021 section I) for the annulment of Resolution no.1 of 10 March 2021**

On 28 February 2017, sentence no. 304/2017 of the Court of Frosinone was published, related to civil judgement RG 1598/2012, pending between ACEA Ato5 and the Optimal Territorial Area Authority no.5.

Indeed we recall that Acea ATO 5 S.p.A. had acted, in 2012, with the proposition of a monitory action intended for the recovery of its credit (for the amount of € 10,700,000.00) arising from the Settlement Agreement signed with the Area Authority on 27 February 2007, in implementation of the resolution of the Mayors' Conference no.4 of 27 February 2007 relating to recognition of higher operating costs incurred in the three-year period of 2003-2005 in the start-up phase of the Concession.

The Area Authority had opposed the injunction, disputing the existence of the credit and the validity of the Transaction on the presumption that the same had been replaced by the annulment by own determination of Resolution no. 4/2007 (made as a result of subsequent Resolution of the Mayors' Conference no. 5/2009). Furthermore, the same Area Authority had disputed the legitimacy of the Transaction, since, in its words, the same had been adopted in violation of the regulations in force pro-tempore and specifically the Normalised Method as per Italian Ministerial Decree 1.08.1996. Finally, the Area Authority – in formulating an objection to the injunction order, for the substantial reasons mentioned above – had also filed a counter-claim intended to obtain the payment from the Company of the concession fees related to the 2006-2011 period and quantified as € 28,699,699.48.

In this context, the Court of Frosinone, with sentence no. 304/2017:

- Q rejected the grounds for opposition formulated by the Area Authority, highlighting, on the one hand, that the annulment, by own determination, of Resolution 4/2007 (as a result of subsequent Resolution no.5/2009) had no effect on the underlying private relationship, and therefore on the validity of the Settlement Agreement of 27.02.2007; on the other hand, that the Transaction did not violate the Normalised Method since the so-called “price cap” principle is only valid for any tariff increases. However, it did annul the injunction order on the assumption of the nullity of the Resolution of the Mayors' Conference no. 4/2007 and of the Settlement Agreement adopted by the Area Authority in violation of the public regulations requiring the identification of the financial coverage of the act itself;
- Q rejected the requests made by the defending counsel of ACEA Ato5 alternatively (in the event that the Settlement Agreement had been declared invalid), intended for the recognition of the credit by the Area Authority;
- Q referred the case for pre-trial examination as regards the counter-claim formulated by the Area Authority, which, it is useful to note, in its closing briefs nevertheless recognised the successful payment, by the Operator, of a large part of its debt, describing the existence of a residual credit of approximately € 7,000,000.00. At the hearing on 17 November 2017, the following documents were filed on behalf of ACEA Ato5: copy of the transfer of 31 July 2017 for € 2 million; copy of the transfer of 4 October 2017 for € 2,244,089.20 and the Acea Memo dated 16 November 2017. With reference to the latter memo, the following were highlighted:
  - a. the commitment of ACEA Ato5 to pay € 1,370,000 by December 2017;
  - b. the dispute of any other indebtedness regarding concession fees.

In response to production of the above documents, the counterparty – initially convinced to recognise the sums of the transfers of 31 July 2017 and 4 October 2017 as contributing to the sums due by ACEA Ato5 for the Concession Fee – acknowledged the production of the documents, declaring the requirement, including due to the content of the Memo dated 16 November 2017, to “refer” to O.O.T.A. 5. In light of the above, the Judge, having acknowledged the counterparty request, postponed the hearing to 27 February 2018. During the aforesaid hearing, documents were submitted attesting to the latest payments by ACEA Ato5 in favour of O.O.T.A.5.

Consequently, the Company – through its lawyers – described that:

1. in response to the commitment to pay € 1,370,000 by December 2017 – ACEA Ato5 paid:
  - Q € 1,287,589 on 5 January 2018, directly to OTAA 5;
  - Q € 85,261.93 on 22 November 2017 to the Consorzio Valle del Liri (as part of the larger payment of € 178,481.68 in execution of the settlement agreement of which said Area Authority is part, in which, under art.2.1, it was acknowledged that the payment of € 178,481.68 would count towards the 2010-2011-2012-2013-2016 fees); for a total of € 1,372,850.93.
2. with these latest payments, ACEA Ato5 has fully paid the entire concession fee related to the 2006-2012 period: the above is also expressed by Executive Resolution of the OTS no. 88 of 08.11.2017. In particular, express recognition is given of the fact that “in response to established and/or subsequent payments of the concession fee by the Operator, it has to date paid up to the year 2012”.

At the outcome of the aforementioned hearing, the new Judge who took charge of the case, having noted the discrepancies that emerged in the respective accounts of ACEA Ato5 and OTAA 5, granted a postponement to 4 May 2018, inviting the parties to clarify the reasons for such discrepancies and specifying that if they could not the court would appoint an expert to do so. At this hearing there was a further postponement until 21 September 2018.

At this meeting, in light of the Conciliation Panel established on 11 September 2018 with OTAA 5 – pursuant to art. 36 of the Management Agreement to which the question concerning the determination of concession fees was also referred, among others – the Parties asked the judge for a postponement, the hearing being scheduled for 15 February 2019, then postponed to 17 September 2019. At this hearing there was a postponement until 20 December 2019. The proceedings were first postponed to 17 March 2020, then automatically postponed to 11 September 2020 and then to 15 December 2020. The case was further postponed to 12 February 2021, then again to 26 March 2021. At the hearing on 27 April 2021, the Judge reserved judgement on the technical expert and, on 30 April 2021, set the date to appoint the expert for 11 May 2021 and, subsequently, the launch of the expert appraisals for 26 May 2021.

The technical expert's report was to be submitted by 10 November 2021 and the technical expert's examination was set for the hearing on 30 November 2021. At the subsequent hearing of 15 December 2021, the Company formalised a settlement proposal, in order to settle the dispute amicably. This proposal will be evaluated by the Mayors' Conference of OTAA 5. The judge has set the date of 12 April 2022 for the hearing of the final arguments and then adjourned the case to a later hearing on 31 May 2022. At that hearing, the court acknowledged the rejection of the settlement and set the parties a period of time by which to file their final arguments, adjourning the matter for a decision.

In connection with these proceedings, the appeal - RG 6227/2017 - must be considered against judgement no. 304/2017 of the Court of Frosinone that revoked the court order of € 10,700,000, initially issued by said Court.

The first hearing was automatically postponed to 11 May 2018. On this occasion the Court, having heard the respective positions of the parties, postponed the case to 20 November 2020 for the oral discussion and the ruling of the sentence pursuant to art. 281 sexies of the code of civil procedure. The proceedings were postponed to 30 June 2021. At the hearing on 30 June 2021, the Court of Appeal adjourned the matter initially until 6 July 2022, and then until 10 May 2023.

The Company did not consider cancelling the receivable or setting aside any risk provisions for two reasons:

- the issue in question, which relates to the recognition of the amount owed by the Operator (of € 10,700,00.00) in connection with the 2007 settlement, the subject of sentence no. 304/2017 of the Court of Frosinone, appealed by ACEA Ato5 to the Court of Appeal of Rome (RG no. 6227/2017), was referred to the Conciliation Board for further investigation, including legal matters;
- The legal assessments made by the lawyers illustrate, on the one hand, the validity of the appeal and, on the other hand, the fact that the nullity of the transaction does not per se determine the non-existence of the receivable.

The validity of the appeal and of the decision not to cancel the receivable were further confirmed by the conclusions of the Conciliation Board, established by the Area Authority and the Operator, in accordance with the provisions of article 36 of the Management Agreement, in order to reach a settlement of the various disputes pending between the parties.

In the Conciliation Proposal sent to the parties on 26 November 2019, previously approved by the Board of Directors of the Company on 19 December 2019 and currently being examined by the Mayors' Conference of OOTA5, the Conciliation Board has in fact, among other things:

- ascertained the existence of significant differences between the concession fees approved in the various tariff arrangements and the amounts to be paid to the Municipalities. In the opinion of the Board, the actual existence of such differences leads one to believe that Resolution no. 4/2007 of the Area Authority was based on credible elements, also found afterwards, where it identified the "savings on the concession fees to be paid to the Municipalities" (which could constitute the financial funding to pay a loan stipulated by the Area Authority) as the financial coverage for the payment to the Operator of the sums envisaged in the settlement. This conclusion, highlighting the plausibility of the sources of coverage identified by the Area Authority to finance the settlement, confirms the validity of the appeal filed by the Company against sentence no. 304/2017, by which the Court of Frosinone declared the nullity of Resolution no. 4/2007 of the Area Authority and of the settlement agreement precisely because of the alleged failure to identify the related financial coverage in violation of the disclosure regulations, since the reference to "unspecified savings on the concession fees to be paid to Municipalities" was not considered adequate and sufficient;
- considered that there are valid and grounded reasons to grant the Operator's request for recognition of higher operating costs incurred in the three-year period 2003-2005 to the reduced extent agreed to by the parties in the settlement, thus confirming the existence of the corresponding receivable in the Company's financial statements.

#### **ACEA Ato5 - Lazio Regional Administrative Court appeal of contract termination**

With regard to the matter of the termination of the Management Agreement, we are awaiting rulings on the appeals filed by several Municipalities of the Ato5 against sentence no. 638/2017 by which the Lazio Regional Administrative Court - detached section of Latina upheld the appeal filed by the Company against Resolution no. 7 of 13 December 2016 of the Conference of Mayors that ordered the resolution, annulling the measure.

Mayors' Conference of 28 October 2021 resolved that the approval of the Conciliation Act can be evaluated only upon the outcome of the 2031/2016 Criminal Proceedings pending before the Court of Frosinone. Subsequently, on 26 January 2022, the OTS of OTAA 5 sent the Company a letter ordering it to set up an interest-bearing escrow account within 15 days at the latest, into which the sum of € 12.8 million relating to the aforementioned savings on concession fees for the period 2012-2017, as quantified in the joint report of 29 April 2019 attached to the work of the conciliation roundtable, which - according to the OTS - was allegedly invoiced by the Manager, would be transferred. The Company acknowledged this letter on 10 February 2022, pointing out, among other things, that the Conciliation Board itself in its report, with specific reference to the savings on the 2012-2017 licence fees, had clarified that "these sums can only be considered virtually and abstractly (and not also in actual financial terms) as being available to the Manager" and that they would indeed represent a suitable financial source to cover the debt of € 10,7 million owed to the Manager or, alternatively, - as proposed in the draft conciliation agreement - to reduce the total amount of the tariff adjustments still due to the Manager, which far exceed the amount in question.

However, the Company is willing to set up a round table to discuss the matter further and find the most suitable solution to reconcile their mutual interests. As of the date of this report, no response to this note has been received from the OTS of the AGB.

In view of the foregoing and pending the examination of the Conciliation Proposal by the Conference of Mayors of OTAA 5, the Company considers the draft Conciliation approved by the Board of Directors of ACEA Ato5 at the meeting of 19 December 2019, as a still valid reference in relation to the overall composition of the issues submitted by the parties to the Conciliation Board and, therefore, considers that the same continues to represent - to the extent of the net amount of € 4.5 million to be paid to the AGB under it - an implicit obligation that can be enforced against it. Therefore, the provision for risks originally recorded in the financial statements as at 31 December 2019 is deemed to be reconfirmed when preparing the Company's 2021 financial statements.

As further confirmation of the continuing validity of the Conciliation Proposal between the parties, it should be noted that on 1 February 2022, the AGB requested the payment of the invoices for concessionary charges issued with reference to the years 2019-2022 and not those issued with reference to the years 2012-2018, which were the subject of the Conciliation Board meeting.

The Company responded to this reminder with three separate letters sent on 3 February 2022, 17 February 2022 and - most recently - on 2 March 2022, in which, respectively, it disputed the amounts of some of the invoices requested by the AGB (the amounts of which do not match those of the invoices in its possession), it put forward a proposal for a payment by instalment plan and reiterated, however, that this instalment proposal is not an alternative to the Conciliation Board, nor does it change its content in any way, but only concerns the settlement of the portion of debts referring to the 2019-2021 period.

#### **ACEA S.p.A. - Milano '90**

This issue concerns the failure to pay sums due for the balance of the sale price of the area in the Municipality of Rome with access from via Laurentina No. 555, formalised with a deed dated 28 February 2007 and with a subsequent supplementary deed of 5 November 2008. With the supplementary deed, the parties agreed to change the fee from € 18 to € 23 million, while eliminating the earn out, setting 31 March 2009 as the payment deadline.

Given the purchaser's failure to act, the procedure to collect the amounts due was initiated by preparing a notice pay addressed to Milano '90 and through application for an injunction order which, on 28 June 2012, was granted in a temporarily enforceable form. Therefore, in November 2012, ACEA served a garnishment order to the company Milano '90 for the forced recovery of the amounts claimed.

Milano '90 opposed the aforementioned injunction - also requesting the condemnation of ACEA for the restitution of sums paid as a price and compensation for damages - obtaining the suspension of its provisional execution. Consequently, the enforcement procedure was in turn suspended.

By judgement no. 3258, published on 13 February 2018, the Court of Rome rejected the opposition and confirmed the court order in full, sentencing Milano '90 to pay for the costs of the dispute.

#### **Judgement of Appeal**

On 26 April 2018, Milano '90 filed an appeal against the above judgement. As a result of the oral hearing, with an order dated 25 October 2018 the Court of Appeal rejected the request for suspension. The hearing for the clarification of the conclusions was last postponed ex officio to 10 September 2021 and with a sentence of 23 June 2022 the Court of Appeal of Rome fully confirmed the sentence of the first instance judge and sentenced the counterparty to pay the litigation costs. Deadlines are pending for Appeal to the Supreme Court.

#### **Executive procedure**

Following the favourable ruling of first instance, on 27 March 2018 ACEA filed the application for resumption of the executive procedure in relation to Milano '90 and the third parties attached. With an order dated 11 February 2020 the enforcement judge ordered the allocation of € 6,445,687.75 plus legal costs and interest in favour of ACEA.

Quite unexpectedly, following the service of the order, on 12 March 2020 the seized third party filed an appeal against the enforcement, requesting a declaration of nullity of the order for the allocation of the seized sums.

By decree dated 24 March 2020 and without a hearing, the Enforcing Judge ordered the suspension of the enforceability of the assignment order and set a hearing on 24 February 2021 to decide on whether to confirm, amend or revoke the measure,. By order of 27 December 2021, the judge, upon dissolution of the previously assumed reserve, rejected the request for suspension of the executive effectiveness of the contested assignment order and revoked the previous decree issued *inaudita altera parte*. As a result of this provision, on 25 March 2022, the third distrained person paid the sums assigned to ACEA.

#### **ACEA S.p.A. - Trifoglio S.r.l.**

The complex dispute consists of a case filed as a plaintiff and also a case appearing as a defendant, joined in 2015 before the Judge with whom the case filed as a plaintiff was pending.

**Case filed as a claimant:** this issue concerns the breach by Trifoglio of its obligation to pay the balance of the amount due (€ 10.3 million), pursuant to the sale contract regarding the so-called Autoparco property, which should have been paid on 22 December 2011. In consideration of Trifoglio's breach, a notice was served aimed at giving notice to sign a deed to voluntarily terminate the sale agreement of 22 December 2010, and then to file an appeal pursuant to art. 702-bis of the Code of Civil Procedure at the Court of Rome. ATAC Patrimonio filed a claim for the termination of the sale agreement of 22 December 2010 for the portion for which it is responsible.

**Cases as a defendant:** Trifoglio has notified ACEA and ATAC Patrimonio a writ of summons aimed at assessing the invalidity of the deed of purchase and sale and recognition of compensation for damages in the amount of approximately € 20 million.

By judgement no. 11436/2017 of 6 June 2017, the Court of Rome declared the nullity of the contract of purchase and sale, substantively upholding the petition of ACEA aimed at having the contract wound up with Trifoglio and recovering ownership of the area, arranging

for the return to Trifoglio of the deposit-price received (Euro 4 million); it also rejected the request for compensation for damages made by Trifoglio and excluded any liability of ACEA with regards to the truthfulness of the contractual guarantees offered to Trifoglio. On 8 August 2017 Trifoglio filed an appeal, with a hearing for conclusions last postponed to 9 September 2021.

As of today the judgement has not been issued. With the ruling of 5 July 2022 of the Court of Appeal of Rome, the ineffectiveness of the sales contract stipulated between ACEA S.p.A. was confirmed and Trifoglio S.r.l. on 22 December 2010, as well as completely rejected the claim for compensation of Trifoglio S.r.l.

Specifically, the panel reformed the first instance sentence in the part in which it officially found the nullity of the sales contract, but in any case declared the ineffectiveness of the same, confirming ACEA's obligation to repay the advance - price received (equal to € 4 million), a sum already paid in implementation of the first aid sentence. Deadlines are pending for appeal to the Supreme Court.

#### **ACEA S.p.A. – Former COS rulings**

The COS dispute concerns the ascertainment of the illegality of the contract between ALMAVIVA Contact (formerly COS) and ACEA and the consequent right of its workers to be recognised as having a subordinate employment relationship with ACEA.

It should be noted that the majority of the cases in which ACEA was unsuccessful were settled, and that of the six claimants only two were brought before the Court of Cassation by ACEA to assess the existence of a claim (i.e. the assessment of the right to establish a relationship). These judgements were settled by dismissal orders – made on 2 and 10 July 2019 – of ACEA's application. The establishment of the employment contract between ACEA and the opposing parties as from 2004 is therefore confirmed.

The claimants - who up to now have claimed the remuneration differences for lack of performance - have therefore started to work concretely starting from February 2020.

#### **Quantification judgements**

Based on the above-mentioned judgements concerning the *an debeat*, the six workers who won their cases (i.e. with whom a subordinate employment relationship with ACEA was established) have over time initiated actions quantifying their claims, requesting the company to pay the wages due as a result of the established relationship and regarding different periods of accrual of the receivables. Below, specifically.

**Salary differences in relation to the period 2008/2014.** In 2015, six separate quantification judgements were introduced by the aforementioned workers in relation to the wage differences matured between 2008 and 2014. The judge, having gathered the appeals, rejected them with a sentence of 3 June 2015 against which an appeal was lodged by the counterparties.

In December 2020 conciliation of the dispute with one of the six workers was reached, while the appeal, continued for the other 5 applicants, ended with a partially unfavourable sentence handed down on 26 October 2022, as a result of which ACEA paid, subject to repetition, the amounts due by way of wage and social security differences as well as interest and monetary revaluation.

ACEA appealed to the Supreme Court against this ruling, currently awaiting a hearing.

**Salary differences in relation to the period 2014/2019.** In the years 2020 and 2022, four workers were notified as many monitoring judgements aimed at also obtaining the wages not received in relation to the 2014-2019 time segment.

With regard to the injunctive decrees of 2020, both opposed, the hearing before the Court of Rome was held on 24 January 2022 and, with judgements made on the same date, the requests of the counterparties were accepted. ACEA therefore paid in April 2022 the salary differences and accessories recognized with the aforementioned ruling. The terms for appealing are currently pending.

As regards those notified in 2022, both judgements are ritually opposed.

Lastly, the introduction, in July 2022, of an appeal pursuant to art. 414 c.p.c. by a fifth worker, with the first hearing set for 12 October 2022.

#### **ACEA S.p.A. – Municipality of Botricello**

In 1995, the Municipality of Botricello transferred management of its integrated water service to a temporary grouping of businesses, which later established itself as a consortium, known as Hydreco Scarl. In 2005, the Municipality sued, in the Court of Catanzaro, the company Hydreco Scarl and its component companies, including Sigesa S.p.A. (which transferred its rights to ACEA S.p.A.), to obtain reimbursement of the fees due for administration for the period from 1995-2002, quantified in the amount of € 946,091.63, plus damages, interest and revaluation.

The companies disputed the Municipality's claim and filed a counter-claim for non adjustment of tariffs and loss of earnings due to the early revocation of the service. During the case an expert was called upon, who recognised a balance due to the Municipality of around € 230 thousand. Nonetheless, the Court, with judgement 1555 of 29 October 2015, ordered the companies to jointly pay € 946,091.63, plus interest and revaluation of the payable accrued, rejecting the counter-claims. The losing parties filed separate appeals and, with an ordinance of 27 March 2018, the Catanzaro Court of Appeals suspended execution of the appealed judgement, based on the validity of the arguments made in the appeal document. However, with judgement 677 of 6 June 2020, the appeals were rejected.

ACEA filed an appeal with the Court of Cassation. The date for the hearing has not yet been set.

#### **ACEA S.p.A. and areti S.p.A. – MP 31 S.r.l. (formerly ARMOSIA MP Srl)**

This is a challenge to the Injunction Order issued by the Court of Rome, docket no. 58515/14, issued against areti for the amount of € 226,621.34, requested by Armosia MP by way of lease payments for the months of April-May-June of 2014 in relation to the property in Rome - Via Marco Polo 31. The injunction was declared provisionally enforceable by order of 8 July 2015.

In the hearing on 17 February 2016, the Judge adjoined this case with the other pending before the Court of Rome, taken by ACEA and areti (transferee of the lease contract) in order to obtain the termination of the lease contract. In this latter case, MP 31 has also filed

an unconventional remand for compensation for the damages incurred in consideration of the degrading condition of the building when it was released by areti. With a sentence dated 27 November 2017 the Court upheld the application of MP 31 against areti, condemning it to the payment of the previous rent in the amount of € 2,759,818.76 plus interest from the individual deadlines, as well as the payment of the rent up to contract expiry (29 December 2022). As a result, there are no further charges to the company.

ACEA filed an appeal, served on 2 January 2018.

The hearing to discuss the appeal judgement has been postponed several times and is currently set for 24 November 2022.

#### **ACEA S.p.A. and ACEA Ato2 S.p.A. - CO.LA.RI**

With a writ of summons served on 23 June 2017, the Consortium Co.La.Ri. and E. Giovi S.r.l. – respectively the manager of the Malagrotta landfill (prov. Rome) and the executor - summoned ACEA and ACEA Ato2 to obtain payment for the portion of the tariff for accessing the landfill, to be allocated to cover the thirty-year costs to manage the same, as established in Italian Legislative Decree 36/2003, alleged to be due for the depositing of waste during the contractual period from 1985-2009.

The main request stands at over € 36 million for the entire period of contract validity. Subordinately, in the event that the law disposing the tariff is considered by the judge to be applicable retroactively, the plaintiffs request the recognition of the right to receivables of approximately € 8 million for the period March 2003 - 2009, and the ascertainment, by expert appraisal, of the receivables for the previous period 1985-2003.

The first hearing, initially set for 23 February 2018, was postponed to 8 October 2018 to add the dispute against the Optimal Territorial Area Authority 2 Central Lazio - Rome.

The hearing for the clarification of the conclusions was set for 22 March 2021 and, on that occasion, the judge, taking into account the notes filed by the parties, granted further postponements for the same impending on 20 December 2021 and 26 April 2022, with deadlines for notes and replies. At the hearing of April 26, 2022, the exception was also raised concerning the lack of active legitimacy of the Co.La.Ri. and E.Giovi due to the commissioning of the Malagrotta landfill (in relation to the reclamation and post-operational activities) arranged with Prime Ministerial Decree of 18.2.2022; the Judge therefore reserved his decision, granting a further deadline for notes and replies. We are currently awaiting the dissolution of the reserve by the Judge on the requests of the parties.

#### **ACEA Ato2 S.p.A. and ACEA Ato5 S.p.A. - Challenge to Regional deliberations concerning the identification of the Optimal Territorial Areas of the Hydrographic Basin**

With an appeal lodged before the Superior Court of Public Waters of Rome, ACEA Ato2 challenged the regional resolutions concerning the identification of the Optimal Territorial Areas of the Hydrographic Basin (GRL Resolution no. 56 of 6 February 2018, GRL Resolution no. 129 of 20 February 2018, GRL Resolution no. 152 of 2 March 2018). A similar appeal was also proposed by the Optimal Territorial Area Authority no. 2 Central Lazio. With Resolution no. 218 of 8 May 2018, the Lazio Region suspended the effectiveness of the challenged resolutions, delegating to the Regional Director of Water Resources and Soil Defence any activity useful for achieving a new governance model for the IWS during the following six months. Therefore, at the hearing of 11 July 2018 the case was postponed to 6 February 2019, pending the new assessments of the Region on the matter, announced in the provision that suspended the contested acts. Subsequently, the Region issued Resolution no. 682 of 20 November 2018 with which it has extended the deadline for the definition of the new IWS model, confirming the suspension of the effectiveness of the challenged resolutions. There have been a number of postponements, and most recently the hearing was set for 23 November 2022. A similar appeal was filed by ACEA Ato5 S.p.A. and, in this case as well the hearing was most recently adjourned, due to the ongoing suspension of the contested measure and, in any case, the Region's ongoing investigation.

#### **ACEA Ato2 S.p.A. – Parco dell'Aniene Scarl**

In June 2019 the company Parco dell'Aniene Scarl sued ACEA Ato2 and Roma Capitale for alleged liability of the defendants, jointly and severally or to the extent to which they are responsible, for alleged wrongful acts arising from the failure to build and/or repair the sewerage system prior to the construction works carried out by the claimant in the Tor Cervara - Via Melibeo area. The consortium is making an exorbitant claim for compensation, totalling more than € 105 million. The Case is currently pending before the Court of Rome and the Judge, considering initially that the claim of lack of jurisdiction proposed by Acea was sufficient to define the case, set the hearing for definition of the conclusions, most recently adjourned to 15 November 2022.

At the same time, Parco dell'Aniene introduced an appeal for jurisdictional regulation before the United Sections of the Supreme Court of Cassation and with an order of 29 July 2021 the Court rejected the appeal, declaring the jurisdiction of the administrative court.

Consequently, with an appeal before the Lazio RAC lodged on 23 November 2021, Parco dell'Aniene s.c.a.r.l. resumed the case before the Regional Administrative Court of Lazio and we are waiting for the hearing to be set.

We can also note that in February 2021 the counterparty lodged an appeal pursuant to art. 700 of the Code of Civil Procedure - asking the Judge to avoid worsening the damage and to put an end to the alleged prejudicial conduct - before renouncing the same following the ruling of the Supreme Court. The precautionary proceeding was therefore declared extinguished with an order of 16 September 2021.

We can also note that on 28 June 2021 a deed of intervention of the company Immobiliare Malcesine s.r.l. was filed in the case. This company, with the premise that it holds a stake in Parco dell'Aniene scarl, intervenes in support of the arguments of the plaintiff company.



**ACEA Ato2 S.p.A. - Disputed concession of derivation of drinking water from the Peschiera and Le Capore springs for the water supply of Roma Capitale**

Three cases have been brought before the High Court of Public Waters for the annulment of the Determination of the Lazio Region of 10 June 2019 (DGR no. G.07823) – with which the Concession was issued for the derivation of public water for drinking from the Peschiera springs in the municipalities of Cittaducale and Castel S. Angelo and from the Le Capore springs in the municipalities of Frasso Sabino and Casaprota for the water supply of Roma Capitale – which involve ACEA Ato2 and Roma Capitale as counterparties.

**Appeals brought by the Postribù Association and the Municipality of Casaprota**

With reference to both appeals – notified, respectively, on 16 and 19 September 2019 – with judgements of 13 March 2021, the High Court of Public Waters rejected completely the appeal lodged by the Municipality of Casaprota and declared inadmissible that of the Postribù Association, for lack of active legitimization. The cases have now been defined.

**Appeal filed by the Municipality of Rieti**

The appeal, lodged on 16 September 2019 was completely rejected with a judgement of 11 August 2021.

Against this decision, the Municipality filed an Appeal for Cassation, with a hearing set for November 22, 2022, and Appeal for Rectification before the TSAP, with a hearing most recently postponed to February 1, 2023.

**ACEA ATO2 S.p.A. - Enel Green Power Italia S.r.l.**

With an appeal of 27 July 2020, Enel Green Power Italia S.r.l. (EGP) summoned ACEA Ato2 to the Regional Public Waters Court, via the Roma Civil Appeals Court, to obtain recognition of its right to receive a greater amount than that already paid by Acea as an indemnity for lower voltage (in terms of that due based on the agreement in effect between the parties as of 1985), for electricity which could not be produced with the Farfo 1 salto, Farfa 2° salto, Nazzano and Castel Giubileo systems, subject to derivation of waters from the Le Capore sources.

More specifically, the appellant states that between 2009 and 2019, ACEA, in applying the methods used to calculate the indemnity as indicated in the 1985 agreement, erroneously calculated the amounts due and that, as a consequence of this calculation error, should be required to pay EGP the total amount of € 11,614,564.85, plus additional amounts claimed as due for adjustments after 31 December 2019, as well as interest on arrears.

ACEA Ato2 filed its appearance, noting the unfounded nature of the interpretation of the agreement on which the appellant bases its request and indicating a different way of quantifying the indemnity which is more in line with the agreements made between the parties during the course of the contractual relationship.

Based on the application of this calculation method, ACEA Ato2, taking into account the indemnities already paid, formulated a counter-claim for the return of € 3,246,201.46, plus legal interest, in that it was not due from ACEA Ato2.

The Investigating Judge did not order any enquiry activity and set the hearing for specification of the conclusions for 21 December 2021. After this, the hearing for discussion before the Court was set for 18 October 2022.

**ACEA ATO2 S.p.A. and ACEA Produzione S.p.A. - Erg Hydro S.r.l.**

With separate appeals, notified on 10 March 2021, Erg Hydro S.r.l. summoned ACEA Ato2 S.p.A. and Acea Produzione S.p.A. before the Regional Court of Public Waters (RCPW) at the Rome Court of Civil Appeal to obtain ascertainment of its right to receive by way of indemnity for lower voltage - due to it on the basis of the agreements in effect between the parties as of 1985 - for electricity which could not be produced with its plants, given the diversion of the sources of the Peschiera and affected by the regurgitation of Nera Montoro.

The application lodged regards the payment of default interest for delayed payment of past invoices, and the different amount of the adjustments calculated differently on the basis of the aforementioned agreement of 1985.

Specifically, the total request in relation to ACEA Ato2 is approximately € 4,500,000.00, while in relation to ACEA Produzione the application lodged is for approximately € 140,000.00.

The defendants joined the case arguing that the amounts requested had lapsed, and that the interpretation of the agreement on which the plaintiff based its request was groundless.

After the enquiry hearing of 16 November 2021, the Judge ordered assessment by a court-appointed expert, adjourning the case to 15 March 2022 for the said expert to be sworn in. The filing of the final expert witness is scheduled for August 7, 2022.

**areti S.p.A. - GALA S.p.A.**

The pending disputes generated by the complex matter are summarised below.

**Precautionary measures**

Against the enforcement of guarantees issued, on 12 April 2017 Gala filed a cautionary appeal as per art. 700 of the Code of Civil Procedure against the collection on 12 April, obtaining a decree *inaudita altera parte*, which initially prevented areti from exercising its right to collect the guarantees. This decree was thereafter revoked by court order of 30 May 2017, which fully recognised the rights of areti.

On 1 June 2017, given the continuation of the serious breach of contract, areti notified the termination of the transport contract and also the collection of the additional contractual guarantees.

On 6 June, Gala appealed against the cautionary ordinance of 30 May and, again, on 9 June, submitted a second independent appeal for urgent measures before the Court of Rome, requesting a declaration of invalidity of the termination ordered on 1 June 2017 and initially obtaining the issuing of a decree *inaudita altera parte* in its favour.

On completion of both legal proceedings, the reasoning of areti was again completely recognised, with the issuing on 12 July of a board ordinance rejecting the appeal, following which the judge, called upon to decide on the second appeal as per art. 700 of the Code of Civil Procedure, asked the parties not to appear at the hearing, declaring that the appeal could not continue by ordinance of 13 July 2017.

#### **The first judgement filed by the guarantor Euroins Insurance plc**

In July 2017, Euroins Insurance plc, guarantor of GALA, independently introduced assessment proceedings to have declared the non-existence of its guarantee obligation. Areti requested to have that judgement consolidated with the ordinary judgement of opposition to the injunction order of the GSE for connection (see below).

The case was taken before Section XVII of the Court of Rome and with a judgement of 10 May 2021 the action for ascertainment of invalidity of the policy was rejected, with an order to Euroins to pay Areti the sum of € 5,000,000.00 plus legal interest from the application to payment of the balance and legal expenses.

The judgement also ordered Gala to ensure the release of the guarantor paying directly to Areti the sum of € 5,000,000.00, plus legal interest.

On 8 June 2021, GALA made spontaneously the payment of what was provided for in the judgement, paying areti S.p.A. the total amount of € 5,058,986.30, including plus legal interest (for € 58,986.30), with reservation of encumbrance and recovery of undue payments, also in relation to the demands that are the subject of the parallel civil dispute between the said GALA and areti (Court of Rome R.G. no. 18333/2018).

Gala's summons on appeal was served on 10 December 2021 and the hearing is set for 19 September 2022.

Following the collection by areti of the payment made by GALA, the amount of the balance related to the application in question is € 5,457,604.33, compared to an amount received from CSEA of € 5,775,679.36, with a difference therefore of € 318,075.03. This last amount, therefore, under the terms of art. 3. of the ARERA Resolution of 17 November 2020, 461/2020/R/EEL, must be returned to CSEA by 31 August 2021, recognising default interest calculated according to the provision of paragraph 48.4 of the TIT.

#### **The injunction issued in favour of GSE S.p.A.**

GSE S.p.A., after notifying areti to pay the general system charges due by Gala, even if it has not been paid, requested and obtained from the Court of Rome an injunction, not immediately enforceable, against areti for payment of part of these charges. The injunction was promptly opposed by areti with a writ of summons served to GSE and inscribed in the rolls in December 2017, with the simultaneous summons, as a guarantee, of Gala and its guarantors (China Taiping Insurance (UK) Co. Ltd and Insurance Company Nadejda), the first hearing scheduled for March 2019.

Note that in July 2018, in view of access to the mechanism provided for by ARERA Resolution no. 50/2018/R/EEL of 1 February 2018 for "recognition of charges that would otherwise not be recoverable for failure to collect general system charges", areti subsequently paid the GSE the sum specified in the opposed injunction.

Consequently, the Parties agreed to abandon the case, which was therefore declared extinguished with an order of 13 May 2020.

#### **Gala's citation to areti, ACEA Energia S.p.A. and ACEA S.p.A.**

By means of a summons served in March 2018, Gala requested the Court of Rome to declare the invalidity of some clauses of the transport contract stipulated with areti in November 2015 and the consequent invalidity/ineffectiveness of the termination of the contract by areti, ordering the latter to pay the corresponding damage, for a total of about € 200,000,000.00.

GALA also requested that the behaviour of areti and other defendant companies - ACEA S.p.A. and ACEA Energia S.p.A. - be declared acts of unfair competition, condemning them to pay the corresponding damages.

The companies of the ACEA group that were sued acted within the terms of the law, denying the opposing claims and requesting their rejection.

In addition, as a counter-claim, areti has requested to declare the contract legitimately terminated, as well as to ascertain and declare the non-fulfilment of GALA of the payment and guarantee obligations assumed under the transport contract with consequent order to pay the related amount, plus interest and without prejudice to the additional amounts being accrued.

The case is currently pending before the XVII civil section of the Court of Rome and at the hearing for specification of the conclusions on 9 December 2021 the decision was withheld, with terms granted for the closing briefs. As of today the judgement has not been issued.

#### **areti S.p.A. – Metanewpower**

In November 2015, in its capacity as operator of the electricity distribution network, areti entered into a transport contract with Metanewpower, which operates in the sale of electricity to end users, a contract it repeatedly breached.

#### **Judgement on guarantees**

With summons served on 7 September 2018, Metanewpower (hereinafter also MNP) challenged the legitimacy of the contractual conditions for the transport of energy and the system of guarantees required by the distributor for the failure to pay the system charges regardless of the actual collection from the final customer, claiming compensation for damages due to providing the guarantees for approximately € 2.0 million, alleging also abuse of a dominant position by the distributor areti.

In the meantime, due to the serious breach of contractual obligations, on 8 October 2018 areti notified MNP of the termination of the transport contract.



During the court case, in December 2019, the counterparty amended its claim for damages, quantifying them at over € 34.0 million including however in the demand the amount of approximately € 11.0 million for damages from termination, requested also in the ordinary case.

Following the preliminary hearing of 7 October 2020, the judge, rejecting the adverse request of the expert witness, set the hearing for conclusions on 3 March 2022 and the judgement is currently pending.

#### **Precautionary measure**

With an urgent *ante causam* appeal pursuant to art. 669 bis and 700 of the Italian Criminal Code, MNP brought an action before the Court asking it to order the suspension of the effects of the termination for non-fulfilment of the transport contract ordered by areti and of the request for enforcement of the guarantee policy issued by MNP on 26 September 2018, ordering areti to restore the execution of the energy transport contract.

By order of 15 November 2018, the Investigating Judge, lifting the reservation on the outcome of the hearing of the parties, granted the precautionary measure, recognising from a marginal standpoint the violation of the distributor's duty to cooperate despite Metanewpower's default, each party paying their own legal expenses.

#### **Ordinary Judgement**

Following the conclusion of the precautionary phase, with a summons served on 5 December 2018, MNP instituted ordinary proceedings, contesting the validity of the contractual clauses and claiming compensation for damages due to the annulment of the termination of the contract following the aforementioned Court order. The request, as most recently specified on the occasion of the preliminary pleadings, amounts to at least € 14.0 million. The first hearing was held on 4 November 2020. Specification of the conclusions was set for 7 December 2022.

#### **Recovery of areti's receivable from Metanewpower**

On 30 May 2019, following MNP's continuing breach, areti ordered a new contractual termination and initiated the recovery of its receivable, obtaining the issue of an injunction for the amount of approximately € 3.85 million by way of default. MNP – for the same reasons already stated – lodged an objection to the injunction. With a measure of 15 November 2021, lifting the reservation adopted on the occasion of the hearing on 3 December 2020, the judge rejected the application for concession of provisional enforcement of the decree, granting the terms for the pleadings pursuant to art. 183 of the Code of Civil Procedure and adjourning the case for the continuation to the hearing on 10 March 2022. On that occasion, the judge, considering the preliminary requests irrelevant, postponed for conclusions to March 20, 2024.

#### **areti S.p.A. – Metaenergia S.p.a.**

In October 2018, the company Metaenergia S.p.A., which operates in the market of electricity sales to final customers, sued the distributor Areti, contesting the legitimacy of the contractual conditions for the transport of energy and the system of guarantees required by the distributor for the failure to pay the general system charges regardless of the actual collection from the final customer. The plaintiff company therefore demanded the return of the amounts paid as guarantee deposits and compensation for damages due to providing the guarantees for approximately € 320 thousand, alleging also abuse of a dominant position by the distributor areti. On the occasion of filing of the preliminary pleadings the compensation requested was quantified as more than € 9.0 million.

The hearing for specification of the conclusions was held on 13 January 2021 and, after the filing of the concluding pleadings, the Court, with a measure of 11 June 2021, after remission of the case to the enquiry stage, ordered an expert's report for ascertainment of the costs incurred by Metaenergia for providing the guarantees to cover the risk deriving from non-payment of the general system expenses collected or not collected from the final customer. The role of the expert witness having been fulfilled, the hearing for the clarification of the conclusions was held on 10 March 2022. With a sentence of 22 June 2022, the Judge completely rejected the requests proposed by the trader Metaenergia, also condemning it to pay the costs of the litigation.

#### **Gori S.p.A. – Consorzio di Bonifica Integrale del Comprensorio Sarno**

The Consorzio di Bonifica Sarno sued the Company to order it to pay over € 20 million in concession fees due for the use of the consortium channels used to deliver the wastewater produced in the area under the Company's management. In particular, this quantification was derived from the acts of the Consortium, which unilaterally fixed the percentage of 45% (and then 26/62% from 2013) as part of the contribution relating to the collection of wastewater pertaining to Gori. In this regard, it should be noted that, as things stand, the agreement between the Consortium and Gori has not yet been defined (and therefore stipulated), so that the request for payment due to breach of contract would appear, prima facie, unfounded due to the absence of a contract, which is necessary in relations with a public administration like the Consortium. Moreover, the Company also highlighted the substantial irrelevance of the "benefit" received for the use of the consortium network. Moreover, in addition to the necessary contractualisation of the relationship, it is necessary that Ente Idrico Campano – i.e. the public administration competent according to the law – provide for the coverage of the alleged costs for concession fees (once the relevant calculation methods have been defined) in the IWS tariff of the Ato 3. Moreover, such costs – qualified as "updatable operating costs" pursuant to art. 27 of Annex A to the resolution of ARERA 664/2015/R/idr – are always recognised by the local regulatory authority (i.e. Campania Water Authority) and by the national regulatory authority (i.e. ARERA). That said, the Court considered it necessary to entrust a technical consultant with the task of "quantifying any amounts owed by the defendant Gori for consortium charges in relation to what was deducted in [the Consortium's] application on the basis of such obligation and the period of reference, including distinguishing the amounts year by year", "after

examining the documentation produced and taking into account what was found therein". In the course of the expert appraisals, given the impossibility of determining a "contribution" that would have to be agreed upon during negotiations, the court-appointed expert asked the parties to produce documents and calculations in order to arrive to quantify the contribution due by the Company based on a logic specified by the expert. With the objection of the Consortium's legal counsel on the production of new documents, the expert concluded the appraisal, declaring that it was not possible to answer the questions based on the documents in the record alone. However, the expert filed a report declaring that it was impossible to quantify the contribution borne by Gori in proportion to the benefit based on a methodology consistent with the legislation of reference, but did identify an amount of over € 8 million which is the contribution to the collection of wastewater borne by all members "without being able to specify the amount owed by Gori" pursuant to art. 13, paragraph 5 of Italian Law 4/2003 of the Campania Region for the years 2008-2016, lacking "any measure whatsoever regarding the direct benefit obtained and the flow of water discharged by Gori". At the moment, as a decision in the case has been deferred, we are awaiting the outcome.

#### **Gori S.p.A. Update of the 2016-2019 regulatory framework of the Sarnese-Vesuvian District of the Campania Region**

The Municipalities of Nocera Inferiore (SA), Roccapiemonte (SA), Roccarainola (NA), Casalnuovo di Napoli (NA), Scisciano (NA) and Lettere (NA) appealed before the Campania RAC, Naples office, the resolution of the Extraordinary Commissioner of the Sarnese Vesuviano Area Authority no. 19/2016 of 08/08/2016 with which the 2016-2019 Regulatory Framework was set out and the resolution of the same Extraordinary Commissioner no. 39/2018 of 17/07/2018 with which the aforesaid Regulatory Framework was updated. The case regarding resolution 19/2016 (RG 5192/16) was suspended awaiting the results of the case pending at the Council of State brought by the Municipalities of Angri (SA), Roccapiemonte (SA), Roccarainola (NA), Casalnuovo di Napoli (NA) and Scisciano (NA), for the revision of the judgement of the Lombardy RAC, Milan office, no. 1619 of 29 June 2018 which confirmed the legitimacy of ARERA Resolution 104/2016/R/idr approving the 2012-2015 Regulatory Framework of the Sarnese-Vesuviano District Area. Instead, for the case regarding Resolution no. 39/2018 (RG 4698/18) the public hearing for discussion of the merits was set for 7 July 2021.

#### **Proceeding AGCM A/513**

On 8 January 2019, the Antitrust Authority notified ACEA S.p.A., ACEA Energia S.p.A. and areti S.p.A. of the final order for Proceeding A/513.

With this order, the Authority ruled that the aforementioned Group companies had committed an abuse of a dominant position – qualified as very serious and of duration quantified in 3 years and 9 months – consisting in the adoption of a broad exclusionary strategy realised through the illegitimate use of a series of prerogatives possessed solely by virtue of its position as an integrated operator in distribution, in order to compete with its competitors in the acquisition of electricity sales contracts in free market conditions.

In view of the gravity and duration of the infringement, the Authority ordered ACEA S.p.A., ACEA Energia S.p.A. and areti S.p.A. to pay an overall pecuniary administrative fine of € 16,199,879.09.

Fully convinced of the illegitimacy of the measure imposed, two administrative appeals were filed before the Lazio Regional Administrative Court, one brought by ACEA Energia and the other by ACEA S.p.A.. With separate judgements on 17 October 2019 the appeals were accepted and, as a result, the sanction was cancelled.

With appeals served on 17 January 2020, the AGCM filed an appeal before the Council of State. The group companies concerned lodged a cross appeal, and a hearing has yet to be scheduled.

The Directors consider that the settlement of the ongoing dispute and other potential disputes should not create any additional charges for Group companies, with respect to the amounts set aside (note 26 a on the Provision for risks and charges).

These allocations represent the best estimate possible based on the elements available today.



## Annexes

- A) List of consolidated companies
- B) Reconciliation of shareholders' equity and statutory profit – consolidated
- C) Remuneration of Directors, Statutory Auditors and Key Managers
- D) Public disbursement information pursuant to art. 1, paragraph 125, law 124/2017
- E) Segment information: statement of financial position and income statement

## A) List of consolidated companies

Denominazione	Sede	Capitale Sociale (in €)	Quota di partecipazione	Quota Consolidato di Gruppo	Metodo di Consolidamento
<b>Area Ambiente</b>					
Acea Ambiente S.r.l.	P.le Ostiense, 2 - Roma	2.224.992	100,00%	100,00%	Integrale
Aquaser S.r.l.	P.le Ostiense, 2 - Roma	3.900.000	97,86%	100,00%	Integrale
Iseco S.p.A.	Loc. Surpian n. 10 - 11020 Saint-Marcel (AO)	110.000	80,00%	100,00%	Integrale
Berg S.p.A.	Via delle Industrie, 38 - Frosinone (FR)	844.000	60,00%	100,00%	Integrale
Demap S.r.l.	Via Giotto, 13 - Beinasco (TO)	119.015	100,00%	100,00%	Integrale
Acque Industriali S.r.l.	Via Bellatalla, 1 - Ospedaletto (Pisa)	100.000	73,05%	100,00%	Integrale
Deco	Via Vomano, 14 - Spoltore (PE)	1.404.000	100,00%	100,00%	Integrale
AS Recycling	Via dei Trasporti, 14 - Carpi (MO)	1.000.000	90,00%	100,00%	Integrale
Ecologica Sangro	Strada Provinciale Pedemontana Km 10 Frazione Contrada Cerratina - Lanciano (CH)	100.000	100,00%	100,00%	Integrale
S.E.R. Plast S.r.l.	Contrada Stampalone, Cellino Attanasio (TE)	70.000	70,00%	70,00%	Integrale
Consorzio Servizi Ecologici del Frentano	Strada Provinciale Pedemontana Km 10 - 66034 Frazione Cerratina - Lanciano (CH)	10.329	75,00%	100,00%	Integrale
Meg	Via 11 Settembre, 8 - San Giovanni Illarione (VR)	10.000	60,00%	100,00%	Integrale
Ferrocarr S.r.l.	Via Vanzetti, 34 - Terni	80.000	60,00%	100,00%	Integrale
Cavallari S.r.l.	Via dell'Industria, 6 - Ostra (AN)	100.000	80,00%	100,00%	Integrale
<b>Area Commerciale e Trading</b>					
Acea Energia S.p.A.	P.le Ostiense, 2 - Roma	10.000.000	100,00%	100,00%	Integrale
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10.000	100,00%	100,00%	Integrale
Umbria Energy S.p.A.	Via B. Capponi, 100 - Terni	1.000.000	50,00%	100,00%	Integrale
Acea Energy Management S.r.l.	P.le Ostiense, 2 - Roma	50.000	100,00%	100,00%	Integrale
ACEA Innovation S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
<b>Estero</b>					
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644.937	100,00%	100,00%	Integrale
Aguas de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6.457.345	60,65%	100,00%	Integrale
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	9.089.661	100,00%	100,00%	Integrale
Acea Perú S.A.C.	Cal. Amador Merino Reyna , 307 MIRAFLORES - LIMA	177.582	100,00%	100,00%	Integrale
Consorzio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Mazoneria - Ens. Ozama	67.253	100,00%	100,00%	Integrale
Consorzio Servicios Sur	Calle Amador Merino Reyna - San Isidro	33.834	51,00%	100,00%	Integrale
Consorzio Agua Azul S.A.	Calle Amador Merino Reyna 307 - Lima - Perú	16.000.912	44,00%	100,00%	Integrale
Consorzio ACEA	Calle Amador Merino Reyna 307 - Lima - Perú	225.093	100,00%	100,00%	Integrale
Consorzio ACEA Lima Sur	Calle Amador Merino Reyna 307 - Lima - Perú	77.223	100,00%	100,00%	Integrale
Consorzio ACEA Lima Norte	Calle Amador Merino Reyna 307 - Lima - Perú	221.273	100,00%	100,00%	Integrale
<b>Area Idrico</b>					
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Roma	362.834.320	96,46%	100,00%	Integrale
ACEA Ato5 S.p.A.	Viale Roma snc - Frosinone	10.330.000	98,45%	100,00%	Integrale
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Roma	8.000.000	76,67%	100,00%	Integrale
Acque Blu Fiorentine S.p.A.	P.le Ostiense, 2 - Roma	15.153.400	75,01%	100,00%	Integrale
Acea Molise S.r.l.	P.le Ostiense, 2 - Roma	100.000	100,00%	100,00%	Integrale
Acquedotto del Fiora S.p.A.	Via Mameli, 10 Grosseto	1.730.520	40,00%	100,00%	Integrale
Gesesa S.p.A.	Corso Garibaldi, 8 - Benevento	534.991	57,93%	100,00%	Integrale
GORI S.p.A.	Via Trentola, 211 - Ercolano (NA)	44.999.971	37,05%	100,00%	Integrale
Ombrone S.p.A.	P.le Ostiense, 2 - Roma	6.500.000	99,51%	100,00%	Integrale
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Roma	100.000	99,16%	100,00%	Integrale
Umbriadue Servizi Idrici S.c.a.r.l.	Via Aldo Bartocci n. 29 - 05100 Terni	100.000	99,40%	100,00%	Integrale
Adistribuzionegas S.r.l.	Via L. Galvani, 17/A - 47122 Forlì	5.953.644	51,00%	100,00%	Integrale
Servizi idrici Integrati ScPA	Via I Maggio, 65 Terni	19.536.000	40,00%	100,00%	Integrale
Agile Academy S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Notaresco Gas S.r.l.	Via Padre Frasca, s.n., frazione Chieti Scalo Centro Dama	100.000	55,00%	100,00%	Integrale
<b>Area Infrastrutture Energetiche</b>					
areti S.p.A.	P.le Ostiense, 2 - Roma	345.000.000	100,00%	100,00%	Integrale
<b>Area Generazione</b>					
Acea Produzione S.p.A.	P.le Ostiense, 2 - Roma	5.000.000	100,00%	100,00%	Integrale
Acea Liquidation and Litigation S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Ecogena S.r.l.	P.le Ostiense, 2 - Roma	1.669.457	100,00%	100,00%	Integrale
SF ISLAND S.r.l.	Via Cantorriwo, 44/C - Acquapendente (VT)	10.000	100,00%	100,00%	Integrale
Acea Solar S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Acea Renewable S,r,l	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
<b>Area Ingegneria e Servizi</b>					
ACEA Elabori S.p.A.	Via Vitorchiano - Roma	2.444.000	100,00%	100,00%	Integrale
SIMAM S.p.A.	Via Cimabue, 11/2 - 60019 Senigallia (AN)	600.000	70,00%	100,00%	Integrale
Technologies For Water Services S.p.A.	Via Ticino, 9 - 25015 Desenzano Del Garda (BS)	11.164.000	100,00%	100,00%	Integrale

Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11:

Denominazione	Sede	Capitale Sociale (In €)	Quota di partecipazione	Quota Consolidato di Gruppo	Metodo di Consolidamento
<b>Area Ambiente</b>					
Picenambiente S.p.A.	Contrada Monte Renzo, 25 - 63074 San Benedetto del Tronto (AP)	5.500.000	21,80%	21,80%	Patrimonio Netto
Ecomed S.r.l.	P.le Ostiense, 2 - Roma	10.000	50,00%	50,00%	Patrimonio Netto
<b>Area Idrico</b>					
Acque S.p.A.	Via Garigliano, 1 - Empoli	9.953.116	45,00%	45,00%	Patrimonio Netto
Acque Servizi S.r.l.	Via Bellatalla, 1 - Ospedaletto (Pisa)	400.000	100,00%	45,00%	Patrimonio Netto
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1.450.000	48,00%	48,00%	Patrimonio Netto
Intesa Aretina S.c.a.r.l.	Via B. Crespi, 57 - Milano	18.112.000	35,00%	35,00%	Patrimonio Netto
Nuove Acque S.p.A.	Patrignone Loc. Cuculo - Arezzo	34.450.389	46,16%	16,16%	Patrimonio Netto
Publacqua S.p.A.	Via Villamagna - Firenze	150.280.057	40,00%	40,00%	Patrimonio Netto
Umbra Acque S.p.A.	Via G. Benucci, 162 - Ponte San Giovanni (PG)	15.549.889	40,00%	40,00%	Patrimonio Netto
Romeo Gas S.p.A.	Corso di Porta Vittoria, 4 - Milano	n.d.	30,13%	30,13%	Patrimonio Netto
<b>Area Generazione</b>					
AE Sun Capital	Piazzale Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
KT 4 S.r.l.	Viale SS Pietro e Paolo, 50 - Roma	250.000	40,00%	40,00%	Patrimonio Netto
Solaria Real Estate srl	P.le Ostiense, 2 - Roma	176.085	40,00%	40,00%	Patrimonio Netto
Acea Sun Capital S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Trinovolt S.r.l.	Viale Tommaso Columbo, 31/D - Bari (BA)	10.000	40,00%	40,00%	Patrimonio Netto
Marche Solar S.r.l.	Via Achille Grandi 39 - Concordia sulla Secchia (MO)	10.000	40,00%	40,00%	Patrimonio Netto
Fergas Solar S.r.l.	Via Pietro Piffetti, 19 - 10143 Torino	10.000	40,00%	40,00%	Patrimonio Netto
Euroline 3 S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
IFV Energy S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
PF Power of Future S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
JB Solar S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
M2D S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
PSL S.r.l.	Via Rullo, 18/20 - Catania	15.000	40,00%	40,00%	Patrimonio Netto
Solarplant S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Acea Green S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Belaria S.r.l.	Via Luciano Manara, 15 - Milano	10.000	49,00%	19,60%	Patrimonio Netto
Energia S.p.A.	Via Barberini, 28 - 00187 Roma	239.520	49,90%	49,90%	Patrimonio Netto
<b>Area Ingegneria e Servizi</b>					
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis, 49 - Firenze	100.000	98,90%	44,10%	Patrimonio Netto
Visano S.c.a.r.l.	Via Lamarmora, 230 - 25124 Brescia	25.000	40,00%	40,00%	Patrimonio Netto

The following companies are also consolidated using the equity method:

Denominazione	Sede	Capitale Sociale (In €)	Quota di partecipazione	Quota Consolidato di Gruppo	Metodo di Consolidamento
<b>Area Ambiente</b>					
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1.689.000	33,00%	33,00%	Patrimonio Netto
Coema	P.le Ostiense, 2 - Roma	10.000	67,00%	33,50%	Patrimonio Netto
<b>Estero</b>					
Aguaazul Bogotà S.A.	Calle 82 n. 19* - 34 - Bogotà - Colombia	652.361	51,00%	51,00%	Patrimonio Netto
<b>Area Idrico</b>					
Le Soluzioni Scarl	Via Garigliano, 1 - Empoli	250.678	80,84%	51,63%	Patrimonio Netto
Sogea S.p.A.	Via Mercatanti, 8 - Rieti	260.000	49,00%	49,00%	Patrimonio Netto
Umbria Distribuzione Gas S.p.A.	Via Bruno Capponi 100 - Terni	2.120.000	15,00%	15,00%	Patrimonio Netto
<b>Area Generazione</b>					
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	Via Monteverdi Claudio, 11 - Milano	90.000	32,18%	32,18%	Patrimonio Netto
Sienergia S.p.A. (in liquidazione)	Via Fratelli Cairoli, 24 - Perugia	132.000	42,08%	42,08%	Patrimonio Netto
<b>Altro</b>					
Marco Polo Srl (in liquidazione)	Via delle Cave Ardeatine, 40 - Roma	10.000	33,00%	33,00%	Patrimonio Netto

## B) Reconciliation of shareholders' equity and statutory profit – consolidated

€ thousand	Profit for the year		Shareholders' equity	
	30.06.2022	30.06.2021	30.06.2022	31.12.2021
<b>Balances in statutory financial statements (ACEA)</b>	<b>250,054</b>	<b>204,400</b>	<b>1,728,646</b>	<b>1,656,139</b>
Surplus of shareholders' equity in financial statements, including the related results compared to carrying values in consolidated companies	(73,846)	(36,922)	(175,671)	(16,099)
Consolidation Goodwill	(9,528)	(5,162)	404,724	360,125
Accounted for using the equity method	16,020	8,469	235,693	170,084
Other changes	322	(4,996)	(45,955)	(46,278)
<b>Balances in consolidated financial statements</b>	<b>183,023</b>	<b>165,789</b>	<b>2,147,437</b>	<b>2,123,971</b>

## C) Remuneration of Directors, Statutory Auditors and Key Managers

### Board of Directors and Board of Statutory Auditors

€ thousand	Remuneration due				Total
	Remuneration for the office	Non-monetary Benefits	Bonuses and other incentives	Other compensation	
Board of Directors	112	23	115	519	770
Board of Statutory Auditors	182	0	0	0	182

### Key Managers

Fees due to executives with strategic responsibilities for the first half of 2022 amounted to:

- salaries and bonuses € 410 thousand;
- non-monetary benefits € 40 thousand.

Remuneration paid to key managers is established by the Remuneration Committee based on average levels of pay in the labour market.

## D) Public disbursement information pursuant to art. 1, paragraph 125, law 124/2017

On the basis of the rules on transparency in the system of public disbursements pursuant to art. 1, paragraph 125, law 124/2017, is declared with reference to the first semester of 2022 as follows:

- ACEA Ato5 collected in March 2022 1,942 thousand from the Arera for the "Replacement of the Supino and Morolo water supply pipeline" and in May 2022 € 9 thousand from the Ministry of Sustainable Infrastructures and Mobility for the application for access to the Fund for adjustment of the prices of building materials referred to in article 1-septies, paragraph 8, of Law Decree 73/2021;
- ACEA Ato2 collected a contribution of € 293 thousand from the Lazio Region in June 2022 as a result of the request for access to the Fund for the adjustment of the prices of building materials referred to in article 1-septies, paragraph 8, of the Law Decree 73 of 25 May 2021 converted, with amendments, by law of 23 July 2021 no. 106;
- Gesesa collected € 157 thousand from the Campania Region as a contribution for the Development and Cohesion Plan.

In particular, it is specified that the 2022 collections deriving from green certificates, white certificates and energy accounts are not specified since they constitute a payment for supplies and services rendered.

It should be noted that the company areti has two loans granted by Cassa Depositi e Prestiti S.p.A. and UBI Banca S.p.A. pursuant to Italian Law no. 311, art. 1, paragraphs 354 to 361 of 30 December 2004 and subsequent amendments and additions and of Italian Law no. 46 of 17 February 1982, granted for the implementation of an investment programme permitted by the Ministry of Economic Development for the allowances envisaged by the aforementioned laws (Smart Network Management System Project). The loan is made up of a subsidised amount paid by Cassa Deposito e Prestiti and UBI Banca at a fixed rate of 0.5% and a non-subsidised bank loan provided by UBI Banca at a variable rate equal to the Euribor six-month rate plus a spread of 4%, both to be repaid according to an amortisation plan that will end in 2022. The debt relating to the subsidised loan at 30 June 2022 amounts to € 855,000 (€1.709m as of 31 December 2021) while the non-subsidised loan as of 30 June 2022 amounts to € 190 m (€ 380 m as of 31 December 2021).

## E) Segment information: statement of financial position and income statement

### Segment information: statement of financial position and income statement

Please note the following for a better understanding of the breakdown provided in this section:

- Responsible **environment**, from an organisational point of view, of ACEA Ambiente, Aquaser, Acque Industriali, Iseco, Demap, Berg, Ferrocarr, Cavallari, Deco, Meg, SER Plast and AS Recycling.
- Responsible **Sales and Trading**, from an organisational point of view, of the companies ACEA Energia, Aema, Umbria Energy, ACEA Innovation and Cesap Vendita Gas;
- **Abroad** responsible, from an organisational point of view, for the activities carried out abroad;
- Responsible **water**, from an organisational point of view, for the water companies operating in Lazio, Campania, Tuscany and Umbria, and for the gas distribution companies operating in Abruzzo;
- **Generation** refers to ACEA Produzione, Ecogena, ACEA Liquidation and Litigation, ACEA Sun Capital, ACEA Solar and all the Photovoltaic companies;
- **Energy infrastructure** refers to areti and public lighting;
- **Engineering and Services** responsible, from the organizational point of view, of ACEA Elabori, TWS, Ingegnerie Toscane and Simam.

It should be noted that the comparative figures have been reclassified for insignificant amounts for the sake of clarity.





## Balance Sheet Assets 31/12/2021

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Total	Engineering and Serv.	Corporate	Consolidation adjustments	Consolidated Total
Capex	36,122	49,392	4,590	522,092	39,442	270,634	3,876	0	274,509	9,860	34,400	0	970,407
Total property, plant and equipment	298,039	(589)	33,583	130,783	216,625	2,130,541	10,776	0	2,141,317	17,261	104,755	(928)	2,940,844
Total intangible fixed assets	153,968	199,095	35,593	3,559,822	1,352	102,820	0	0	102,820	25,376	63,863	(377,519)	3,764,370
Subsidiaries													292,239
Financial Assets in Shares													2,980
Total Non-financial Assets													778,671
Total Financial Assets													22,549
Inventories	9,347	3,727	1,824	19,312	640	37,898	0	0	37,898	19,104	0	(5,446)	86,406
Receivables from customers	103,515	335,508	8,135	482,339	43,345	165,825	700	0	166,525	45,254	615	(158,228)	1,027,007
Receivables from Parent Company	216	14,480	0	26,110	515	3,691	57	0	3,748	92	(27)	(10,663)	34,472
Receivables from Associates	4	(84)	2	170	5	0	0	0	0	4,660	178,639	(173,231)	10,165
Other current receivables and assets													411,996
Total Financial Assets													407,944
Total Cash and cash equivalents													680,820
Non-current assets held for sale													168,425
<b>Total Assets</b>													<b>10,628,886</b>

## Balance Sheet Liabilities 31/12/2021

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Total	Engineering and Serv.	Corporate	Consolidation adjustments	Consolidated Total
Trade payables to third parties	72,838	671,633	2,952	701,790	31,906	155,755	10,739	0	166,494	20,557	116,406	(169,637)	1,614,938
Trade payables to Parent Company	7,049	30,176	67	142,560	4,334	39,666	26	0	39,692	4,552	182	(166,150)	62,462
Trade payables to subsidiaries and associates	8	69	133	5,897	0	0	8,136	0	8,136	0	3,196	(11,276)	6,163
Other current trade liabilities													581,768
Other current financial liabilities													285,222
Employee severance indemnity and other defined benefit plans	11,659	4,687	401	35,666	2,762	39,326	0	0	39,326	5,315	20,334	0	120,150
Other provisions	58,306	19,130	256	50,478	21,069	25,707	0	0	25,707	2,222	(7,123)	23,275	193,318
Other non-current trade liabilities													409,064
Other non-current financial liabilities													4,791,979
Liabilities closely associated with assets held for sale													47,402
Shareholders' Equity													2,516,420
<b>Total liabilities and shareholders' equity</b>													<b>10,628,886</b>



## Income Statement 30/06/2021

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Energy Infrastructure	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenues	109,851	877,363	38,534	609,808	55,252	289,299	16,932	0	306,231	60,266	64,723	(297,762)	1,824,266
Staff costs	14,889	12,215	10,798	57,568	(593)	13,710	2,884	0	16,593	22,229	32,641	(22,586)	143,754
Costs of materials and overhead	64,296	824,781	14,190	234,770	20,838	91,545	16,381	0	107,927	31,025	50,190	(275,176)	1,072,841
Net Income/(Expense) from commodity risk management	0	0	0	0	0	0	0	0	0	0	0	0	0
Valuation of companies using the equity method	(0)	0	0	8,733	381	0	0	0	0	2,000	0	0	11,114
<b>EBITDA</b>	<b>30,665</b>	<b>40,367</b>	<b>13,546</b>	<b>326,203</b>	<b>35,387</b>	<b>184,044</b>	<b>(2,333)</b>	<b>0</b>	<b>181,711</b>	<b>9,013</b>	<b>(18,108)</b>	<b>0</b>	<b>618,785</b>
Depreciation/amortisation and impairment losses	14,146	32,056	5,993	159,014	13,653	69,254	665	0	69,919	2,787	11,449	0	309,018
<b>Operating profit/(loss)</b>	<b>16,519</b>	<b>8,312</b>	<b>7,554</b>	<b>167,189</b>	<b>21,734</b>	<b>114,790</b>	<b>(2,998)</b>	<b>0</b>	<b>111,792</b>	<b>6,225</b>	<b>(29,557)</b>	<b>0</b>	<b>309,767</b>
Financial (costs)/income													(43,359)
(Expenses)/Income from Equity Investments	0	0	2,591	47	67	0	0	0	0	0	36	0	2,742
Profit/(loss) before tax													269,150
Taxes													80,203
<b>Net profit/(loss)</b>													<b>188,947</b>



## Balance Sheet Assets 30/06/2022

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Energy Infrastructure	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Capex	18,487	20,557	1,594	259,714	19,489	134,825	1,066	0	135,891	1,833	12,654	0	470,218
Total property, plant and equipment	306,317	1,812	35,768	131,749	212,312	2,197,685	10,864	0	2,208,548	15,636	104,001	(928)	3,015,216
Total intangible fixed assets	161,018	200,718	37,827	3,670,685	3,435	104,515	0	0	104,515	24,901	64,309	(377,519)	3,889,888
Subsidiaries													357,848
Financial Assets in Shares													3,004
Total Non-financial Assets													814,405
Total Financial Assets													18,257
Inventories	10,015	6,349	2,462	18,799	1,833	40,755	0	0	40,755	24,463	0	(6,936)	97,740
Receivables from customers	113,643	355,111	11,377	501,084	39,084	163,379	761	0	164,140	48,436	783	(163,046)	1,070,611
Receivables from Parent Company	383	12,324	0	53,024	492	3,769	57	0	3,826	113	(15)	(8,949)	61,197
Receivables from Associates	6	510	0	326	326	0	0	0	0	3,508	94,159	(87,359)	11,476
Other current receivables and assets													491,127
Total Financial Assets													526,166
Total Cash and cash equivalents													625,596
Non-current assets held for sale													18,354
<b>Total Assets</b>													<b>11,000,884</b>

## Balance Sheet Liabilities 30/06/2022

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Energy Infrastructure	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Trade payables to third parties	74,955	664,296	4,426	713,657	27,044	148,920	10,106	0	159,026	16,410	102,306	(170,445)	1,591,674
Trade payables to Parent Company	5,207	22,806	109	98,573	1,902	20,119	94	0	20,213	1,808	182	(79,515)	71,285
Trade payables to subsidiaries and associates	8	8	167	2,441	6,362	0	6,708	0	6,708	0	2,776	(12,516)	5,955
Other current trade liabilities													596,817
Other current financial liabilities													679,107
Employee severance indemnity and other defined benefit plans	10,040	4,127	552	31,545	2,460	34,799	0	0	34,799	4,700	22,801	0	111,011
Other provisions	71,250	24,123	129	89,157	38,329	54,416	0	0	54,416	2,950	(10,221)	23,275	293,409
Other non-current trade liabilities													411,882
Other non-current financial liabilities													4,684,708
Liabilities closely associated with assets held for sale													642
Shareholders' Equity													2,554,394
<b>Total liabilities and shareholders' equity</b>													<b>11,000,884</b>



## Income Statement 30/06/2022

€ thousand	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenues	171,880	1,340,710	44,016	664,048	90,605	280,156	24,212	0	304,368	57,152	70,170	(395,285)	2,347,664
Staff costs	19,611	13,099	12,346	57,759	3,171	12,178	2,132	0	14,310	16,018	32,721	(16,348)	152,687
Costs of materials and overhead	93,990	1,289,175	16,257	266,746	36,945	86,458	22,495	0	108,953	36,681	58,702	(378,937)	1,528,511
Net Income/(Expense) from commodity risk management	0	0	0	0	0	0	0	0	0	0	0	0	0
Valuation of companies using the equity method	0	0	0	14,156	1,507	0	0	0	0	357	0	0	16,020
<b>EBITDA</b>	<b>58,280</b>	<b>38,435</b>	<b>15,413</b>	<b>353,699</b>	<b>51,997</b>	<b>181,521</b>	<b>(416)</b>	<b>0</b>	<b>181,105</b>	<b>4,810</b>	<b>(21,253)</b>	<b>0</b>	<b>682,487</b>
Depreciation/amortisation and impairment losses	19,880	31,778	6,454	180,592	8,996	66,282	979	0	67,261	4,280	14,942	0	334,183
<b>Operating profit/(loss)</b>	<b>38,400</b>	<b>6,657</b>	<b>8,960</b>	<b>173,107</b>	<b>43,000</b>	<b>115,239</b>	<b>(1,394)</b>	<b>0</b>	<b>113,844</b>	<b>530</b>	<b>(36,195)</b>	<b>0</b>	<b>348,304</b>
Financial (costs)/income													(43,729)
(Expenses)/Income from Equity Investments	13	0	15	4	19,232	0	0	0	0	0	(142)	0	19,122
Profit/(loss) before tax													323,697
Taxes													125,655
<b>Net profit/(loss)</b>													<b>198,041</b>