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## CONSOLIDATED FINANCIAL STATEMENTS





Acea is one of the major Italian multiutilities, and has been listed on the stock exchange since 1999. Acea has adopted an organisational structure and operating model based on strategic guidelines, founded on growth in the water market through infrastructure development, geographic expansion, strengthening technology and

protecting water resources; the resilience of the electricity network and quality of service in the city of Rome; developing new renewable capacity to help face the energy transition; a push towards the circular economy with geographic expansion, also in synergy with other businesses.

## FORM AND STRUCTURE

### GENERAL INFORMATION

The Consolidated Financial Statements at 31 December 2023 of the Acea Group were approved by Board of Directors' resolution on 5 March 2024, 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

These Condensed Financial Statements have been prepared in compliance with the international accounting standards in effect on the date of the financial statements, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in art. 6 of the 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 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

These consolidated financial statements consist of the consolidated income statement, the comprehensive consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement 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 Financial Managements are prepared using the going concern assumption and there are no significant uncertainties about the company as a going concern (as defined in paragraph 25 of IAS 1). The Consolidated Financial Statements are presented in Euros and all amounts are rounded off to the nearest thousand Euros unless otherwise indicated.

The figures in these Consolidated Financial Statements are comparable to those in the previous year.

### USE OF ESTIMATES AND ASSUMPTIONS

Drafting of the Consolidated 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 estimates and assumptions are reviewed periodically, and the effects of each change are 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.

### CASH FLOW STATEMENT

Note that certain items have been reclassified in the Cash Flow Statement for better understanding of the figure and cash flow dynamics. Therefore, the figure for 2022 has also been restated for comparability.

# 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.

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.

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.

## 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 intercompany balances and transactions, including any unrealised profits on intercompany 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 involving solely entities under common control

Business combinations which involve companies which are, definitively, under the control of the same company or the same companies both before and after the combination, and this control is not temporary, are classified as "Business Combinations of entities under common control". These are excluded from the scope of application of IFRS 3, nor are they governed by other IFRS. In the absence of a relevant accounting standard, the selection of the accounting standard for these transactions, relative to those for which a significant influence on future cash flows cannot be demonstrated, is guided by the principle of prudence, which leads to the application of the criteria of continuity of values for the net assets acquired. Assets are recognised at the book values found in the accounts of the companies acquired (or that of the selling company) prior to the transaction or, alternatively, the values found in the consolidated financial statements of the common parent company. Particularly with reference to the above transactions, relative to the sale of a business unit, treatment of the difference between the contractually defined payment and the accounting value of the business transferred is differentiated as a function of the equity investment relationships between the entities involved in the transfer. Relative to transfers of business units under common control, on the other hand, regardless of the pre-existing investment relationship, the transferring entity must recognise the business transferred at its historic accounting value, increasing its shareholders' equity by the same amount. The receiving entity must symmetrically recognise the equity investment in the transferring entity for an amount equal to the increase in the shareholders' equity of the latter. This accounting treatment makes reference to

that proposed by Assirevi in its Preliminary Guidelines on IFRS (OPI n. 1 Revised) - "Accounting treatment of business combinations of entities under common control in annual and consolidated financial statements", issued in October 2016.

### 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.

### Treatment of put options for shares of subsidiaries

Based on the provisions established under standard IAS 32, paragraph 23, a contract which contains a requirement for an entity to acquire shares for cash or against other financial assets, gives rise to a financial liability for the current value of the price to exercise the option. Therefore, if the entity does not have the unconditional right to avoid the payment of cash or other financial instruments if and when a put option is exercised on shares of subsidiaries, it must recognise this debt. All subsequent changes are recognised in the Income statement. The same accounting treatment applies when, in addition to a put option, there is also a symmetrical call option, referred to as "symmetrical put and call options related to non-controlling interest". The Group considers shares subject to put options (or to symmetrical put and call options) already acquired, in cases in which the economic benefits and risks linked to actual ownership of the shares does not remain with minority shareholders. Therefore, in these circumstances, it does not recognise the interests held by minority shareholders in the consolidated financial statements.

### 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 divestment 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.

## ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

For accounting periods beginning on or after 1 January 2023, the IASB has amended IAS 1, providing guidelines and examples to assist entities in applying the concept of materiality to disclosures on the accounting policies adopted. The IASB also amended the IFRS Practice Statement 2 to support these amendments to IAS 1, explaining and demonstrating application of the “four step materiality process” to the accounting policy disclosure.

The amendments are intended to help entities provide more useful information about the accounting policies adopted, by:

- Replacing the requirement for entities to provide information on their “significant” accounting policies with the requirement to focus on their “material” accounting policies; and
- Adding guidelines on how entities should apply the materiality concept when making decisions about the disclosure on accounting policies adopted.

The replacement of disclosures on “significant” accounting policies with “material” policies in IAS 1 and the corresponding new guidelines in IAS 1 and IFRS Practice Statement 2 may impact the disclosures on accounting policies prepared by entities. Determining whether accounting policies adopted are material or not requires greater use of professional judgement. The Acea Group has considered these amendments and has begun a gradual process of reviewing the information provided in the financial statements with reference to the material policies applied, also in the light of the varying nature of the parties that may potentially be interested in reading and understanding the information included in this document.

Material policies and criteria are illustrated below.

### REVENUE RECOGNITION

In accordance with the provisions of IFRS 15 “Revenue from contracts with customers”, revenues are recognised for an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer. The fundamental parts for accounting purposes are:

- identify the commercial contract, defined as a (written or verbal) agreement between two or more parties which results in rights and obligations with the customer having the right to legal protection;
- identify the separately identifiable obligations to do something (also “performance obligations”) contained in the contract;
- determine the price of the transaction, as the fee the enterprise expects to receive for the transfer of assets or the performance of services to the customer, in accordance with the techniques in the Standard and depending on the possible presence of financial and variable components;
- allocate a price to each performance obligation;
- to recognize the revenue when the revenue obligation is fulfilled by the entity, allowing for the fact that the services may not be provided at a specific time, but over a period of time.

In a construction contract, revenue is recognised over time, using the input method, which measures the performance obligation based on the percentage of completion. When the amount invoiced

exceeds total revenues recognised, a contract liability is recognised or, in the opposite case, a contract asset.

With reference to measuring revenues, note in particular that:

- **revenues from the sale and transport of electricity and gas** are recognised at the time the service is supplied or supplied, even if they are not invoiced, and are determined by adding estimates calculated on the basis of pre-established reading calendars. These revenues are calculated on the basis of the provisions of the law, of the resolutions of the Authority for electricity and gas and the water system in force during the period, also taking into account the pro tempore equalisation measures in force; it should be noted that with reference to the valorisation of revenues from the transport of electricity, if the admission of investments in tariffs that establishes the right to payment for the operator is virtually certain already in the year in which they are realized, the corresponding revenues they are ascertained on an accrual basis regardless of how they will be financially recognized as a result of ARERA Resolution 654/2015;
- **the revenues of the integrated water service** are determined on the basis of the Water Tariff Method (MTI-3), valid for the determination of the tariffs for the years 2020-2023, approved with Resolution no. 580/2019/R/idr (MTI-3) of 30 December 2019, Determination 1/2020-DSIS of 29 June 2020 and subsequent modifications by ARERA. Based on the interpretation of the legal nature of the tariff component, Fo.NI. (New Investments Fund) is entered among the revenues for the year the relative amount due to the Water Companies where expressly recognized by the Area Authorities which establish the intended use.

The adjustment for the so-called pass-through items is also entered among the revenues of the year (i.e. electricity, wholesale water) of which the aforementioned resolution provides specific details as well as any adjustment relating to costs pertaining to the Integrated Water System incurred for the occurrence of exceptional events (i.e. water and environmental emergencies) if the preliminary investigation for their recognition gave positive results.

### DIVIDENDS

These are recognised when the unconditional right of shareholders is established to receive payment. They are classified in the income statement under the item Investment income.

### CONTRIBUTIONS

Contributions obtained for investments in plants, both by public bodies and by private third parties, are recognised at fair value when there is a reasonable certainty that they will be received and that expected conditions will be met. Contributions received for specific plants whose value is recorded under fixed assets are recorded (using the indirect method) among other non-current liabilities and progressively released to the Income Statement in constant instal-

ments over a period equal to the useful life of the reference asset.

## EMPLOYEE BENEFITS

Benefits guaranteed to employees disbursed at the time of or after termination of the employment relationship through defined benefit and defined contribution programmes (including: severance indemnity -TFR, extra months, tariff subsidies, as described in the notes) or other long-term benefits are recognised in the period during which the rights to these accrue. The valuation of the liability is carried out by independent actuaries. These funds and benefits are not funded.

The cost of benefits envisaged by the various plans is determined separately for each plan using the actuarial valuation method of the unit credit projection, making the actuarial valuations at the end of each year. Profits and losses deriving from the actuarial calculation are recorded in the statement of comprehensive income, then in a specific Shareholders' equity Reserve, and are not subsequently charged to the Income Statement.

Expenses deriving from retirement incentives for employees who took part in the "Isopensione" Plan and which meet the criteria defined in the Group's Plan were recognised in a specific Provision. The Group takes the place of the reference national insurance institutions. In particular, the Provision was created to pay pension instalments due to early pensioners, as well as to pay presumed contributions during the period needed to achieve the right to the relative social security payments through the national insurance institutions.

## GOODWILL

Goodwill deriving from business combinations (including but not limited to, the acquisition of subsidiaries, jointly controlled entities or the acquisition of business units or other extraordinary transactions) represents the excess of the cost acquisition of the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly-controlled entity at the acquisition date compared to the Group's share of the fair value. Goodwill is recognised as an asset and reviewed annually to verify that it has not suffered any loss in value. If there is joint control, or even affiliated, the goodwill of investments recognised according to the equity method remains implicit in the value of the investment.

The losses in value are recorded immediately in the income statement and are not subsequently restored.

At the acquisition date, any emerging goodwill is allocated to each of the independent cash generating units that are expected to benefit from the synergistic effects deriving from the acquisition. Any loss in value is identified through assessments that refer to the capacity of each unit to generate cash flows to recover the part of goodwill allocated to it. In the event that the recoverable amount by the cash-generating unit is lower than the assigned load value, the relative loss in value is recorded.

In the event of the sale of a subsidiary or jointly controlled entity, the amount not yet amortized of the goodwill attributable to them is included in the determination of the gain or loss on disposal.

## CONCESSIONS

This item includes the value of the concession right to the assets consisting of water and purification plants that were transferred. This value refers to state property belonging to the so-called "accidental state" of water and sewage treatment and is systematically amortised based on the residual duration of the concession. It should be noted that the residual depreciation period is in line with the average duration of the operations entrusted with a public procedure.

## INFRASTRUCTURE LAW

In line with the provisions of IFRIC 12 "Service Concession Arrangements", based on the intangible asset model the Group reports the total amount of the physical infrastructure supplied for the management of the water service, since the service concession contract does not give the concessionaire the right to control the use of the public service infrastructure but rather allows access to the management of the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract.

In fact, the aforementioned interpretation requires the registration of a single intangible asset representing the concessionaire's right to charge the fee to users of the public service instead of the takeover of the physical infrastructure for the management of the service.

The amount also includes the capitalisation of the margin resulting from investments.

## RIGHTS OF USE OF INTELLECTUAL PROPERTY

Costs related to this item are included under intangible assets and are amortized on the basis of a period of presumed usefulness of three / five years.

## RIGHT OF USE

This item contains assets relative to application of international accounting standard IFRS 16, issued in January 2016 and in effect as of 1 January 2019, which replaced the previous standard on leasing, IAS 17 and its interpretations, identifying criteria for recognition, measurement and presentation, as well as the information to be provided with reference to leasing contracts. IFRS 16 marks the end of the distinction in terms of classification and accounting treatment of operating leases (with off-balance sheet disclosures) and finance leases (recognised in the financial statements).

The right to use the leased asset ("Right of Use") and the commitment made result from financial data in the financial statements (IFRS 16 applies to all transactions involving a right of use, regardless of the contractual form, i.e. lease, rental or hire purchase). The standard introduces the concept of control to the definition used, in particular, to determine whether a contract is a lease. IFRS 16 requires a lessee to verify whether it has the right to control the use of a given asset for a specified period of time.

There is no accounting symmetry with the lessor, which continues to apply a separate accounting treatment depending on whether the contract is an operating lease or a finance lease (on the basis of current guidelines). On the basis of this new model, the lessee

shall recognise:

- in the balance sheet, the assets and liabilities for all leases that have a term exceeding 12 months, unless the underlying asset has a modest value; and
- in profit or loss, depreciation of the leased assets separately from interest on the related liabilities.

For the first-time adoption of the principle, the transition approach used by the Acea Group was the modified retrospective approach, and therefore the contracts whose leases — including renewals — will end within 12 months from the date of first application will not be included. The Group has also used the possibility envisaged by the principle of not accounting separately for the non-lease component of mixed contracts, therefore choosing to treat these contracts as a lease.

For payable discounting purposes, the Group has used an IBR calculated based on a risk-free rate with a maturity equal to the residual duration for each contract plus the credit spread assigned to Acea SpA by Moody's. Finally, it should be noted that there are no significant differences between the commitments arising from lease contracts discounted at the same rate and the value recognised in accordance with IFRS 16.

## IMPAIRMENT

Goodwill and other assets with an indefinite useful life are not amortised on a straight-line basis, but are tested for impairment at least once a year by the individual Cash Generating Units (CGUs) or groups of CGUs to which assets with an indefinite useful life can be reasonably allocated, in accordance with Group procedures. The Company analyses the CGUs of the Group identified using its procedure, based on the impairment procedure. The test consists of a comparison between the carrying amount of the asset and its estimated value in use - VIU. Given the nature of the activities carried out by the Acea Group, the method of determining the "VIU" is carried out by discounting the expected cash flows from use and, if significant and reasonably determinable, from disposal at the end of the useful life. However, where there is evidence of a reliable fair value (price traded in an active market, comparable transactions, etc.) the Group assesses the adoption of this value for impairment testing.

Cash flows are determined on the basis of the best information available at the time of the estimate, which can be inferred through the combined use of the financial method and sensitivity analyses. The determination of the "VIU" is carried out using the financial method (Discounted Cash Flow - DCF) which considers the ability to produce cash flows as the fundamental element for the valuation of the entity of reference. The application of the financial method to determine the value in use of a CGU involves estimating the present value of net operating cash flows for tax purposes.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. An impairment loss is immediately recognised in the Income Statement, unless the asset is represented by land or buildings other than real estate investments recorded at revalued values, in which case the loss is recognised in the respective revaluation reserve. When an impairment no longer exists, the carrying amount of the asset (or cash-generating unit), with the exception of goodwill, is increased to its new estimated recoverable amount. The reversal must not exceed the carrying amount that would have been determined (net of amortisation or depreciation)

had no impairment charge been recognised for the asset in prior periods. The reversal of an impairment charge is recognised immediately as income in the income statement, unless the asset is carried at a revalued amount, in which case the reversal is recognised in the revaluation reserve.

Where an impairment charge is recognised in the income statement, it is included among amortisation, depreciation and impairment charges.

## EMISSION ALLOWANCES, GREEN CERTIFICATES AND WHITE CERTIFICATES

Different accounting policies are applied by the Group to allowances or certificates held for own use in the "Industrial Portfolio", and those held for trading purposes in the "Trading Portfolio".

Surplus allowances or certificates held for own use, which are in excess of the company's requirement in relation to the obligations accruing at the end of the year, are accounted for at cost in other intangible assets. Allowances or certificates assigned free of charge are accounted for at a zero value.

Given that these are assets for instant use, they are not amortised but are tested for impairment. The recoverable amount is the higher of the asset's value in use and its market value.

The burden resulting from the fulfilment of the energy efficiency obligation is estimated on the basis of the average purchase price for the contracts entered into, taking into account the certificates in the portfolio at the financial statements date; a provision for liabilities is allocated for the negative difference between the said burden and the contribution estimated pursuant to AEEGSI Resolution 13/2014/R/efr, to be paid at the time the certificates are delivered in fulfilment of the obligation.

Allowances or certificates held for trading in the "Trading Portfolio" are accounted for in inventories and measured at the lower of purchase cost and estimated realisable value, based on market trends. Allowances or certificates assigned free of charge are accounted for at a zero value. Market value is established on the basis of any spot or forward sales contracts already signed at the end of the reporting period, or otherwise on the basis of market prices.

## WRITE-DOWNS OF FINANCIAL ASSETS

The assessment of the recoverability of the financial assets representing debt instruments not valued at fair value with effects on the income statement is made on the basis of the so-called "Expected credit loss model".

In particular, expected losses are generally determined based on the product of: i) the exposure owed to the counterparty net of the relative mitigating factors (so-called "Exposure at Default"); ii) the probability that the counterparty does not comply with its payment obligation ("Probability of Default"); iii) the estimate in percentage terms of the amount of credit that will not be able to be recovered in the event of a default ("Loss Given Default"), based on past experience and possible recovery actions that can be taken (e.g. out-of-court actions, legal disputes, etc.).

In this regard, the internal ratings already used for the assignment have been adopted to determine the probability of default of the counterparties. For counterparties represented by State Entities

and in particular for the National Oil Companies, the probability of default – essentially represented by the probability of late payment – is determined using as input the country risk premiums implemented for the purposes of determining the WACC for the impairment of non-financial assets.

For retail customers not having internal ratings, the assessment of expected losses is based on a *provision matrix*, constructed where appropriate by grouping the clustered receivables to which write-down percentages apply based on the experience of previous losses, adjusted where necessary to take account of forecast information regarding the credit risk of the counterparty or of clusters of counterparties.

## FINANCIAL ASSETS RELATED TO AGREEMENTS FOR SERVICES UNDER CONCESSION

With reference to the application of IFRIC 12 to the public lighting service concession, Acea has adopted the Financial Asset Model, recognising a financial asset to the extent that it has an unconditional contractual right to receive cash flows. In addition, the Group reports revenues on the contract for construction and improvement services, both for the part carried out internally by the Group and for the part of Third Parties. The margin recorded is accounted for according to the provisions of IFRS 15 and amortised over the residual duration of the concession.

## FINANCIAL LIABILITIES

Financial liabilities other than derivative instruments – including financial payables, trade payables, other payables and other liabilities – are initially recognised at the fair value less any costs associated with the transaction. Subsequently they are recognised at amortised cost using the effective interest rate for discounting purposes, as illustrated in the previous point “Financial assets”.

Financial liabilities are eliminated when they are extinguished or when the obligation specified in the contract is fulfilled, cancelled or expired.

## DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments, including implicit ones (Embedded derivatives) are assets and liabilities recognised at fair value according to the criteria specified in the point below, “Valuation at fair value”.

In the context of the risk management strategy and objectives, qualification of transactions as hedges requires: i) verification of the existence of an economic relationship between the hedged item and the hedging instrument that can offset the related changes in value, and that this capacity to offset is not affected by the level of counterparty credit risk; ii) the definition of a hedge ratio consistent with risk management objectives, within the defined risk management strategy, where necessary making the appropriate rebalancing actions. Changes in risk management objectives, the absence of the conditions specified above for the classification of

transactions as hedges or the implementation of rebalancing operations results in the total or partial prospective discontinuation of the hedge.

When hedging derivatives cover the risk of changes in the fair value of the hedged instruments (fair value hedge; e.g. hedging of the variability of the fair value of fixed rate assets/liabilities), the derivatives are recognised at fair value with the allocation of effects in the income statement. Similarly, the hedged instruments in the income statement reflect the changes in fair value associated with the hedged risk, regardless of the provision of a different valuation criterion generally applicable to the type of instrument.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedge; e.g. hedging of the variability of the cash flows of assets/liabilities due to fluctuations in interest rates or exchange rates), the changes in the fair value of derivatives considered to be effective are initially recognised in the shareholders' equity reserve relating to the other components of comprehensive income, and subsequently recognised in the income statement consistent with the economic effects produced by the hedged transaction. In the case of hedging of future transactions that involve the recognition of a non-financial asset or liability, the accumulated changes in the fair value of hedging derivatives, recognised in equity, are recognised as an adjustment to the carrying amount of the asset./non-financial liability subject to hedging (so-called basis adjustment).

The ineffective portion of the hedge is recorded in the income statement item “Financial (costs)/income”.

Changes in the fair value of derivatives that do not meet the conditions to be qualified as hedges, including any ineffective components of hedging derivatives, are recognised in the income statement. In particular, changes in the fair value of non-hedging derivatives on interest rates and currencies are recognised in the income statement item “Financial (costs)/income”.

Embedded derivatives – embedded in financial assets – are not subject to separate accounting. In these cases, the entire hybrid instrument is classified according to the general criteria for the classification of financial assets.

Implicit derivatives incorporated within financial liabilities and/or non-financial assets are separated from the main contract and recognised separately if the embedded instrument: i) meets the definition of a derivative; ii) as a whole it is not measured at fair value with the effects being charged to the income statement (FVTPL); iii) if the characteristics and risks of the derivative are not strictly linked to those of the main contract. Verification of the existence of embedded derivatives to be separated and valued separately is carried out when the company enters into the contract, and subsequently if there are changes in the terms of the contract that lead to significant changes in the cash flows generated by that contract.

## PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made when the Group has to meet a current obligation (legal or implicit) deriving from a past event, where it is probable that an outlay of resources will be required to satisfy the obligation and a reliable estimate can be made on the amount of the obligation.

The provisions are allocated based on the Management's best estimate for the costs required to fulfil the obligation at the balance sheet date, and if the effect is significant.

When the financial effect of time is significant and the payment

dates of the obligations can be reliably estimated, the provision is determined by discounting the expected future cash flows at the average rate of the company's debt taking into account the risks associated with the obligation; the increase in the provision associated with the passage of time is recognised in the Income Statement under the item "Financial income/(charges)".

If the debt is related to the dismantling and/or renovation of material assets, the initial fund is reported as an offset to the asset it refers to; its incidence on the Income Statement takes place through the process of amortisation of the material fixed asset to which the obligation refers.

## NON-CURRENT ASSETS DESTINED FOR SALE

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered mainly through sale rather than through continual use, are measured at the lower of their net carrying amount and the fair value net of costs to sell. In particular, by disposal group is meant a set of directly related assets and liabilities held for sale in the context of a single operation.

Discontinued operations consist, instead, of a significant component of the group, such as an important autonomous business unit or geographical area of activity or a subsidiary acquired exclusively with a view to resale.

This condition is met only when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current conditions and the Management has made a commitment to the sale, which must take place within twelve months from the date of classification in this item.

Assets and liabilities directly related to non-current assets held for sale, disposal groups and discontinued operations, in line with what is provided for in the international accounting standards, are accounted for in two specific items of the balance sheet, that is, assets held for sale and liabilities closely associated with assets held for sale.

In addition, from the date on which the changed destination of the assets has been resolved, depreciation and amortisation are no longer calculated and the measurement of such assets is made at the lower between historical cost, decreased by the related accumulated depreciation or amortisation, and the estimated realisable value.

# ACCOUNTING STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS APPLIED AS OF 1 JANUARY 2023

## IFRS17 Insurance Contracts

On 18 May 2017, the IASB issued IFRS 17 “Insurance Contracts” which defines the accounting of insurance contracts issued and re-insurance 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 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. Amendments are applicable from the financial years beginning 1 January 2023. Earlier application is permitted.

## 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 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.

The amendments and standards mentioned above did not have any significant impact for the Acea Group on the financial statements nor did they require particular disclosures.

# 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

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 -76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by the right to defer settlement;
- that the right to defer settlement must exist at the end of the reporting year;
- that classification is not affected by the likelihood of the entity exercising its right to defer settlement.

Only if an implicit derivative in a convertible liability is itself an equity instrument does the maturity date of the liability not impact its classification. Additionally, a requirement was introduced to disclose when a liability deriving from a loan contract is classified as non-current and the right to defer settlement is subordinate to respecting covenants within 12 months.

The amendments are effective for years beginning on or after 1 January 2024 and must be applied retrospectively. At present, the Group is assessing the impact that these amendments will have on its current situation and whether it will be necessary to renegotiate existing loan contracts.

## Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

Issued on 22 September 2022, its purpose is to clarify the impact that a sale and leaseback transaction could have on a financial liability that involves variable payments not linked to indices or rates. The main change in the subsequent measurement of the financial liability regards the determination of the “lease payments” and of the “revised lease payments” so that, following a leaseback transaction a the seller-lessee does not recognise any profit or loss related to the right of use that it holds. The purpose of the amendment is to avoid the accounting of profits and losses, related to the right of use recognised, following events that entail a remeasurement of the payable (for example a change in the leasing contract or in its duration). Any profits and losses deriving from the partial or total termination of a leasing contract continue to be recognised for the part of right of use terminated. The amendments are applicable from 1 January 2024 with possibility of early application.

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

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, to clarify the characteristics of supplier finance agreements and request additional information about these agreements. The disclosure requirements included in the amendments are intended to help users of financial statements better understand the impacts on an entity's liabilities, cash flows and exposure to liquidity risk due to supplier finance agreements. The amendments are effective for years beginning on or after 1 January 2024. Early application is allowed and must be noted. These amendments are not expected to have a material impact on the Group's financial statements.

## MAIN CHANGES IN THE CONSOLIDATION SCOPE

At 31 December 2023, the scope of consolidation, with respect to that at 31 December 2022, changed due to the following main operations.

With reference to 2022, we note the following:

- 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;
- at the end of March 2022, Acea finalised the sale of the photovoltaic holding company (Acea Sun Capital) to the British investment fund Equitix. The agreement for the transfer of assets was signed on 24 December 2021. With the closing of the operation, the newco AE Sun Capital Srl, 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;
- on 1 April 2022, a purchase agreement was signed by Adistribuzione gas 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%;
- on 29 July 2022, Acea Solar signed the purchase of 17 vehicle companies in the Basilicata region (Marmaria Group), each the holder of development projects for ground-mounted monoaxial photovoltaic plants. The total power is estimated at 340 MWp, with annexed storage systems for 170 MWp of power;
- on 30 June 2022, the acquisition by Acea Ambiente of the business unit known as Polo Cirsu was signed after participation in the competitive bidding process begun with the notice of sale issued by the Court of Teramo. This business unit consists of: (i) a landfill known as "Grasciano1", completely depleted of authorised volumes; (ii) a landfill known as "Grasciano2", consisting of an 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>; (iii) a recycling and composting plant and a platform to utilise separate waste;
- on 1 September 2022, Acea Renewable 2 Srl and Fergas Solar 2 Srl were established, both 100% held by Acea Solar to complete the transfer of photovoltaic assets for plants constructed in the industrial and agricultural area. The establishment of the two companies is part of the project to deconsolidate the photovoltaic segment, begun on 22 March 2022, and which calls for a second closing, involving the transfer of plants that will be connected and operating on the date of the transaction;
- on 1 October 2022, the partial demerger of Romeo Gas SpA was completed, implemented through the assignment of equity shares in favour of Adistribuzione gas Srl. The purpose of the operation is part of an overall corporate reorganisation to achieve more efficient management of gas distribution concessions;
- on 4 October 2022, Acea Ambiente signed the acquisition

of 70% of the capital of Tecnoservizi Srl, a company that offers separate urban waste treatment and recovery services. The company's authorised capacity is treatment of 210 thousand tonnes per year in the province of Rome, coming from separate waste of Municipalities, entities and businesses;

- on 3 November 2022, Acea Ambiente, through its subsidiary Cavallari Srl, completed acquisition of 100% of Italmacero Srl, a company operating in the mechanical treatment and recovery of separate urban waste (mixed packaging, monomaterial fractions) and special non-hazardous waste;
- on 22 November 2022, the reverse merger by incorporation of AE Sun Capital with the subsidiary Acea Sun Capital was complete. The merger is part of an investment project involving the renewable energy sector and was implemented to achieve advantages through unification of processes, structures, achieving synergies and economies of scale, as well as cost efficiencies;
- on 6 December 2022, the closing of the initial stage of the business combination with ASM Terni was signed, following the completion public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors;
- on 19 December 2022, DropMI Srl was established, which carries out research and engineering for next generation water metres, that can operate and be monitored remotely, and also develops smart water solutions for the domestic and international markets.

With reference to 2023, we note the following:

- on 30 January 2023, Citelum Acea Napoli Illuminazione Pubblica was liquidated and removed from the Business Register;
- on 10 February 2023, Aqua.iot Srl and Aquantia Srl were established; the corporate purpose of the companies is the production, marketing and distribution of water meters to companies operating in the water industry in Italy. Aqua.iot Srl is 65% owned by Suez International SAS and 35% owned by Acea, while Aquantia Srl is 65% owned by Acea and 35% owned by Suez International SAS;
- on 1 March 2023, Orvieto Ambiente was established, wholly owned by Acea Ambiente, into which the business unit for the mechanical sorting, composting and waste disposal plant at the site in the Municipality of Orvieto was transferred. 20% of the equity investment was transferred at the second closing of the business combination with ASM Terni, cited below;
- on 19 April 2023, the second closing of the stage of the business combination with ASM Terni was signed, following the completion of the public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors. Following the second closing, the Group held a 45% equity investment;
- on 21 April 2023, Acea completed the acquisition of the remaining 30% of SIMAM (Servizi Industriali Manageriali Ambientali), a company specialising in the engineering, construc-

tion and management of water and waste treatment plants, in environmental works and reclamation, with hi-tech integrated solutions;

- on 16 June 2023, the merger of Italmacero Srl with its parent company Cavallari Srl was finalised, with effects retroactive to 1 January 2023;
- on 31 October 2023, the parent company acquired an additional 10% of the shares of Acque Blu Arno Basso SpA, corresponding to 799,999 shares previously held by the shareholder Vianini;
- on 2 November 2023, the merger of Acque Servizi Srl with its parent company Acque SpA was finalised, with effects retroactive to 1 January 2023;
- on 5 December 2023, the merger of Cesap Vendita Gas Srl with its parent company Umbria Energy SpA was finalised, with effects retroactive to 1 January 2023;
- on 12 December 2023, the parent company subscribed the cap-

ital increase of Bonifiche Ferraresi SpA, acquiring 1,250,000 shares for a minority interest of 0.48%;

- on 15 December 2023, the company a.cities Srl was established, fully held by the parent company with share capital of € 50 thousand. The company will manage public and artistic lighting and is not operational at present.

## UNCONSOLIDATED EQUITY INVESTMENTS

Tirana Acque Scarl 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.

## CONSOLIDATED INCOME STATEMENT

Ref. note	€ thousand	2023	Of which related party transactions	2022	Of which related party transactions	Change
1	Revenue from sales and services	4,430,252		4,957,179		(526,927)
2	Other revenue and income	219,124		181,066		38,058
	<b>Consolidated net revenue</b>	<b>4,649,376</b>	<b>163,833</b>	<b>5,138,245</b>	<b>148,412</b>	<b>(488,869)</b>
3	Staff costs	334,478		305,066		29,412
4	Costs of materials and overhead	2,938,418		3,556,055		(617,638)
	<b>Consolidated operating costs</b>	<b>3,272,896</b>	<b>59,772</b>	<b>3,861,121</b>	<b>65,557</b>	<b>(588,225)</b>
5	Net income/(expense) from commodity risk management	0		0		0
6	Profit/(Loss) from non-financial equity investments	14,397		27,897		(13,500)
	<b>EBITDA</b>	<b>1,390,877</b>	<b>104,061</b>	<b>1,305,021</b>	<b>82,855</b>	<b>85,856</b>
7	Net write-downs (write-backs) of trade receivables	86,487		113,370		(26,883)
8	Depreciation, amortisation and provisions	692,060		625,799		66,261
	<b>Operating profit/(loss)</b>	<b>612,330</b>	<b>104,061</b>	<b>565,851</b>	<b>82,855</b>	<b>46,478</b>
9	Financial income	39,481	2,868	25,962	1,117	13,518
10	Financial charges	(176,009)	6	(111,670)	(66)	(64,339)
11	Profit/(Loss) on equity investments	(603)		17,793		(18,396)
	<b>Profit/(loss) before tax</b>	<b>475,198</b>	<b>106,934</b>	<b>497,937</b>	<b>83,906</b>	<b>(22,739)</b>
12	Income tax	147,755		186,777		(39,022)
	<b>Net profit/(loss)</b>	<b>327,443</b>	<b>106,934</b>	<b>311,160</b>	<b>83,906</b>	<b>16,284</b>
	Net profit/(loss) from discontinued operations					
	<b>Net profit/(loss)</b>	<b>327,443</b>	<b>106,934</b>	<b>311,160</b>	<b>83,906</b>	<b>16,284</b>
	<b>Profit/(loss) due to third parties</b>	<b>33,536</b>		<b>31,435</b>		<b>2,100</b>
	<b>Net profit/(loss) attributable to the Group</b>	<b>293,908</b>		<b>279,725</b>		<b>14,183</b>
13	<b>Earnings (loss) per share attributable to Parent Company's shareholders</b>					
	- Base	1.38008		1.31348		0.06660
	- Diluted	1.38008		1.31348		0.06660
	<b>Profit (loss) per share attributable to the shareholders of the Parent Company net of treasury shares</b>					
	- Base	1.38278		1.31605		0.06673
	- Diluted	1.38278		1.31605		0.06673

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	2023	2022	Change
<b>Net profit/(loss) for the period</b>	<b>327,443</b>	<b>311,160</b>	<b>16,284</b>
<b>Gains/losses from the conversion of financial statements in foreign currency</b>	<b>(2,735)</b>	<b>6,524</b>	<b>(9,259)</b>
Provision for exchange rate difference	14,004	10,348	3,656
Tax on exchange rate difference	(3,361)	(2,484)	(877)
<b>Gains/losses from exchange rate difference</b>	<b>10,643</b>	<b>7,865</b>	<b>2,779</b>
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	(86,541)	79,696	(166,237)
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	25,042	(21,744)	46,786
<b>Profit/(loss) from the effective portion on hedging instruments, net of tax</b>	<b>(61,499)</b>	<b>57,952</b>	<b>(119,451)</b>
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	(2,749)	6,409	(9,158)
Tax effect on the other actuarial profit/(loss) on staff benefits	801	(1,842)	2,643
<b>Actuarial profit/(loss) on defined benefit pension plans, net of tax</b>	<b>(1,948)</b>	<b>4,567</b>	<b>(6,515)</b>
<b>Total of the comprehensive income components, net of tax</b>	<b>(55,539)</b>	<b>76,908</b>	<b>(132,446)</b>
<b>Total comprehensive profit/(loss)</b>	<b>271,905</b>	<b>388,067</b>	<b>(116,163)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
- Group	242,124	348,319	(106,196)
- Third parties	29,781	39,748	(9,967)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Ref. note	ASSETS € thousand	31/12/2023	Of which with related parties	31/12/2022	Of which with related parties	Change
14	Tangible fixed assets	3,334,868		3,144,250		190,618
15	Real estate investments	1,990		2,256		(266)
16	Goodwill	254,626		255,048		(421)
17	Concessions and rights on infrastructure	3,787,263		3,470,906		316,357
18	Intangible fixed assets	413,162		420,191		(7,028)
19	Copyright	93,284		90,397		2,887
20	Equity investments in unconsolidated subsidiaries and associates	359,281		348,885		10,397
21	Other equity investments	8,029		3,007		5,023
22	Deferred tax assets	205,065		179,823		25,242
23	Financial assets	18,852	18,852	30,531	4,865	(11,679)
24	Other non-current assets	716,582		615,144		101,438
	<b>NON-CURRENT ASSETS</b>	<b>9,193,002</b>	<b>18,852</b>	<b>8,560,435</b>	<b>4,865</b>	<b>632,567</b>
25	Inventories	97,843		104,507		(6,665)
26	Trade receivables	1,213,200	66,272	1,265,439	61,714	(52,239)
27	Other current assets	405,026		460,786		(55,760)
28	Current tax assets	13,075		26,296		(13,221)
29	Current financial assets	487,251	97,093	342,085	117,998	145,165
30	Cash and cash equivalents	359,379		559,908		(200,529)
	<b>CURRENT ASSETS</b>	<b>2,575,774</b>	<b>163,365</b>	<b>2,759,022</b>	<b>179,712</b>	<b>(183,248)</b>
31	Non-current assets destined for sale	18,288		19,076		(788)
	<b>TOTAL ASSETS</b>	<b>11,787,064</b>	<b>163,365</b>	<b>11,338,533</b>	<b>179,712</b>	<b>448,531</b>

Ref. note	LIABILITIES AND SHAREHOLDERS' EQUITY					Change
	€ thousand	31/12/2023	Of which with related parties	31/12/2022	Of which with related parties	
	Share capital	1,098,899		1,098,899		0
	Legal reserve	157,838		147,501		10,337
	Other reserves	73,697		27,743		45,954
	Retained earnings/(losses)	752,940		737,400		15,540
	Profit (loss) for the year	293,908		279,725		14,183
	<b>Total Shareholders' Equity for the Group</b>	<b>2,377,281</b>	<b>0</b>	<b>2,291,268</b>	<b>0</b>	<b>86,014</b>
	Third parties Shareholders' Equity	445,803		463,975		(18,172)
32	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,823,084</b>	<b>0</b>	<b>2,755,243</b>	<b>0</b>	<b>67,842</b>
33	Staff termination benefits and other defined benefit plans	109,895		112,989		(3,094)
34	Provisions for risks and charges	224,276		218,025		6,252
35	Borrowings and financial liabilities	4,770,436		4,722,263		48,173
36	Other non-current liabilities	510,871		399,628		111,243
	<b>NON-CURRENT LIABILITIES</b>	<b>5,615,479</b>	<b>0</b>	<b>5,452,905</b>	<b>0</b>	<b>162,574</b>
37	Borrowings	922,950	111,306	619,418	108,523	303,532
38	Payables to suppliers	1,750,473	8,661	1,844,485	41,985	(94,012)
39	Tax payables	13,032		26,810		(13,777)
40	Other current liabilities	661,857		637,754		24,103
	<b>CURRENT LIABILITIES</b>	<b>3,348,313</b>	<b>119,967</b>	<b>3,128,466</b>	<b>150,508</b>	<b>219,847</b>
41	Liabilities closely associated with assets held for sale	188		1,919		(1,731)
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,787,064</b>	<b>119,967</b>	<b>11,338,533</b>	<b>150,508</b>	<b>448,531</b>

## CONSOLIDATED CASH FLOW STATEMENT

Ref. note	€ thousand	31/12/2023	Related parties	31/12/2022	Related parties	Change
	<b>Profit before tax</b>	<b>475,198</b>	<b>0</b>	<b>497,937</b>	<b>0</b>	<b>(22,739)</b>
8	Depreciation/amortisation and impairment losses	651,827	0	594,636	0	57,191
6-11	Profit/(Loss) on equity investments	(13,794)	0	(45,690)	0	31,896
34	Changes in provisions for risks and charges	8,099	0	(11,345)	0	19,443
33	Net change in the provision for employee benefits	(1,463)	0	(182)	0	(1,280)
9-10	Net financial income/(charges)	132,055	0	84,384	0	47,670
	<b>Cash flow from operating activities before changes in net working capital</b>	<b>1,251,922</b>	<b>0</b>	<b>1,119,740</b>	<b>0</b>	<b>132,182</b>
26-27	Provision for doubtful accounts	86,487	0	113,370	0	(26,883)
25-26-27	Increase/Decrease in receivables included in current assets	(24,004)	(4,558)	(312,114)	(35,924)	288,110
38-39	Increase/Decrease in payables included in the working capital	(84,485)	(33,324)	196,983	10,522	(281,469)
25	Increase/Decrease in inventories	6,665	0	(15,497)	0	22,162
	Income taxes paid	(148,185)	0	(178,506)	0	30,321
	<b>Change in working capital</b>	<b>(163,522)</b>	<b>(37,881)</b>	<b>(195,764)</b>	<b>(25,401)</b>	<b>32,241</b>
24-40	Change in other assets/liabilities during the period	22,520	0	(44,934)	0	67,453
	<i>Cash flow from operations of Disposal Groups/Assets held for sale</i>	0	0	0	0	0
	<b>Cash flow from operating activities</b>	<b>1,110,919</b>	<b>(37,881)</b>	<b>879,042</b>	<b>(25,401)</b>	<b>231,877</b>
	Investments in tangible and intangible assets	(1,142,690)	0	(1,050,303)	0	(92,387)
	Investments in investees, subsidiaries and business units	(67,983)	0	45,863	0	(113,846)
	Collections/payments deriving from other financial investments	(133,487)	6,919	44,844	(10,586)	(178,330)
	Dividends received	5,567	5,567	3,381	3,381	2,186
	Interest income received	39,252	0	25,962	0	13,290
	<i>Cash flow from investments of Disposal Groups/Assets held for sale</i>	0	0	0	0	0
	<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(1,299,341)</b>	<b>12,486</b>	<b>(930,253)</b>	<b>(7,205)</b>	<b>(369,088)</b>

Ref. note	€ thousand	31/12/2023	Related parties	31/12/2022	Related parties	Change
37	New issues of long-term financial debt	700,000	0	250,000	0	450,000
37	Repayment of financial payables	(377,978)	0	(73,287)	0	(304,690)
35	Decrease/Increase in other financial debts	(22,827)	2,783	(2,546)	9,359	(20,281)
	Interest expense paid	(166,090)	0	(103,972)	0	(62,118)
	Dividends paid	(145,213)	(145,213)	(146,238)	(146,238)	1,025
	<i>Cash flow from loans of Disposal Groups/Assets held for sale</i>	0	0	0	0	0
	<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(12,107)</b>	<b>(142,429)</b>	<b>(76,043)</b>	<b>(136,879)</b>	<b>63,936</b>
	<b>CASH FLOW FOR THE PERIOD</b>	<b>(200,529)</b>	<b>(167,825)</b>	<b>(127,254)</b>	<b>(169,485)</b>	<b>(73,275)</b>
	Net opening balance of cash and cash equivalents	559,908		680,820		(120,912)
	Cash availability from acquisition	0		6,342		(6,342)
	<b>Net closing balance of cash and cash equivalents</b>	<b>359,379</b>		<b>559,908</b>		<b>(200,529)</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>0</b>		<b>0</b>		<b>0</b>
	Disposal Groups/Assets held for sale					
	<b>Cash and cash equivalents at the end of the year</b>	<b>359,379</b>		<b>559,908</b>		<b>(200,529)</b>
	Continuing Operations					

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	Financial derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
<b>Balance at 1 January 2023</b>	<b>1,098,899</b>	<b>147,501</b>	<b>(14,329)</b>	<b>44,825</b>	<b>16,592</b>	<b>718,056</b>	<b>279,725</b>	<b>2,291,268</b>	<b>463,975</b>	<b>2,755,243</b>
Income statement profit	0	0	0	0	0	0	293,908	<b>293,908</b>	33,536	327,443
Other comprehensive income/(loss)	0	0	(1,887)	(58,682)	8,784	0	0	<b>(51,785)</b>	(3,755)	(55,539)
<b>Total comprehensive income/(loss)</b>	<b>0</b>	<b>0</b>	<b>(1,887)</b>	<b>(58,682)</b>	<b>8,784</b>	<b>0</b>	<b>293,908</b>	<b>242,123</b>	<b>29,781</b>	<b>271,905</b>
Allocation of result for 2022	0	10,337	0	0	0	269,388	(279,725)	<b>0</b>	0	0
Distribution of dividends	0	0	0	0	0	(180,666)	0	<b>(180,666)</b>	(10,130)	(190,796)
Change in consolidation scope	0	0	48	(432)	(2)	25,200	0	<b>24,815</b>	(37,219)	(12,404)
Other changes	0	0	19	(18)	0	(259)	0	<b>(258)</b>	(604)	(862)
<b>Balance as at 31 December 2023</b>	<b>1,098,899</b>	<b>157,838</b>	<b>(16,149)</b>	<b>(14,307)</b>	<b>25,374</b>	<b>831,719</b>	<b>293,908</b>	<b>2,377,281</b>	<b>445,803</b>	<b>2,823,084</b>

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	Financial derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
<b>Balance at 1 January 2022</b>	<b>1,098,899</b>	<b>138,649</b>	<b>(18,234)</b>	<b>(4,754)</b>	<b>2,048</b>	<b>594,055</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	0	0	0	279,725	279,725	31,435	311,160
Other comprehensive income/(loss)	0	0	3,876	50,175	14,544	0	0	68,595	8,313	76,908
<b>Total comprehensive income/(loss)</b>	<b>0</b>	<b>0</b>	<b>3,876</b>	<b>50,175</b>	<b>14,544</b>	<b>0</b>	<b>279,725</b>	<b>348,319</b>	<b>39,748</b>	<b>388,067</b>
Allocation of result for 2021	0	8,852	0	0	0	304,457	(313,309)	<b>0</b>	0	0
Distribution of dividends	0	0	0	0	0	(180,666)	0	<b>(180,666)</b>	(11,992)	(192,658)
Change in consolidation scope	0	0	29	(596)	0	(2,211)	0	<b>(2,777)</b>	43,843	41,066
Other changes	0	0	0	0	0	2,420	0	<b>2,420</b>	(73)	2,348
<b>Balance as at 31 December 2022</b>	<b>1,098,899</b>	<b>147,501</b>	<b>(14,329)</b>	<b>44,825</b>	<b>16,592</b>	<b>718,056</b>	<b>279,725</b>	<b>2,291,268</b>	<b>463,975</b>	<b>2,755,243</b>

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## CONSOLIDATED NET REVENUE

As at 31 December 2023 these amounted to € 4,649,376 thousand (€ 5,138,245 thousand at 31 December 2022), recording a decrease of € 488,869 thousand compared to the previous year.

€ thousand	2023	2022	Change	Change %
Revenue from sales and services	4,430,252	4,957,179	(526,927)	(10.6%)
Other revenue and income	219,124	181,066	38,058	21.0%
<b>Consolidated net revenue</b>	<b>4,649,376</b>	<b>5,138,245</b>	<b>(488,869)</b>	<b>(9.5%)</b>

### 1. Revenue from sales and services – € 4,430,252 thousand

This item registered a total decrease of € 526,927 thousand (-10.6%) compared to the previous financial year, which closed

with € 4,957,179 thousand. The composition of the item is shown below.

€ thousand	2023	2022	Change	Change %
Revenue from electricity sales and services	2,289,290	2,956,818	(667,528)	(22.6%)
Revenue from gas sales	200,880	228,254	(27,374)	(12.0%)
Revenue from electricity incentives	1,227	6,292	(5,065)	(80.5%)
Revenue from the Integrated Water Service	1,238,797	1,202,854	35,942	3.0%
Revenue from Overseas Water Services	96,678	94,458	2,220	2.4%
Revenue from waste disposal and landfill operations	239,894	189,550	50,344	26.6%
Revenue from customer services	172,298	153,487	18,811	12.3%
Connection fees	32,765	28,990	3,776	13.0%
Revenues from sustainable development	158,423	96,476	61,947	64.2%
<b>Revenue from sales and services</b>	<b>4,430,252</b>	<b>4,957,179</b>	<b>(526,927)</b>	<b>(10.6%)</b>

### Revenue from electricity sales and services

Amounted to € 2,289,290 thousand and are broken down as follows:

€ thousand	2023	2022	Change	Change %
Electricity and heat generation	10,972	12,837	(1,866)	(14.5%)
Electricity sales	1,674,719	2,571,259	(896,540)	(34.9%)
Transport and metering of energy	594,776	362,615	232,161	64.0%
Sale of energy from waste-to-energy and biogas	2,568	1,979	589	29.8%
Co-generation	6,255	8,128	(1,873)	(23.0%)
<b>Revenue from electricity sales and services</b>	<b>2,289,290</b>	<b>2,956,818</b>	<b>(667,528)</b>	<b>(22.6%)</b>

The main change refers to the sale of electricity (-€ 896,540 thousand), in which the decrease is the result of the increase in unit prices seen in 2022 and partly due to lower quantities sold. Electricity sales on the Free Market totalled 5,603 GWh with a 11.5% reduction on the previous year, while electricity sales on the Great-

er Protection Service totalled 1,202 GWh with a 14.8% decrease on an annual basis. This reduction was affected by the automatic assignment of “small” customers and “micro” enterprises to the Gradual Protection Service, and in part to the decrease in the number of customers.

### Revenue from gas sales

Amounted to € 200,880 thousand and recorded a decrease of € 27,374 thousand compared to 31 December 2022 partially as a consequence of the easing of tension in commodity prices and partially due to lower quantities.

### Revenue from electricity incentives

These revenues amounted to € 1,227 thousand and showed a decrease of € 5,065 thousand compared to the previous year. The decrease is mainly attributable to Acea Produzione (-€ 4,561 thousand) referring to the decrease in revenue from the Incentive Management Recognition (GRIN) after the GSE changed the schedule for GRIN incentives.

### 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. Said revenue amounts in total to € 1,238,797 thousand and shows an increase of € 35,942 thousand (+3.0%) compared to the previous year (€ 1,202,854 thousand) mainly due to greater investments and the increase in tariff revenue, also influenced by the two-year tariff update for 2022-2023, as well as the estimate for adjustments for pass-through items (electricity, wholesale water, etc.). The composition of the item is shown below:

€ thousand	2023	2022	Change	Change %
Revenue from water sales	666,048	702,412	(36,364)	(5.2%)
Revenue from water purification sales	312,992	298,998	13,994	4.7%
Revenue from sewerage sales	127,091	116,754	10,337	8.9%
Other revenue from GRC	132,666	84,690	47,976	56.6%
<b>Revenue from the Integrated Water Service</b>	<b>1,238,797</b>	<b>1,202,854</b>	<b>35,942</b>	<b>3.0%</b>

The quantification of the revenues deriving from management of the integrated water service is the consequence of application of the new water tariff method for the third regulatory period (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/ldr of 27 December 2019, taking into account the approval of the 2022-2023 tariff provisions which occurred in the meantime. For more details, please see the section "Progress of the procedure for approving tariffs" in this document.

94,458 thousand as at 31 December 2022). The change was influenced by higher invoiced volumes and a tariff increase due to inflation, in part offset by an overall negative foreign exchange effect.

### Revenue from waste disposal and landfill operations

These revenues amounted to € 239,894 thousand and showed an increase of € 50,344 thousand compared to the previous year. The breakdown of the item is shown below:

### Revenue from Overseas Water Services

These revenues are equal to € 96,678 thousand and show an increase of € 2,220 thousand compared to the previous year (€

€ thousand	2023	2022	Change	Change %
Revenue from waste disposal and transport	27,989	18,689	9,300	49.8%
Revenues from street sweeping and collection	41,995	3,455	38,539	n.s.
Revenue from selection and processing	29,392	32,629	(3,237)	(9.9%)
Revenue from landfill management and transport	35,560	30,902	4,658	15.1%
Revenue from sludge recovery	12,655	16,159	(3,505)	(21.7%)
Revenue from conferment of biomasses	92,305	87,716	4,589	5.2%
<b>Revenue from waste disposal and landfill operations</b>	<b>239,894</b>	<b>189,550</b>	<b>50,344</b>	<b>26.6%</b>

The increase recorded was mainly due to the change in the consolidation scope (+€ 62,682 thousand), as a result of the consolidation of ASM Terni in relation to the sweeping and waste collection service (+€ 38,707 thousand), Tecnoservizi in relation to revenues for waste disposal and transport (+€ 11,459 thousand) and to the consolidation of the "Polo Cirsu" business unit (+€ 12,898 thousand). These increases were offset by lower

revenues from Acea Ambiente, associated with the San Vittore and Terni plants, as the overall effect of lower volumes of energy transferred and lower tariffs (-€ 8,961 thousand) and lower revenues from the recovery of waste, deriving from the combined effect of higher volumes processed at the Monterotondo plant, lower volumes processed at the Aprilia plant and the decrease in tariffs.

### Revenue from customer services

These amounted to € 172,298 thousand (€ 153,487 thousand at 31 December 2022) and increased by € 18,811 thousand. The changes can be represented as follows:

€ thousand	2023	2022	Change	Change %
Public Lighting - Rome	43,415	49,585	(6,171)	(12.4%)
Work for third parties	101,856	68,905	32,951	47.8%
Intercompany services	10,608	7,793	2,815	36.1%
Photovoltaic	850	2	847	n.s.
GIP revenue	6,302	6,417	(115)	(1.8%)
Change in inventories	9,268	20,784	(11,517)	(55.4%)
<b>Revenue from customer services</b>	<b>172,298</b>	<b>153,487</b>	<b>18,811</b>	<b>12.3%</b>

The increase is mainly due to the change in contract work in progress for energy efficiency projects, in part offset by the negative change in inventories linked to multi-year contracts, for the most part attributable to SIMAM, and lower revenue realised in relation to the public lighting contract with the Municipality of Rome.

### Connection fees

These amounted to € 32,765 thousand, recording an increase of € 3,776 thousand compared to 31 December 2022.

€ thousand	2023	2022	Change	Change %
Water connection fees	4,992	3,882	1,109	28.6%
Electricity market connection fees	20,219	19,867	352	1.8%
Ancillary revenue	7,555	5,241	2,314	44.2%
<b>Connection fees</b>	<b>32,765</b>	<b>28,990</b>	<b>3,776</b>	<b>13.0%</b>

### Revenues from sustainable development

These revenues amounted to € 158,423 thousand and showed an increase of € 61,947 thousand compared to the previous year. This revenue derives from installation and customer services in the context of energy efficiency projects, smart services and smart comp.

€ thousand	2023	2022	Change	Change %
Contributions from entities for Energy Efficiency Certificates	5,234	4,714	520	11.0%
Non-recurring gains	60,538	40,018	20,520	51.3%
Other revenue	73,212	69,820	3,392	4.9%
Refunds for damages, penalties, collateral	23,073	14,092	8,981	63.7%
Feed-in tariff	2,357	6,015	(3,659)	(60.8%)
Regional grants	23,314	17,903	5,411	30.2%
Income from end users	59	63	(4)	(5.7%)
Seconded personnel	837	513	324	63.2%
Real estate income	1,750	1,004	746	74.3%
IFRIC 12 margin	21,419	18,344	3,075	16.8%
Gains on asset disposals	3,696	4,351	(655)	(15.1%)
Recharged cost for company officers	643	654	(10)	(1.6%)
Premiums for continuity of service	31	165	(134)	(81.3%)
Revenue for disconnections and connections	2,962	3,411	(449)	(13.2%)
<b>Other revenue and income</b>	<b>219,124</b>	<b>181,066</b>	<b>38,058</b>	<b>21.0%</b>

The increase is mainly attributable to the following offsetting effects:

- greater non-recurring gains (+€ 20,520 thousand), for the most part associated with Acea Energia (+€ 10,992 thousand),

## 2. Other revenue and income – € 219,124 thousand

This item increased by € 38,058 thousand compared to 31 December 2022 (€ 181,066 thousand at 31 December 2022). The following table shows a breakdown of this item:

- recognised against the allocation of energy items relative to previous years;
- greater reimbursement for damages and penalties (+€ 8,981 thousand) partly attributable to Acea Energia (+€ 7,601 thousand)

sand) mainly due to the increase in revenues the Cmor component on the free market and to areti (+€ 2,347 thousand) linked to transactions finalised with suppliers;

- higher regional contributions (+€ 5,411 thousand) prevalently due to GORI in relation to the recognition of contributions for

Regional Works for the years 2018-2021;

- a higher IFRIC12 margin for € 3,075 thousand, consequent to greater investments;
- lower energy account contributions (-€ 3,659 thousand) mainly due to the deconsolidation of the photovoltaic companies.

## CONSOLIDATED OPERATING COSTS

At 31 December 2023 operating costs amounted to € 3,272,896 thousand (€ 3,861,121 thousand at 31 December 2022), recording

a decrease of € 588,225 thousand (-15.2 % compared to the previous year). The breakdown is as follows:

€ thousand	2023	2022	Change	Change %
Staff costs	334,478	305,066	29,412	9.6%
Costs of materials and overhead	2,938,418	3,556,055	(617,638)	(17.4%)
<b>Consolidated operating costs</b>	<b>3,272,896</b>	<b>3,861,121</b>	<b>(588,225)</b>	<b>(15.2%)</b>

### 3. Personnel costs – € 334,478 thousand

€ thousand	2023	2022	Change	Change %
Personnel costs including capitalised costs	532,003	499,105	32,898	6.6%
Costs capitalised	(197,525)	(194,039)	(3,486)	1.8%
<b>Staff costs</b>	<b>334,478</b>	<b>305,066</b>	<b>29,412</b>	<b>9.6%</b>

The increase in personnel costs, including capitalised costs, amounted to € 32,898 thousand and was affected in part by the change in the consolidation scope (+€ 20,161 thousand) and in part by the effect of the increase in payment components and the changes in the national collective labour contracts. Capital-

ised costs were in line with the previous year, increasing slightly by € 3,486 thousand.

The following tables show the average and actual number of staff by operating segment compared to the same period of the previous year.

#### Consistenza finale del periodo

	31/12/2023	31/12/2022	Change	Change %
Environment	858.0	881.0	(23.0)	(2.6%)
Commercial	449.0	456.0	(7.0)	(1.5%)
Water (Overseas)	2,380.0	2,583.0	(203.0)	(7.9%)
Water	3,956.0	3,963.0	(7.0)	(0.2%)
Networks & Smart Cities	1,246.0	1,287.0	(41.0)	(3.2%)
Production	99.0	97.0	2.0	2.1%
Engineering & Infrastructure Projects	470.0	465.0	5.0	1.1%
Corporate	762.0	723.0	39.0	5.4%
<b>Total</b>	<b>10,220.0</b>	<b>10,455.0</b>	<b>(235.0)</b>	<b>(2.2%)</b>

**Consistenza media del periodo**

	31/12/2023	31/12/2022	Change	Change %
Environment	874.8	874.8	0.1	0.0%
Commercial	449.8	444.9	4.8	1.1%
Water (Overseas)	2,477.8	2,473.9	3.9	0.2%
Water	3,968.6	3,890.8	77.8	2.0%
Networks & Smart Cities	1,269.2	1,261.8	7.3	0.6%
Production	97.0	92.2	4.8	5.2%
Engineering & Infrastructure Projects	478.2	455.8	22.4	4.9%
Corporate	733.1	716.9	16.2	2.3%
<b>Total</b>	<b>10,348.4</b>	<b>10,211.1</b>	<b>137.3</b>	<b>1.3%</b>

**4. Costs of materials and overheads – € 2,938,418 thousand.**

This item shows an overall increase of € 617,638 thousand (-17.4% compared to 31 December 2022).

€ thousand	2023	2022	Change	Change %
Electricity, gas, fuel	1,922,807	2,644,092	(721,285)	(27.3%)
Materials	131,684	126,697	4,987	3.9%
Services and contract work	672,371	576,958	95,413	16.5%
Concession fees	69,091	67,693	1,398	2.1%
Cost of leased assets	52,845	41,692	11,153	26.8%
Other operating costs	89,620	98,924	(9,304)	(9.4%)
<b>Costs of materials and overhead</b>	<b>2,938,418</b>	<b>3,556,055</b>	<b>(617,638)</b>	<b>(17.4%)</b>

**Electricity, gas and fuel**

€ thousand	2023	2022	Change	Change %
Electricity and gas purchases and transportation	1,917,545	2,637,274	(719,729)	(27.3%)
White certificates	1,447	889	558	62.8%
Green certificates and CO <sub>2</sub> rights	3,815	5,929	(2,114)	(35.6%)
<b>Electricity, gas, fuel</b>	<b>1,922,807</b>	<b>2,644,092</b>	<b>(721,285)</b>	<b>(27.3%)</b>

The decrease in costs to purchase and transport electricity and gas (-€ 719,729 thousand) is in line with the decrease in revenues consistent with that already described in detail in relation to price trends.

**Materials**

The cost of materials amounted to € 131,684 thousand and represents the cost of materials used net of capital expenditure, as shown in the table below.

€ thousand	2023	2022	Change	Change %
Purchase of materials	186,020	183,507	2,513	1.4%
Change in inventories	19,707	5,092	14,615	n.s.
Costs capitalised	(74,043)	(61,901)	(12,142)	19.6%
<b>Materials</b>	<b>131,684</b>	<b>126,697</b>	<b>4,987</b>	<b>3.9%</b>

The increase seen in this item was influenced by the change in the scope of consolidation for a total of € 2,856 thousand.

### Services and contract work

These amounted to € 672,371 thousand and increased by a total of € 95,413 thousand (the figure was € 576,958 thousand at 31 December 2022). They can be represented as follows:

€ thousand	2023	2022	Change	Change %
Technical and administrative Services (including consulting and collaborations)	65,948	73,696	(7,748)	(10.5%)
Contract work	212,922	139,422	73,500	52.7%
Disposal and transport of sludge, slag, ash and waste	132,016	102,597	29,419	28.7%
Other services	86,656	77,921	8,735	11.2%
Personnel services	23,904	21,566	2,337	10.8%
Insurance costs	15,154	15,370	(217)	(1.4%)
Electricity, water and gas consumption	60,046	59,858	188	0.3%
Internal use of electricity	9,849	10,639	(790)	(7.4%)
Intragroup services and otherwise	13,757	16,328	(2,571)	(15.7%)
Telephone and data transmission costs	6,939	7,001	(62)	(0.9%)
Postal expenses	3,751	3,321	430	12.9%
Maintenance fees	7,556	12,016	(4,459)	(37.1%)
Cleaning, transport and portage costs	7,381	7,493	(112)	(1.5%)
Advertising and sponsorship costs	10,800	15,847	(5,047)	(31.9%)
Corporate bodies	5,091	4,475	616	13.8%
Meter readings	4,109	3,754	356	9.5%
Bank charges	4,036	3,716	320	8.6%
Travel and accommodation expenses	2,186	2,020	166	8.2%
Seconded personnel	187	(234)	421	(179.9%)
Printing expenses	82	148	(67)	(45.0%)
<b>Services and contract work</b>	<b>672,371</b>	<b>576,958</b>	<b>95,413</b>	<b>16.5%</b>

The increase is attributable to the change in scope which accounted for €33,876 thousand of it. The remainder of the increase is due to:

- greater costs for contract work (+€ 73,500 thousand) for the most part associated with energy efficiency and smart services projects, in line with that recognised in the revenue section;
- greater costs for disposal and transport of sludge, slag, ash and waste (+€ 7,047 thousand);
- greater costs for Cmor indemnities (+€ 7,995 thousand).

The increases were offset by a generalised reduction in other spend-

ing items, including lower technical and administrative services (-€ 7,748 thousand), advertising and sponsorship costs (-€ 5,047 thousand) and lower maintenance fees (-€ 4,459 thousand).

### Concession fees

Concession fees totalled € 69,091 thousand, in line with the previous year and referring to companies that manage Area Authorities under concession in Lazio and Campania. The table below shows the breakdown by Company:

€ thousand	2023	2022	Change	Change %
Adistribuzione gas	2,859	2,842	17	0.6%
Acea Ato2	52,193	50,677	1,516	3.0%
Acea Ato5	3,776	3,847	(71)	(1.9%)
Acea Molise	52	53	(2)	(3.0%)
Gesesa	336	369	(32)	(8.8%)
GORI	2,444	2,420	24	1.0%
Acquedotto del Fiora	4,844	4,823	21	0.4%
Servizi Idrici Integrati	2,493	2,543	(50)	(2.0%)
Other companies	94	118	(24)	(20.5%)
<b>Total</b>	<b>69,091</b>	<b>67,693</b>	<b>1,398</b>	<b>2.1%</b>

For other information regarding the concessions, reference should be made to the information in the specific section entitled "Service concession report".

### Cost of leased assets

The item amounts to € 52,845 thousand, up by € 11,153 thousand with respect to the previous year (€ 41,692 thousand at 31 December 2022); the increase is partially attributable to greater costs for software application licenses, mainly relative to the parent com-

pany and in part to higher costs for easements and public land rent. 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 € 89,620 thousand at 31 December 2023, an increase of € 9,304 thousand. The table below provides details of this item by type:

€ thousand	2023	2022	Change	Change %
Taxes and duties	17,716	17,003	714	4.2%
Damages and outlays for legal disputes	11,138	8,371	2,767	33.1%
Contributions paid and membership fees	5,540	5,779	(239)	(4.1%)
Losses on receivables	1,002	71	932	n.s.
General expenses	18,728	20,892	(2,164)	(10.4%)
Contingent liabilities	35,496	46,808	(11,312)	(24.2%)
<b>Other operating costs</b>	<b>89,620</b>	<b>98,924</b>	<b>(9,304)</b>	<b>(9.4%)</b>

The decrease derives: i) from lower non-recurring costs (-€ 11,640 thousand) recorded by Acea Ato2 (-€ 20,489 thousand) as a consequence of the recognition of positive components the previous year linked to the tariff components for 2020 recognised at the time of the two year update to set the tariff for 2020-2023 in an amount inferior to that recognised in the respective financial statements, particularly with reference to the RCARC component introduced in accordance with certain Council of State rulings on tariff calculation rules for the years 2012 and 2013, as well as for the period from 21 July-31 December 2011 and the negative adjustment which arose in the course of the two-year update to set the tariff for 2020-2023, as users suffering economic problems made less use of the supplementary water bonus (in the form of a subsidy) with respect to that recognised in the tariff in 2021, partially offset by Acea Energia (+€ 3,851 thousand) and Umbria Energy (+€ 3,456), mainly in relation to allocations of energy items from previous years; ii) the reduction in general expenses (-€ 2,164 thousand), influenced by lower pass-through costs for GORI for

the component linked to the Water Bonus recognised in 2022. This reduction was offset by an increase in the other items, for the most part due to greater compensation for damages (+€ 2,767 thousand), mainly for areti (+€ 3,009 thousand), deriving from indemnities to clients and losses on lapsed receivables.

### 5. Net Revenue/(Costs) from commodity risk management – € 0 thousand

At 31 December 2023, the Group had not subscribed to derivatives to hedge trading operations.

### 6. Income/(Expenses) from equity investments of a non-financial nature – € 14,397 thousand

This item represents the consolidated result according to the equity method that is included among the EBITDA components of strategic companies. The breakdown of this item is detailed below:

€ thousand	2023	2022	Change	Change %
EBITDA	156,500	150,838	5,662	3.8%
Amortisation, depreciation, impairment and provisions	(128,511)	(108,323)	(20,188)	18.6%
Profit/(Loss) on equity investments	0	0	0	n.s.
Financial operations	(7,762)	(3,163)	(4,599)	145.4%
Taxes	(5,831)	(11,454)	5,624	(49.1%)
<b>Income from equity investments of a non-financial nature</b>	<b>14,397</b>	<b>27,897</b>	<b>(13,500)</b>	<b>(48.4%)</b>

EBITDA for these companies rose by € 5,662 thousand, while profit from the equity investment fell by € 13,561 thousand, mainly

impacted by higher amortisation/depreciation. The companies' assessments are detailed below.

€ thousand	2023	2022	Change	Change %
Powertis Group	(45)	(7)	(39)	n.s.
Acea Sun Capital Group	(7,491)	997	(8,489)	n.s.
Energy	488	395	93	23.5%
Ecomed	(646)	0	(646)	n.s.
Romeo Gas	0	760	(760)	(100.0%)
Umbria Distribuzione Gas	113	0	113	n.s.
DropMI	(118)	0	(118)	n.s.
Acque	7,400	11,062	(3,662)	(33.1%)
Intesa aretina	(235)	(423)	188	(44.4%)
GEAL	943	1,104	(161)	(14.6%)
Nuove Acque	777	926	(149)	(16.1%)
Publiacqua	9,347	8,560	787	9.2%
Acque Servizi	0	251	(251)	(100.0%)
Umbra Acque	2,863	3,320	(458)	(13.8%)
Ingegnerie Toscane	1,002	950	52	5.5%
<b>Total</b>	<b>14,397</b>	<b>27,897</b>	<b>(13,500)</b>	<b>(48.4%)</b>

## 7. Net write-downs (write-backs) of trade receivables – € 86,487 thousand

This item fell with respect to the previous year, both with reference to its absolute value (-€ 26,883 thousand) and in terms of its impact on the Group's consolidated revenues (1.9% vs. 2.2%). Beyond the excellent amounts collected by the main companies, this result can be attributed to the following reasons: with reference to the Commercial B.U. (-€ 11,999 thousand), the reduction in volumes invoiced as a consequence of commercial policies to break up risk and trends in commodities prices; for the "Water" segment (-€ 13,803 thousand), the combination of i) business growth ii) the favourable resolution of certain credit settlements of significant amount by OTA2, iii) the presence

of a non-recurring extraordinary component for GORI in 2022 (settlement with EIC [Campania Water Authority]) for previous items equal to around +€ 5,600 thousand. Finally, as in previous periods, the "stress scenario" introduced in 2022 for the main Group companies was maintained, intended to anticipate potential issues with customer standing not identifiable from current performance but based on satellite models utilising macroeconomic e-business information.

## 8. Depreciation, amortisation and provisions – € 692,060 thousand

Compared to 31 December 2022, an increase of € 66,261 thousand was registered, with the details presented below.

€ thousand	2023	2022	Change	Change %
Depreciation and amortisation	651,827	594,636	57,191	9.6%
Provisions	40,233	31,163	9,070	29.1%
<b>Depreciation, amortisation and provisions</b>	<b>692,060</b>	<b>625,799</b>	<b>66,261</b>	<b>10.6%</b>

## Depreciation/amortisation and impairment losses

€ thousand	2023	2022	Change	Change %
Depreciation	184,131	171,213	12,918	7.5%
Amortisation	461,775	420,857	40,918	9.7%
Impairment losses	5,921	2,566	3,355	130.8%
<b>Depreciation/amortisation and impairment losses</b>	<b>651,827</b>	<b>594,636</b>	<b>57,191</b>	<b>9.6%</b>

The increase in the item of € 57,191 thousand is mainly linked to natural growth in amortisation/depreciation for regulated business, for the most part in the "Water" segment, as a consequence of greater investments, of assets in progress beginning to be utilised and, growth in amortisation/depreciation relative to commissioning costs to acquire new Acea Energia customers (+€ 6,158 thousand).

The change in the scope of consolidation accounted for € 13.6 million of the increase, due to effects following the acquisition of the "Polo Cirsu" business unit (+€ 6,077 thousand) and the consolidation at the end of 2022 of ASM Terni (+€ 5,468 thousand) and Tecnoservizi (+€ 2,386 thousand).

## Provisions

Net of sums released, provisions amounted to € 40,233 thousand and are divided by type as follows:

	2023	2022	Change	Change %
Legal Risks provision	2,636	2,975	(340)	(11.4%)
Tax provision	561	409	152	37.0%
Regulatory risks provision	4,387	4,995	(608)	(12.2%)
Provision for investees	425	0	425	n.s.
Fee risks provision	2,261	555	1,706	n.s.
Tenders and supplies provision	11,008	403	10,605	n.s.
Insurance deductibles provision	2,366	2,174	192	8.8%
Other risks and charges provision	9,260	6,922	2,337	33.8%
<b>Provisions for risks</b>	<b>32,904</b>	<b>18,435</b>	<b>14,469</b>	<b>78.5%</b>
Early retirements and redundancies provision	10,043	20,206	(10,162)	(50.3%)
Post mortem provision	(0)	288	(288)	(100.0%)
Provision for Expenses payable to others	1,881	602	1,280	n.s.
<b>Expenses provision</b>	<b>11,924</b>	<b>21,095</b>	<b>(9,171)</b>	<b>(43.5%)</b>
<b>Total provisions</b>	<b>44,829</b>	<b>39,530</b>	<b>5,299</b>	<b>13.4%</b>
<b>Release of risks provisions, release of fees provisions</b>	<b>(4,596)</b>	<b>(8,367)</b>	<b>3,772</b>	<b>(45.1%)</b>
<b>Total</b>	<b>40,233</b>	<b>31,163</b>	<b>9,070</b>	<b>29.1%</b>

For more details please see note 34 “Provisions for risks and charges”.

## 9. Financial income – € 39,481 thousand

€ thousand	2023	2022	Change	Change %
Interest on financial receivables	158	71	87	121.5%
Bank interest income	3,015	307	2,708	n.s.
Interest on trade receivables	18,392	10,213	8,179	80.1%
Interest on other receivables	15,091	1,883	13,208	n.s.
Financial income from discounting to present value	179	11,240	(11,060)	(98.4%)
Income from fair value hedges measurement	48	452	(404)	(89.3%)
Other income	2,596	1,796	801	44.6%
<b>Financial income</b>	<b>39,481</b>	<b>25,962</b>	<b>13,518</b>	<b>52.1%</b>

Financial income amounted to € 39,481 thousand, an increase of € 13,518 thousand with respect to the previous year. This increase derives i) from the increase in interest income on short-term receivables (+€ 13,208 thousand), of which € 10,421 thousand relative to inter-

est income on the parent company's short-term deposits; ii) greater interest income from customers for € 8,179 thousand mainly attributable to the increase in market rates; iii) lower discounting income in relation to the discounting income recognised by GORI in 2022.

## 10. Financial costs – € 176,009 thousand

€ thousand	2023	2022	Change	Change %
Costs (Income) on Interest Rate Swaps	3,635	5,445	(1,810)	(33.2%)
Interest on bonds	79,844	55,823	24,020	43.0%
Interest on medium/long-term borrowings	34,870	18,345	16,525	90.1%
Interest on short-term debt	11,949	3,951	7,998	n.s.
Default interest and interest on deferred payments	13,609	4,173	9,436	n.s.
Interest cost net of actuarial gains and losses	4,474	1,324	3,150	n.s.
Factoring fees	14,264	14,236	28	0.2%
Discounting charges	1,577	3,747	(2,170)	(57.9%)
IFRS 16 financial charges	3,778	2,211	1,567	70.9%
Other financial charges	3,491	1,390	2,100	151.1%
Interest payable to end users	4,429	608	3,820	n.s.
Foreign exchange gains (losses)	90	416	(327)	(78.4%)
<b>Financial charges</b>	<b>176,009</b>	<b>111,670</b>	<b>64,339</b>	<b>57.6%</b>

Financial charges, equal to € 176,009 thousand, rose by € 64,339 thousand due to the combined effect of the increase in interest rates and the increase in average debt for the period. In particular, the increase in financial expense suffered from: i) greater interest recorded by the parent company on bond loans, mainly due to the parent company's new € 700 million issue (+€ 24,020 thousand) and greater interest on medium/long-term borrowings (+€ 16,521 thousand) due to the increase in

short-term interest rates (+€ 7,995 thousand); ii) greater expenses recognised by Acea Energia in relation to interest on deferrals for € 7,861 thousand.

The average overall all-in cost of the Acea Group's debt stood at 2.08% compared to 1.44% the previous year.

## 11. Income/Expenses from equity investments – € 603 thousand

€ thousand	2023	2022	Change	Change %
Income from equity investments in associates	1,770	18,007	(16,237)	(90.2%)
(Costs) of shares in related companies	(2,373)	(214)	(2,159)	n.s.
<b>Profit/(Loss) on equity investments</b>	<b>(603)</b>	<b>17,793</b>	<b>(18,396)</b>	<b>(103.4%)</b>

Revenue from equity investments refers to consolidation according to the net worth method of some Group companies. The decrease compared to the previous year is due to the recognition in 2022 of the capital gain effects from the sale of a group of photovoltaic plants as part of the agreement signed with the British investment fund Equitix, equal to € 16,372 thousand.

## 12. Income tax – € 147,755 thousand

Estimated tax expenses for the period were € 147,755 thousand, compared to € 148,260 thousand of the previous year. The break-

down is essentially as follows:

- Current taxes: € 148,984 thousand (€ 144,983 thousand at 31 December 2022);
- Net deferred tax liabilities/(assets): -€ 1,230 thousand (€ 1,256 thousand at 31 December 2022).

The decrease in absolute value of taxes recorded during the period is the partial direct consequence of the establishment in 2022 of the "excess profit contribution". The table below shows the breakdown of taxes and the correlated percentage weight calculated on consolidated profit before tax.

€ thousand	2023		2022	
	Tax	Impact	Tax	Impact
<b>Consolidated profit/(loss) before tax</b>	<b>475,198</b>	<b>%</b>	<b>497,937</b>	<b>%</b>
Theoretical IRES calculated using the parent company rate	114,048	24.00%	119,505	24.00%
Reconciliation with the before tax result taxable for IRES purposes	61,014	12.84%	64,677	12.99%
IRES fiscal effect of permanent differences, increase	10,852	2.28%	18,024	3.62%
IRES fiscal effect of permanent differences, decrease	(72,881)	-15.34%	(89,294)	-17.93%
IRES fiscal effect of temporary differences, increase	31,356	6.60%	32,891	6.61%
IRES fiscal effect of temporary differences, decrease	(35,608)	-7.49%	(41,072)	-8.25%
IRES fiscal effect of ACE deduction	(2,575)	-0.54%	(2,072)	-0.42%
Income from tax consolidation/tax losses	(652)	-0.14%	(278)	-0.06%
<b>IRES for the period</b>	<b>105,554</b>	<b>22.21%</b>	<b>102,380</b>	<b>20.56%</b>
<i>of which relative to companies included in tax consolidation</i>	<i>92,052</i>	<i>19.37%</i>	<i>89,046</i>	<i>17.88%</i>
<i>of which relative to companies not included in tax consolidation</i>	<i>13,502</i>	<i>2.84%</i>	<i>13,335</i>	<i>2.68%</i>
<b>IRAP for the period</b>	<b>38,198</b>	<b>8.04%</b>	<b>36,617</b>	<b>7.71%</b>
<b>Taxes, foreign companies</b>	<b>8,659</b>	<b>1.82%</b>	<b>6,745</b>	<b>1.35%</b>
<b>Tax contingencies, previous years</b>	<b>(3,426)</b>	<b>-0.72%</b>	<b>1,261</b>	<b>0.27%</b>
<b>Net deferred tax assets/liabilities</b>	<b>(1,230)</b>	<b>-0.26%</b>	<b>1,256</b>	<b>0.26%</b>
<b>Total taxes accruing for the year</b>	<b>147,755</b>	<b>31.09%</b>	<b>148,260</b>	<b>29.77%</b>

The tax rate for the year is 31.1% (37.5% at 31 December 2022), whereas the normalised tax rate (less the solidarity contribution of € 38,517 thousand) is 29.8%.

Legislative Decree 209 of 27 December 2023, "Implementation of tax reform relative to international taxation", published in Official Journal 301 of 28 December 2023, implemented in Italian legislation Directive EU 2022/2523 of the Council of 15 December 2022, to guarantee a global minimum taxation level (Global Minimum Tax) for multinational and large scale national groups in the Union, based on the Global anti-base erosion rules (GloBE rules), developed within the OECD (Pillar II).

The new regulations for Pillar II apply to financial years beginning on or after 31 December 2023 (see article 60 of Legislative Decree 209/2023). Therefore, the regulations in question apply to the Group as from 1 January 2024.

As is known, with reference to multinational groups, Pillar 2 establishes, for companies within the group with an effective taxation level of less than 15%, a system of compensatory taxation which applies to the parent company (Income Inclusion Rule - IIR). This applies to the extent needed to reach the aforementioned 15%

threshold.

The Acea Group has assessed the Group's potential exposure to the Global Minimum Tax, carrying out a simulation based on data for financial year 2022.

Based on the analysis done for all the jurisdictions in which the Group is present, the possibility of making use of the simplified regimes pursuant to article 39 of Legislative Decree 209/2023 was positively evaluated ("transitional safe harbours" in the definition contained in Directive EU 2022/2523). Recall that, when applicable, the simplified regimes establish that no additional tax is due from a group in a given country if at least one of the three tests is passed (de minimis test, effective simplified tax rate test, and ordinary profit test) as established in Directive EU 2022/2523.

In particular, the simplified regimes are applied to a group's overall figures, identified for each individual country in which the group operates, using the data presentation methods established, also in a Country-by-Country Report. Use of aggregate data reflects the top-down approach based on Pillar 2 rules, which focuses on calculating the effective taxation level incurred by the highest level parent company in the group (Ultimate Parent Entity).

### 13. Earnings per share

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 31 December 2023. 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, ex-

cluding treasury shares, increased by the number of shares which could potentially be put in circulation. At 31 December 2023 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:

	31/12/2023	31/12/2022	Change
Net profit attributable to the Group (€/000)	293,908	279,725	14,183
Net profit attributable to ordinary equity holders of the Group (€/000) (A)	293,908	279,725	14,183
<b>Weighted average number of ordinary shares for the purpose of determining earnings per share</b>			
- basic (B)	212,548	212,548	0
- basic (C)	212,548	212,548	0
<b>Earnings per share (€)</b>			
- basic (A/B)	1.38278	1.31605	0.06673
- diluted (A/C)	1.38278	1.31605	0.06673

# NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ASSETS

At 31 December 2023 these amounted to € 11,787,064 thousand (€ 11,338,533 thousand at 31 December 2022), recording an in-

crease of € 448,531 thousand or +4.0% from the previous year; they are broken down as follows.

€ thousand	31/12/2023	31/12/2022	Change	Change %
Non-current assets	9,193,002	8,560,435	632,567	7.4%
Current assets	2,575,774	2,759,022	(183,248)	(6.6%)
Non-current assets destined for sale	18,288	19,076	(788)	(4.1%)
<b>Total assets</b>	<b>11,787,064</b>	<b>11,338,533</b>	<b>448,531</b>	<b>4.0%</b>

## Non-current assets – € 9,193,002 thousand

### 14. Property, plant and equipment – € 3,334,868

The incidence of the infrastructure used for the distribution and generation of electricity amounts to 79.8% of property, plant and equipment, € 2,662,256 thousand.

The remaining 20.2% refers to:

- facilities belonging to the Environment Segment companies for € 349,691 thousand;
- infrastructures related to the Parent Company for € 103,152 thousand;

- infrastructure related to the Water Segment for € 164,023 thousand;
- infrastructure related to the Water Segment (Overseas) for € 33,994 thousand;
- facilities belonging to the Engineering & Infrastructure Projects Segment for € 9,472 thousand.

€ thousand	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress	Assets to be relinquished	Total
Initial historic cost	651,258	3,880,120	1,135,146	201,810	98,250	14,040	5,980,623
Assets held for sale	(334)	(6,198)	0	0	3,077	0	(3,455)
Investments/Acquisitions	14,298	186,595	95,524	12,766	63,419	1,975	374,577
Disposals/Sales	(137)	(10,908)	(29,005)	(2,808)	(3,593)	0	(46,452)
Writedowns/Impairment	0	0	0	(55)	(238)	0	(293)
Changes in consolidation scope	842	39,707	3,600	732	(44,141)	0	740
Other changes	7,210	(26,321)	(24)	(1,054)	18,678	257	(1,255)
<b>Final historic cost</b>	<b>673,137</b>	<b>4,062,995</b>	<b>1,205,240</b>	<b>211,390</b>	<b>135,451</b>	<b>16,272</b>	<b>6,304,486</b>
Initial amortisation provision	(195,142)	(2,055,987)	(433,881)	(145,263)	0	(6,100)	(2,836,373)
Depreciation/amortisation and Writedowns/impairment	(15,070)	(100,083)	(49,856)	(13,646)	0	(5,379)	(184,034)
Assets held for sale	0	489	0	0	0	0	489
Investments/Acquisitions	0	0	0	0	0	0	0
Disposals/Sales	0	5,721	27,052	2,449	0	0	35,222
Changes in consolidation scope	0	(225)	0	0	0	0	(225)
Other changes	818	8,579	534	979	0	4,394	15,303
<b>Final amortisation provision</b>	<b>(209,395)</b>	<b>(2,141,506)</b>	<b>(456,151)</b>	<b>(155,481)</b>	<b>0</b>	<b>(7,084)</b>	<b>(2,969,618)</b>
<b>Net carrying amount</b>	<b>463,743</b>	<b>1,921,489</b>	<b>749,088</b>	<b>55,909</b>	<b>135,451</b>	<b>9,188</b>	<b>3,334,868</b>

Investments totalled € 374,577 thousand and mainly refer to those incurred by:

- areti for € 267,492 thousand in relation to the expansion and improvement of the HV, MV and LV grids, the mass replacement of the 2G metering groups, primary stations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” projects.
- Acea Ambiente for € 19,866 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 € 7,915 thousand mainly for the upgrading and maintenance of hydroelectric plants, the extension and restoration of the district heating grid, for maintenance work on the Tor di Valle power plant and work at the Montemartini power station;
- Acea Solar for € 29,935 thousand for the construction of photovoltaic plants on both agricultural and industrial land;
- Acea for € 5,207 thousand mainly for extraordinary maintenance at offices hosting company activities, as well as investments relating to the hardware required for technological development projects for the improvement and evolution of the IT

network, furnishings and office machines;

- A.S. Recycling for € 4,803 thousand to construct buildings for the SRF plant;
- Aguas De San Pedro for € 5,528 thousand for maintenance and new constructions.

Other changes refer to reclassifications due to the commissioning of assets under construction and disposals and disinvestments of assets.

### 15. Real estate investments – € 1,990 thousand

Real estate Investments primarily include land and buildings not used in operations and held for rental. The decrease with respect to the end of the previous year, of € 266 thousand, derives from amortisation/depreciation and write-downs recognised during the year.

### 16. Goodwill - € 254,626 thousand

At 31 December 2023 goodwill amounted to € 254,626 thousand (€ 255,048 thousand at 31 December 2022). The change compared to 31 December 2022 refers mainly to the definitive allocation of the price paid for the Business Combinations for new acquisitions. For more details please see the specific section.

€ thousand	31/12/2022	Definitive allocation	Exchange delta	Write-downs	Other changes	31/12/2023
Environment	79,224	(625)	0	(898)	(0)	77,701
Commercial	47,716	0	0	0	0	47,716
Production	91,618	0	0	0	0	91,618
Water	15,942	1,190	0	0	(35)	17,097
Water (Overseas)	4,951	0	(54)	0	0	4,897
Engineering & Infrastructure Projects	15,597	0	0	0	0	15,597
<b>Goodwill</b>	<b>255,048</b>	<b>565</b>	<b>(54)</b>	<b>(898)</b>	<b>(35)</b>	<b>254,626</b>

In order to verify the book value of the CGUs, as part of the impairment procedure the Group provides an estimate of an interval relating to the recoverable value of the assets in terms of value in use (“VIU”), in continuity with the previous year, i.e. using the Discounted Cash Flow (DCF) method, which identifies the ability to generate cash flows as the fundamental element for the purposes of assessing the entity of reference. For the purpose of discounting operating cash flows, the weighted average cost of post-tax capital is calculated.

The application of the financial method for determining the recoverable value and the subsequent comparison with the respective accounting values, therefore entailed, for each CGU subject to impairment testing, estimating the post tax WACC, the value of operating cash flows taken from the Business Plan approved by the Board of Directors on 5 March 2024, and the terminal value (TV) and, in particular, the growth rate used to project flows beyond the plan horizon, the value of the net financial position (NFP) and any surplus assets/liabilities (SA).

The main assumptions which determined cash flows and test results were the following:

- development of revenues from regulated business was prepared on the basis of the most recent tariff trends resulting from updates of national regulations, which in particular took place in December 2023. In 2024, the approval process for the tariff structures for individual water operators will be completed;

- the trend in the prices of electricity and gas sold and purchased on the free market was developed on the basis of business considerations consistent with the energy scenario developed in the business plan, which also take into account independent third party market consensus about these estimates;
- the plans were extended in an inertial manner beyond the duration of the plan approved by the Board of Directors for all CGUs, when the perpetuity hypothesis was not consistent with the characteristics of the CGU involved in the impairment test and required the use of a whole life plan.

Terminal value is calculated:

- for Acea Produzione (Production Segment) using the residual value corresponding to the net invested capital at the end of the plants’ useful life;
- for the Environment and Water (Overseas) Segments, respectively, considering the residual value corresponding to the net invested capital at the end of the plants’ useful life and of the concession;
- for areti (Networks & Smart Cities Segment): considering the current value of the RAB at the expiry of the concession calculated according to the regulations for the regulatory period and net working capital at the expiration of the concession;
- for the Water Segment, considering the current value of the RAB and Net Working Capital at the end of the concession;

- for the Commercial Segment, using estimated normalised cash flows with a steady state hypothesis without real growth; finally;
- for the Engineering & Infrastructure Projects Segment, using the residual value of the plans, considering net invested capital.

Finally, the flows determined as above were discounted using the post-tax WACC determined using an unconditional approach or using the regulatory WACC for regulated business.

Regulatory WACCs, following the update to national regulations and/or agreements with the relevant authorities, which in particular occurred in December 2023, were in line with the respective market WACCs.

Below the assumptions used in the tests and estimates for Terminal Value are summarised:

Sector	Recoverable value	WACC	Terminal value	Cash flow period
Water	Value in use	6.4%	NIC at the end of the concession, including the Regulatory Asset Base (RAB)	End of the concession
Water (Gas)	Value in use	6.7%	Terminal value equal to RAB	End of the concession
Networks & Smart Cities	Value in use	6.3%	Regulatory Asset Base (RAB)	End of the concession
Commercial	Value in use	7.3%	Perpetuity	Until 2028
Production	Value in use	6.9%	NIC/perpetuity at the end of the plants useful life	Useful life of plants/end of concession
Engineering & Infrastructure Projects	Value in use	6.4%	NIC at the end of the plants' useful life	End of concession, Water segment
Water (Overseas)	Value in use	7.4%/12.1%	NIC at the end of the concession	End of the concession
Environment	Value in use	7.1%	NIC at the end of the plants' useful life	Plants' useful life

Note that certain assets relative to the Environment Segment were reorganised in 2023 and similarly the methods used to monitor synergies and, consequently, goodwill, as also confirmed in the Group's strategic plan approved by management. Nonetheless, note that if the previous allocation and monitoring of impairment had been maintained, the results of the impairment test would not have been different.

Additionally, with reference to that issued by ESMA on 25 October 2023, with reference to monitoring climate change effects and the relative impacts on impairment tests for non-financial assets, Acea has developed risk analysis using quantitative instruments, including the application of an econometric model to estimate the relationship existing between macroeconomic and climate-related variables and the main economic/financial amounts of interest to Acea's various companies and plants. In particular, analysis was carried out on how margins are affected by the main macroeconomic and environmental variables (e.g. electricity and gas prices, CO<sub>2</sub> emissions, average temperature, average rainfall, etc.). In addition to that described, Acea developed Montecarlo analysis to better understand the relationships between individual key variables and help with defining possible alternative scenarios and, more generally, the level of volatility of predictions. In addition to the impairment indicated below, there were also possible losses identified only under certain scenarios which, from a statistical point of view are not "more likely than not" but for which it was still held appropriate to monitor developments. More specifically, the CGUs classified as such are Acea Ambiente, Tecnoservizi, Acea Innovation, Acquedotto del Fiora, Adistribuzione Gas, Acea Produzione and the plants of Castel Madama (Acea Produzione), Mandela (Acea Produzione) and Tor di Valle (Acea Produzione).

The results of the impairment test indicated total writedowns of € 144 thousand, relative to: i) the Ecologica Sangro CGU for € 70 thousand; and ii) the Sabaudia plant for € 74 thousand.

With reference to Acea Ato5, note that following the approval of the two-year update for 2022-2023 and the significant increase in the costs of raw materials, worsened by the international geo-

political crisis, in 2023 the directors of Acea Ato 5 confirmed the continued significant uncertainties which could give rise to serious doubts about the ability of the company to function as a going concern, in particular: the favourable conclusion of the Technical Panel with the EGA, intended to define the reciprocal items as a whole (including those subject to the Conciliation Board) and the lack of progress in the procedure for ARERA to approve the tariff proposals for 2016-2019 and 2020-2023, as well as the two-year updates for 2018-2019 and 2022-2023.

With reference to these actions, note that the latest request for economic/financial rebalance presented by the company has lapsed as it was not accepted by the deadline of 60 days and, additionally, in 2024 the Council of State rejected the company's appeal against the Area Authority's resolution 1/2021.

See, also, that described in the section "Reference context" - "Water Regulation" in the Report on Operations.

Nonetheless, in 2023 and 2024, the Directors continued to adopt all appropriate measures to improve the Company's financial position and support its continuation as a going concern.

The objectives of these actions mainly included:

beginning meetings with the government entity to define a new EFP and approve the tariffs with the new MTI-4 method, with an increase in 2024 in line with that of 2023 and within the limits of the maximum tariff increase allowed;

- the request made to the EGA to update the technical panel intended to update the items subject to the Conciliation Board and the creditor items;
- sending a repayment plan proposal to EGA for fees payable (not subject to the Conciliation Board), for which the company has not yet received a response;
- repayment plans to pay off outstanding liabilities towards third-party suppliers and infragroup payables;
- the implementation of a set of coordinated actions designed to reduce bill collection times and thus improve the percentages of amounts received;
- improving the efficiency of operating costs due to the lower rev-

venues coming from the Economic Financial Plan approved by the EGA;

- the request for and awarding of contributions (of around € 12 million) for investments planned in 2024-2025;
- the request that Acea renounce interest and the capital portion accrued and over due at 31/12/2023 with reference to the interest-bearing shareholders' loan for a total of € 14.55 million (of which € 10 million in capital and € 4.55 million in interest). This request was in line with that already approved by the Acea Board of Directors on 16/06/2022;
- a request for financial support from Acea SpA, through an extension on the payment with reference to the trade payable accrued at 31 December 2023 of € 7,867,191.48, in the form of 112 instalments starting in March 2024 and maturing on 30 June 2033 (an action not envisaged in the 2024-2028 plan);
- the request for two interest-bearing shareholders' loans from Acea SpA, to be used solely to serve its financial requirements for 2024, 2025 and 2026, deriving from the realisation of NRRP investments (action not envisaged in the plan 2024-2028 plan);

Nonetheless, despite the many material uncertainties that may create significant doubts about the going concern assumption, in particular:

- the favourable conclusion of the Technical Panel with the EGA, to definitively resolve the reciprocal items (including those subject to the Conciliation Board);
- the approval of the 2024-2029 tariff proposal in the terms proposed by the operator (in particular with regards to invoicing of adjustments by 2029 and the recognition of costs for arrears in the amount of 10% as from 2026);
- the acceptance of the repayment plan proposed to the OTS by the company and not yet formally accepted by the latter with reference to payables not subject to the Conciliation Board.

The Directors have continued to adopt the going-concern assumption in the preparation of the financial statements at 31 December 2023, considering that the actions to taken to preserve continuity, together with the decisions of Acea SpA intended to strengthen the Company's capitalisation, will be enough to allow the ordinary management of the business. They are also confident that the Conciliation Board proceedings described above, and the ARERA tariff approvals, will be completed within a reasonable period of time.

The main reason behind the near stability of the recoverable value can for the most part be found in the following assumptions in the business plan:

- IWS revenues (GRC) were prepared using the MTI4 tariff method published in December 2023. The simulation includes

(i) measuring the GRC consistent with the Regulatory WACC of 6.13%; (ii) the assumption of Cmor component recognition at 3.5% for 2024-2025 and 10% in 2026-2033, (iii) invoicing of previous adjustments by 2030 for around € 105 million, still within the limits of the maximum allowed theta. Prudentially, impacts deriving from possible greater opex recognised were not estimated;

- continuation of the process to improve efficiency for non-pass-through operating costs, while pass-through operating costs were projected in line with the revenue profile recognised;
- amortisation/depreciation guarantees consistency between net fixed capital and the gross RAB recognised;
- the investment plan, until the end of the concession, is in line with the Action Plan the Company is defining with EGATO utilising the MTI-4 method. In particular, € 12 million in contributions for investments in NRRP projects are foreseen in 2024-2025;
- the residual value (investments made, net of amortisation/depreciation and contributions) of the operator in the case of a transfer was calculated by the Company on the date the Concession expires, as the algebraic sum of net fixed capital, work in progress and grants. The residual value was determined in line with the EFP prepared by the company (ARERA formula) and takes into account the end of the due dates for investments made in the last year.

Sensitivity analysis was performed, taking into consideration the hypothesised decrease in adjustments collected on one hand and the increase in plan costs on the other, with the results below. Given the circumstances, a scenario worse than the assessments made and summarised in the base case identified cannot be hypothesised, given that in the case the aforementioned recognition goals are not achieved, the Area Authority cannot avoid identifying alternative methods, including the request to access financial balancing measures called for in the regulations, in order to guarantee the required economic/financial balance for the Manager and regular management of the service. Also note that with the approval of the new tariff method MTI-4, the regulator provided a clear indication regarding the possibility of recovering adjustments, thereby limiting the degree of discretion available to government entities in the context of postponing tariff recognition. Specifically, article 28.2 of annex A to ARERA resolution 639/2023 (MTI-4) establishes that the EGAs insert all the adjustments resolved in the new EFP, calling for invoicing by 31.12.2029, without prejudice to the possibility, in agreement with the operator and to ensure the social sustainability of the tariff, of presenting a reasoned request to ARERA to exceed this deadline, in any case requiring respect for economic and financial balance.

#### Reduction adjustments collected (% of total adjustments, € 103 million 2025-2029)

	0%	-10%	-20%	-30%	-40%	-50%
	3.3					
	0%	0.8	(1.7)	(4.2)	(6.7)	(9.2)
	3%	(0.1)	(2.6)	(5.1)	(7.6)	(10.1)
	5%	(3.5)	(6.0)	(8.5)	(11.0)	(13.5)
	8%	(6.8)	(9.3)	(11.8)	(14.3)	(16.9)
	10%	(10.2)	(12.7)	(15.2)	(17.7)	(20.2)
	13%	(13.6)	(16.1)	(18.6)	(21.1)	(23.6)
	15%	(16.9)	(19.4)	(21.9)	(24.5)	(27.0)
<b>Increase in costs with respect to plan baseline *</b>						

\* The baseline is calculated on total operating costs net of energy/wholesale water/concession charges, pass-through in the tariff.

## 17. Concessions and Rights on Infrastructure – € 3,787,263 thousand

This item mainly refers to the Water Services and essentially includes:

- the values of concessions received from the Municipalities (€ 93,176 thousand);
- the overall amount of all tangible infrastructures for the management of water and gas distribution services (€ 70,455 thousand), in accordance with IFRIC 12.

Concessions refer for € 77,684 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 OTA 2. 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 € 6,177 thousand and the Consorcio Agua Azul for € 9,314 thousand.

Capital expenditure for the period relating to Infrastructure rights amounted to € 664,147 thousand and mainly refers to:

- Acea Ato2 for € 414,706 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 € 34,429 thousand for the replacement, maintenance and expansion of water supplies and sewerage pipes and of water treatment plants;
- GORI for € 141,621 thousand, for the replacement of the water pipelines as well as for the extraordinary maintenance of the works for the water and sewerage service;
- Acquedotto del Fiora for € 49,038 thousand, mainly due to reclamation and extraordinary maintenance, optimisation of networks/plants and new works, as well as the increased efficiency for the networks;
- SII for € 15,940 thousand mainly for modernisation and expansion of the infrastructures, and for reordering and improvement of the waste collection and treatment system.

The item **Other changes** mainly comprises reclassifications for the commissioning of assets previously in preparation. Note that the item also includes the combination of infrastructure for the gas distribution service belonging to Adistribuzionegas.

## 18. Tangible fixed assets – € 413,162

The item has a net book value as at 31 December 2023 of € 413,162 thousand and can be represented as follows:

€ thousand	Patent rights	Other intangible fixed assets	Contract costs	Investments in progress and advances	Total
<b>Net opening balance</b>	<b>218,479</b>	<b>129,554</b>	<b>56,809</b>	<b>15,348</b>	<b>420,191</b>
Depreciation/amortisation and impairment losses	(67,792)	(24,239)	(27,919)	0	(119,950)
Assets held for sale	0	(259)	0	0	(259)
Investments/Acquisitions	48,458	35,470	1,614	18,424	103,966
Disposals/Sales	(176)	0	0	(1,040)	(1,216)
Changes in consolidation scope	2,532	3	0	(2,532)	3
Other changes	1,525	(13,842)	32,028	(9,283)	10,427
<b>Net closing balance</b>	<b>203,027</b>	<b>126,687</b>	<b>62,533</b>	<b>20,916</b>	<b>413,162</b>

The item saw a decrease of € 7,028, deriving from investments incurred during the period (€ 103,966 thousand), net of amortisation and reductions in value (€ 119,950 thousand) and reclassifications.

Investments for the period are mainly attributable to:

- areti for € 30,943 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 € 44,980 thousand, for the most part associated with the costs of acquiring new customers pursuant to IFRS 15 (€ 32,023 thousand) and implementation of the new CRM, as well as improvements made to the invoicing, credit and decision-making support systems for development and pro-

gressive projects linked to integrating systems on the new CRM platform;

- The Parent Company for € 14,929 thousand for the purchase and implementation of software to support the development of IT platform management systems, the corporate security and the administrative management.

## 19. Right of use – € 93,284 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 31 December 2023 the net book value of these assets is € 93,284 thousand and the nature of these assets can be represented as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Land and buildings	73,460	67,150	6,310	9.4%
Cars and motor vehicles	8,102	9,440	(1,338)	(14.2%)
Machinery and equipment	9,493	11,453	(1,960)	(17.1%)
Distribution cabins	1,719	1,877	(159)	(8.4%)
Other	511	477	34	7.1%
<b>Total</b>	<b>93,284</b>	<b>90,397</b>	<b>2,887</b>	<b>3.2%</b>

The book value of the assets consisting of the right of use at 31 December 2023 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
<b>Opening balances</b>	<b>67,150</b>	<b>9,440</b>	<b>11,453</b>	<b>1,877</b>	<b>477</b>	<b>90,397</b>
Acquisitions	0	0	0	0	0	0
New contracts	8,994	4,174	201	109	277	13,755
Remeasurement	8,771	(296)	(21)	(5)	(53)	8,396
Depreciation	(11,455)	(5,216)	(2,140)	(263)	(190)	(19,263)
<b>Total</b>	<b>73,460</b>	<b>8,102</b>	<b>9,493</b>	<b>1,719</b>	<b>511</b>	<b>93,284</b>

The increase of € 2,887 thousand is mainly due to the signing of new contracts in 2023, mainly with reference to surface rights. 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 – € 359,281 thousand

€ thousand	31/12/2022	Scope change	Valuation for the period	Dividends	OCI	Other	31/12/2023
Acque Group	124,677	0	7,400	(1,590)	(2,575)	(10)	127,903
GEAL	9,288	0	943	(278)	(2)	0	9,950
Nuove Acque e Intesa Aretina	13,079	0	542	(646)	(72)	0	12,903
Publiacqua	117,850	0	9,347	(2,740)	4	(109)	124,353
Umbra Acque	27,447	0	2,863	96	(534)	0	29,872
Ingegnerie Toscane	9,597	0	1,002	(908)	2	0	9,692
Energia	13,316	3,244	488	0	0	241	17,288
Picena Ambiente	3,088	0	(1,283)	0	0	0	1,805
Acea Sun Capital	16,079	0	(5,854)	(1,653)	(1,314)	402	7,660
DropMI	2,565	2,285	(118)	0	0	0	4,732
Aqua.lot	0	368	0	0	0	0	368
Marmaria Group	9,096	0	(45)	0	0	68	9,119
Aguzul Bogotà	825	0	(90)	0	118	0	852
Other equity investments	1,977	0	(533)	0	0	1,341	2,785
<b>Total equity investments</b>	<b>348,885</b>	<b>5,896</b>	<b>14,661</b>	<b>(7,720)</b>	<b>(4,374)</b>	<b>1,933</b>	<b>359,281</b>

The changes that occurred during the period refer primarily to the valuation of the results of companies consolidated using the equity method, which have a positive impact on the Income Statement for a total of € 14,661 thousand. These valuations are mainly reflected in the item “Income/(Expenses) from equity investments of a non-fi-

ancial nature” (€ 14,397 thousand) and residually in the item “Income/Expenses from equity investments”. The change was contributed to by dividend distribution (-€ 7,720 thousand), the change in the scope of consolidation (+€ 5,896 thousand) and in the reserves of “other comprehensive income” (-€ 4,374 thousand).

31/12/2023

€ thousand	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net Financial Position
Acque	258,614	44,581	(118,749)	(57,173)	(80,767)	(7,400)	(94,967)
Aqua.iot	0	368	0	0	0	0	0
Intesa aretina	13,892	534	0	(9)	0	235	192
DropMI	5,258	645	0	(1,172)	0	118	337
Ecomed	37	323	(539)	(556)	0	646	162
Energia	10,572	959	(2)	(1,137)	(1,682)	(488)	378
GEAL	18,299	4,327	(7,079)	(5,155)	(13,032)	(943)	(2,729)
Ingegnerie Toscane	702	11,829	(413)	(5,945)	(9,969)	(1,002)	(2,336)
Powertis Group	2,676	907	(20)	(293)	0	45	27
Nuove Acque	18,473	5,983	(6,343)	(3,896)	(10,110)	(777)	(2,668)
Acea Sun Capital Group	91,038	14,621	(54,428)	(10,839)	(10,991)	7,491	(35,563)
Publiacqua	226,727	60,865	(56,363)	(105,283)	(120,670)	(9,347)	(42,036)
Umbria Distribuzione Gas	6,397	6,263	(2,526)	(8,215)	0	(113)	892
Umbra Acque	82,246	15,514	(43,611)	(25,631)	(40,952)	(2,863)	(24,576)

31/12/2022

€ thousand	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net financial position
Acque	244,400	42,352	(43,716)	(122,628)	(78,535)	(11,062)	(88,032)
Acque Servizi	823	6,629	(1,004)	(2,616)	(10,833)	(251)	908
Acea Sun Capital Group	119,272	10,103	(64,757)	(9,808)	(9,590)	(997)	(40,416)
Powertis Group	2,281	1,027	(7)	(55)	(4)	7	333
Intesa aretina	13,188	308	0	(96)	0	423	192
DropMI	2,565	0	0	0	0	0	0
Ecomed	3	361	(20)	(420)	0	0	157
Energia	6,386	914	0	(779)	(1,547)	(395)	140
GEAL	19,633	5,196	(9,009)	(6,130)	(11,820)	(1,104)	(3,030)
Ingegnerie Toscane	1,482	10,332	(521)	(5,233)	(9,691)	(950)	(1,139)
Nuove Acque	18,438	5,772	(7,635)	(2,739)	(9,343)	(926)	(3,096)
Publiacqua	220,777	68,285	(77,452)	(92,395)	(109,401)	(8,560)	(58,011)
Romeo Gas	0	0	0	0	0	(760)	0
Umbria Distribuzione Gas	5,499	4,734	(3,147)	(5,255)	0	0	63
Umbra Acque	75,171	19,158	(44,196)	(24,254)	(46,951)	(3,320)	(22,564)

## 21. Other equity investments – € 8,029 thousand

These total € 8,029 thousand (they were € 3,007 thousand at 31 December 2022) and are composed of investments in shareholder securities that do not represent control, association or joint control. The increase derives almost entirely from the acquisition of a minority interest in Bonifiche Ferraresi SpA.

## 22. Deferred tax assets – € 205,065 thousand

At 31 December 2023, deferred tax assets, net of deferred tax liabilities, amounted to € 205,065 thousand (€ 179,823 thousand at 31 December 2022). Deferred tax assets are mainly made up of the following: i) € 37,458 thousand for the provision for tax risks (€

36,725 thousand as at 31 December 2022); ii) € 67,881 thousand to impairment of receivables (€ 68,543 thousand as at 31 December 2022); iii) € 144,694 thousand for the amortisation/depreciation of intangible assets and property, plant and equipment (€ 136,519 thousand as at 31 December 2022); iv) € 13,386 thousand to defined benefit and defined contribution plans (€ 12,725 thousand as at 31 December 2022); v) € 29,042 thousand to the fair value measurement of commodities and other financial instruments (€ 9,100 thousand as at 31 December 2022).

Provisions for deferred taxes include in particular the deferred taxes tied to differences existing between the economic-technical amortisation rates applied to depreciable assets and tax portions. Uses in

the period totalling € 9,309 thousand and allocations amounting to € 9,415 thousand contributed to this item.

The following table details the changes in this item:

€ thousand	31/12/2022				31/12/2023		
	Balance	Changes in consolidation scope	Adjustments and reclassifications	Changes in shareholders' equity	Uses	IRES/IRAP provisions	Balance
<b>Prepaid taxes</b>							
Tax losses	67	0	(0)	0	0	0	67
Remuneration of BoD members	61	0	0	0	(15)	93	140
Provisions for risks and charges	36,725	0	(0)	1,357	(11,108)	10,483	37,458
Impairments of receivables and equity investments	68,543	0	0	2,555	(7,491)	4,274	67,881
Depreciation and amortisation	136,519	0	0	2,187	(12,308)	18,296	144,694
Defined benefit and defined contribution plans	12,725	0	0	913	(1,382)	1,130	13,386
Tax assets on consolidation adjustments	3	0	0	0	0	216	219
Fair value commodities and other financial instruments	9,100	0	0	20,503	0	(560)	29,042
Others	56,489	0	(0)	(2,832)	(2,428)	2,135	53,364
<b>Total</b>	<b>320,232</b>	<b>0</b>	<b>(0)</b>	<b>24,683</b>	<b>(34,730)</b>	<b>36,066</b>	<b>346,251</b>
<b>Deferred taxes</b>							
Depreciation and amortisation	58,969	0	0	85	(8,626)	5,491	55,919
Defined benefit and defined contribution plans	24,178	0	0	772	(700)	(48)	24,202
Fair value commodities and other financial instruments	27,164	0	0	2,709	1,320	605	31,797
Others	30,098	0	0	(2,896)	(1,303)	3,368	20,267
<b>Total</b>	<b>140,409</b>	<b>0</b>	<b>0</b>	<b>670</b>	<b>(9,309)</b>	<b>9,415</b>	<b>141,186</b>
<b>Net</b>	<b>179,823</b>	<b>0</b>	<b>(0)</b>	<b>(24,012)</b>	<b>(25,422)</b>	<b>26,651</b>	<b>205,065</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 – € 18,852 thousand

These amounted to € 18,852 thousand (€ 30,531 thousand at 31 December 2022), a decrease of € 11,679 thousand mainly attributable to the Parent Company (-€ 5,928 thousand) of which a por-

tion relating to the public lighting service, including requalification of systems, energy saving, legislative compliance and technological innovation. The remainder of the credit will be paid to Acea, for an amount equal to the fiscal amortisation, after financial year 2023, in accordance with what is agreed in the Supplementary Agreement to the service contract signed on 15 March 2011.

### 24. Other non-current assets – € 716,582 thousand

Other non-current assets at 31 December 2023 are composed as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Other receivables	15,275	15,155	121	0.8%
Advances and deposits	1,608	2,110	(502)	(23.8%)
Other receivables, receivables from subsidiaries	0	0	0	n.s.
Long-term receivables for tariff adjustments	499,650	469,552	30,098	6.4%
Long-term receivables for Regulatory Lag	188,540	114,947	73,593	64.0%
Accrued income and prepayments	11,507	13,380	(1,872)	(14.0%)
<b>Other assets</b>	<b>716,582</b>	<b>615,144</b>	<b>101,438</b>	<b>16.5%</b>

This item also includes long-term receivables for tariff adjustments for € 499,650 thousand (€ 469,552 thousand at 31 December 2022) of the water companies, while € 188,540 thousand

(€ 114,947 thousand at 31 December 2022) is the long-term portion of the receivables registered in areti for regulatory lag.

## Current assets – € 2,575,774 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Inventories	97,843	104,507	(6,665)	(6.4%)
Trade receivables	1,213,200	1,265,439	(52,239)	(4.1%)
Other current assets	405,026	460,786	(55,760)	(12.1%)
Current tax assets	13,075	26,296	(13,221)	(50.3%)
Current financial assets	487,251	342,085	145,165	42.4%
Cash and cash equivalents	359,379	559,908	(200,529)	(35.8%)
<b>Current assets</b>	<b>2,575,774</b>	<b>2,759,022</b>	<b>(183,248)</b>	<b>(6.6%)</b>

Note that the figures at 31 December 2022, in relation to “trade receivables” and “other current assets”, were reclassified so as to better represent the information.

7,375 thousand) relative to contract work in progress to construct systems, partially offset by greater inventories for Acea Energia (+€ 3,980 thousand), in relation to Gas storage activities.

### 25. Inventories – € 97,843 thousand

The item inventories totals € 97,843 thousand (€ 104,507 thousand at 31 December 2022), down by € 6,665 thousand, mainly due to the decrease in inventories associated with energy efficiency projects (-€ 3,158 thousand) and SIMAM inventories (-€

### 26. Trade receivables – € 1,213,200 thousand

These amounted to € 1,213,200 thousand, recording a decrease of € 52,239 thousand compared to 31 December 2022, when the figure was € 1,265,439 thousand. The breakdown for the item is provided below:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Trade receivables	1,169,967	1,216,099	(46,133)	(3.8%)
Receivables due from the parent company	20,993	35,646	(14,653)	(41.1%)
Receivables from jointly controlled subsidiaries and associates	22,240	13,694	8,547	62.4%
<b>Trade receivables</b>	<b>1,213,200</b>	<b>1,265,439</b>	<b>(52,239)</b>	<b>(4.1%)</b>

#### Trade receivables

These amounted to € 1,169,967 thousand, a decrease of € 46,133 thousand compared to 31 December 2022 and are represented as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Receivables due from end users for bills issued	311,554	362,675	(51,121)	(14.1%)
Receivables due from end users for bills to be issued	561,290	641,181	(79,891)	(12.5%)
Receivables due from non-user customers for bills issued	257,026	158,456	98,570	62.2%
Receivables due from non-user customers for bills to be issued	40,037	53,729	(13,691)	(25.5%)
Other current receivables and assets	59	59	0	0.0%
<b>Trade receivables</b>	<b>1,169,967</b>	<b>1,216,099</b>	<b>(46,133)</b>	<b>(3.8%)</b>

Receivables are shown net of the Provision for doubtful receivables, which at 31 December 2023 amounted to € 628,100 thousand and increased by € 12,561 thousand compared to the previous year, mainly due to the difference between provisioning for the period (€ 86,487 thousand) and uses, in part due to the effects of sales of non-performing receivables, which amounted to € 30,020 thousand at 31 December 2023.

#### Receivables due from the Parent Company Roma Capitale

As regards relations with Roma Capitale, the net balance at 31 December 2023 was € 17,190 thousand receivable for the Group (the payable balance at 31 December 2022 was € 1,714 thousand).

In terms of trade and financial receivables, an overall decrease of € 11,602 thousand was seen with respect to the previous year, mainly due to the sizeable contribution from amounts collected

totalling € 114,630 thousand, which exceeded the amounts of receivables coming due during the period.

The main changes in the year are as follows:

- Accrual of Acea Ato2 receivables for the supply of water for € 54,074 thousand;
- Accrual of receivables for the Public Lighting service for € 47,367 thousand;
- collection/offset of receivables of Acea Ato2 for utilities for € 69,377 thousand;
- collection/offset of Acea Ato2 receivables for IP fees for € 44,312 thousand.

Payables decreased by € 27,078 thousand compared to the previous year; the main changes during the period are as follows:

- greater payables for recognition of 50% of share dividends accrued for 2022 by Acea for € 46,160 thousand (note that in

June 2023, when the coupon was detached, Roma Capitale was paid 50% of the dividends for the year, equal to € 46,160 thousand);

- higher payables due to the recognition of the Acea Ato2 concession fee for 2023 for € 25,276 thousand;
- higher payables due to the recognition of Acea Ato2 stock dividends for 2022 for € 2,372 thousand;
- payment of Acea share dividends for 2020, for € 44,312 thousand;
- payment of Acea Ato2 concession fees for 2022 and 2023 for a total of € 44,408 thousand, with the consequent elimination of the relative payables at the end of the year;
- payment of the amounts due for road excavation permits by areti to municipalities for a total of € 11,962 thousand, plus the payable for Cosap 2023 for € 1,890 thousand.

With specific reference to just offsetting operations during the year, summarised above, below are details on the main operations chronologically:

- April 2023: offsetting of receivables for € 18,110 thousand related to the water supply service against the Acea Ato2 concession fee for 2022;
- September 2023: offsetting of receivables for € 12,718 thousand for public lighting fees for the last quarter of 2022 (including the price adjustment component) plus work performed for the IP service against Acea 2020 share dividends;
- October 2023: offsetting of receivables for € 26,298 thousand related to the water supply service against the Acea Ato2 concession fee for 2022 and 2023;
- October 2023: offsetting of receivables for € 2,372 thousand relating to the water supply service against Acea OTA2's share dividends for 2022;
- October 2023: collection of receivables for € 9,152 thousand relative to the water supply service;
- November 2023: offsetting of receivables for € 17,345 thousand for fees for the public lighting service for the first half of 2023, against Acea share dividends for 2020;
- December 2023: collection of receivables for € 13,337 thousand relative to the water supply service;
- December 2023: offsetting of receivables for € 14,250 thousand for receivables to extraordinary modernisation and maintenance in 2022 for the public lighting network and work associated with the Quality of Light Plan against Acea share dividends for 2020.

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. 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.

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. Hence, again in 2021, while awaiting the conclusion and finalisation of these aspects, Acea continued to provide the Public Lighting service. The service has therefore been invoiced and has partly already been paid by Roma Capitale, as seen in the data below:

- in 2020 at total of € 33.3 million of receivables referred to the aforementioned report were settled in the Group;
- During 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. As a result of this work, Roma Capitale paid Acea the Public Lighting receivables for € 75.3 thousand through offsets;
- during 2022, settlement activities with Roma Capitale continued, which allowed continuation of the liquidation of Acea receivables, through offsetting of a total of € 56.5 million, of which € 27.6 million relative to fees for previous years.

Note that on 11 August 2022, the City Executive Committee with resolution no. 312 entitled "Public and artistic-monumental public lighting service on the entire municipal territory – Concessionaire: Acea SpA – Recognition of the perimeter of the payable situation and launch of the consequent procedures" recognised the perimeter of the Administration's payables to Acea/areti in relation to the Public Lighting service as of 31 December 2021.

This resolution was published on the institutional website of Roma Capitale on 30 August 2022 and with reference to the same, dialogue is still in progress with Roma Capitale.

During 2023, specifically in September, the Acea Board of Directors, after receiving the opinion of the Related Party Transactions Committee, approved the proposal for a Settlement Agreement with Roma Capitale, to govern their reciprocal positions and the methods for the early consensual termination of the contractual relationships between the parties for the public lighting service provided by the company and for it by the subsidiary areti SpA.

At the same time, Roma Capitale also approved the draft Settlement Agreement in the City's Assembly in December 2023.

With reference to the economic terms of this possible Settlement Agreement, substantially in line with the City Executive Committee resolution 312 of 11 August 2022, following the reciprocal renunciation by the parties, the agreement calls for the recognition of receivables due to Acea/areti from Roma Capitale for a total of around € 100.6 million. The economic and financial effects of the settlement, following the signing which had not yet occurred as of the reporting date, will not have significant effects as the company had already updated its estimates in previous financial statements utilising the criteria established in the relevant regulations.

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 (€ thousand)	31/12/2023	31/12/2022	Change
Utility receivables	17,597	32,936	(15,339)
Provisions for impairment	(1,753)	(1,747)	(6)
<b>Total receivables from users</b>	<b>15,844</b>	<b>31,189</b>	<b>(15,345)</b>
Receivables for water works and services	3,804	3,804	0
Receivables for water works and services to be invoiced	931	574	357
Provisions for impairment	(2,191)	(2,191)	0
Receivables for electrical works and services	4,512	4,360	152
Receivables works and services - to be billed	425	242	183
Provisions for impairment	(326)	(326)	0
<b>Total receivables for works</b>	<b>7,155</b>	<b>6,463</b>	<b>692</b>
<b>Total trade receivables</b>	<b>22,999</b>	<b>37,652</b>	<b>(14,653)</b>
Financial receivables for Public Lighting services billed	139,132	135,127	4,005
Provisions for impairment	(57,994)	(57,994)	(0)
Financial receivables for Public Lighting services to be billed	46,873	36,274	10,599
Provisions for impairment	(13,706)	(5,380)	(8,326)
M/L term financial receivables for Public Lighting services	1,587	4,815	(3,228)
<b>Total Public Lighting receivables</b>	<b>115,892</b>	<b>112,842</b>	<b>3,051</b>
<b>Total receivables</b>	<b>138,891</b>	<b>150,494</b>	<b>(11,602)</b>

Payables due to Roma Capitale (€ thousand)	31/12/2023	31/12/2022	Change
Electricity surtax payable	(5,503)	(5,495)	(8)
Concession fees payable	0	(27,559)	27,559
Other payables	(8,331)	(9,784)	1,453
Dividend payables	(107,867)	(105,942)	(1,925)
<b>Total payables</b>	<b>(121,702)</b>	<b>(148,779)</b>	<b>27,078</b>
<b>Net balance receivables payables</b>	<b>17,190</b>	<b>1,714</b>	<b>15,476</b>

### Trade receivables from associates and joint ventures

€ thousand	31/12/2023	31/12/2022	Change	Change %
Receivables from associates	4,458	2,721	1,737	63.9%
Receivables from jointly controlled entities	17,782	10,973	6,809	62.1%
<b>Receivables from jointly controlled subsidiaries and associates</b>	<b>22,240</b>	<b>13,694</b>	<b>8,547</b>	<b>62.4%</b>

Trade receivables from jointly-controlled companies mainly refer to receivables from companies consolidated using the equity method.

### 27. Other current assets – € 405,026 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Receivables from others	348,482	345,124	3,358	1.0%
Accrued income and prepaid expenses	34,192	34,364	(171)	(0.5%)
Active derivative instruments on commodities	22,352	81,298	(58,947)	(72.5%)
<b>Other current assets</b>	<b>405,026</b>	<b>460,786</b>	<b>(55,760)</b>	<b>(12.1%)</b>

**Receivables from others**

These amount to a total of € 348,482 thousand. Note that with reference to the comparative data, the table includes certain re-

classifications so as to better represent the information. The changes can be represented as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Receivables due from the Equalisation Fund	30,178	53,117	(22,939)	(43.2%)
Receivables from Equalisation Fund for Tariff Contribution from cancellation	3,360	5,300	(1,939)	(36.6%)
Other receivables from Equalisation Fund	3,579	14,274	(10,695)	(74.9%)
Regional grants receivable	532	2,514	(1,982)	(78.9%)
Security deposits	6,568	5,032	1,535	30.5%
Receivables from social security institutions	3,332	3,180	152	4.8%
Suppliers' advances	13,119	20,877	(7,759)	(37.2%)
Receivables due from Municipalities	9,173	11,519	(2,346)	(20.4%)
Receivables for accrued Green Certificates	365	6,137	(5,773)	(94.1%)
Receivables from OTAA's	0	6,740	(6,740)	(100.0%)
Receivables from staff	4,020	3,462	558	16.1%
Other tax receivables	181,318	89,804	91,514	101.9%
Other receivables	92,939	123,168	(30,229)	(24.5%)
<b>Receivables from others</b>	<b>348,482</b>	<b>345,124</b>	<b>3,358</b>	<b>1.0%</b>

The increase of € 3,358 thousand derives from the following contrasting effects: i) the increase in tax receivables (+€ 91,514 thousand) mainly relative to credits accrued on energy efficiency projects for companies in the Commercial sector; ii) lower other receivables (-€ 30,229 thousand) for the most part associated with Acea Ato2 in relation to the decrease in receivables due from CSEA following the recognition of the water social bonus for the years 2021 and 2022, collected in 2023; iii) lower receivables due from the Energy Equalisation Fund (-€ 22,939 thousand), in part due to coverage of imbalances in the equalisation system in terms of costs to acquire and dispatch electricity intended for the greater protection service and in part as the consequence of the change in the regulatory framework with reference to the Social Bonus and the reintroduction of general system charges in the second quarter of 2023; iv) lower other receivables from the Equalisation Fund (-€ 10,595 thousand), mainly for areti (-€ 8,520 thousand) and ASM Terni (-€ 4,022 thousand); v) lower advances to suppliers (-€ 7,759 thousand) mainly attributable to Acea Innovation, relative to the start of energy efficiency contracts; vi) lower receivables from OTAA (-€ 6,740 thousand) relative to the IWS due to invoicing of adjustment items; vii) lower receivables for green certificates (-€ 5,773 thousand), mainly due to the scheduling of GRIN incentives.

**Accrued income and prepaid expenses**

These amounted to € 34,192 thousand (€ 34,364 thousand at 31 December 2022) 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, entirely referring to Acea Energia and amounting to € 22,352 thousand, down on the € 58,947 thousand at 31 December 2022 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 € 1,361 thousand.

**28. Current tax assets – € 13,075 thousand**

These amounted to € 13,075 thousand (€ 26,296 thousand at 31 December 2022) and include IRAP and IRES receivables.

## 29. Current financial assets – € 487,251 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Financial receivables from the Parent Company Roma Capitale	114,305	108,026	6,278	5.8%
Financial receivables from jointly controlled subsidiaries and associates	4,738	12,502	(7,763)	(62.1%)
Financial receivables from third parties	365,577	218,891	146,686	67.0%
Securities	2,631	2,667	(36)	(1.3%)
<b>Current financial assets</b>	<b>487,251</b>	<b>342,085</b>	<b>145,165</b>	<b>42.4%</b>

### Financial receivables from the Parent Company Roma Capitale

These totalled € 114,305 thousand, up by € 6,278 thousand compared to 31 December 2022. 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 associates and joint ventures

These totalled € 4,738 thousand, down by € 7,763 thousand compared to 31 December 2022.

### Financial receivables from third parties

These amounted to € 365,577 thousand (€ 218,891 thousand at 31 December 2022) and are made up of short-term deposit lines of the Parent Company for € 330,000 thousand (€ 190,000 at 31 December 2022).

## 30. Cash and cash equivalents – € 359,379 thousand

The balance at 31 December 2023 of bank current accounts and postal accounts, opened with the various banks and BancoPosta by the consolidated companies amounted to € 359,379 thousand. A breakdown and changes in this item by operating segment are shown in the table below:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Bank and postal deposits	338,887	541,481	(202,594)	(37.4%)
Cheques	12,078	9,614	2,464	25.6%
Cash and similar items of value on hand	8,415	8,813	(398)	(4.5%)
<b>Cash and cash equivalents</b>	<b>359,379</b>	<b>559,908</b>	<b>(200,529)</b>	<b>(35.8%)</b>

## 31. Assets held for sale – € 18,288 thousand

At 31 December 2023, “Non-current assets held for sale” amounted to € 18,288 thousand (€ 19,076 thousand at 31 December

2022) and refer to the reclassification of assets destined for sale pursuant to IFRS 5 in the context of the disposal of majority stakes relative to photovoltaic assets.

## LIABILITIES

At 31 December 2023 these amounted to € 8,963,980 thousand (€ 8,583,290 thousand at 31 December 2022), recording an in-

crease of € 380,690 thousand (4.4%) over the previous year, and are broken down as follows:

	31/12/2023	31/12/2022	Change	Change %
Non-current liabilities	5,615,479	5,452,905	162,574	3.0%
Current liabilities	3,348,313	3,128,466	219,847	7.0%
Liabilities closely associated with assets held for sale	188	1,919	(1,731)	(90.2%)
<b>Total liabilities</b>	<b>8,963,980</b>	<b>8,583,290</b>	<b>380,690</b>	<b>4.4%</b>

### 32. Shareholders' equity – € 2,823,084 thousand

At 31 December 2023, shareholders' equity amounted to € 2,823,084 thousand (€ 2,755,243 thousand at 31 December 2022). 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 € 157,838 thousand.

#### Other reserves and retained earnings

At 31 December 2023, these amounted to € 73,697 thousand against € 27,743 at 31 December 2022. In addition to the allocation of the previous year's result, the change of € 45,954 thousand derives mainly from: i) distribution of dividends of the parent company for € 180,666 thousand; ii) decrease in cash flow hedges of financial instruments and commodities for € 58,682 thousand; iii) decrease of € 1,887 thousand in actuarial gains and losses reserves; iv) increase in the exchange rate reserve for € 8,784 thousand.

At 31 December 2023 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 € 445,803 thousand, an increase of € 18,172 thousand. The change between the two periods in question, in addition to the change in the portion of profits due to third parties and the distribution of dividends (-€ 10,130 thousand), is mainly due to the change in the scope (-€ 37,219 thousand) following the acquisition of an additional +10% stake in Acque Blue Arno Basso and the exercising of a put option to acquire an additional 30% stake in SIMAM and the second closing of ASM Terni.

### Non-current liabilities – € 5,615,479 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Staff termination benefits and other defined benefit plans	109,895	112,989	(3,094)	(2.7%)
Provisions for risks and charges	224,276	218,025	6,252	2.9%
Borrowings and financial liabilities	4,770,436	4,722,263	48,173	1.0%
Other non-current liabilities	510,871	399,628	111,243	27.8%
<b>Non-current liabilities</b>	<b>5,615,479</b>	<b>5,452,905</b>	<b>162,574</b>	<b>3.0%</b>

### 33. Employee severance indemnity and other defined benefit plans – € 109,895 thousand

At 31 December 2023, this item amounted to € 109,895 thousand (€ 112,989 thousand as at 31 December 2022) 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	31/12/2023	31/12/2022	Change	Change %
- Employee severance indemnities (TFR)	56,391	56,624	(233)	(0.4%)
- Pegaso Fund	48	45	3	5.6%
<b>Employee severance indemnity</b>	<b>56,439</b>	<b>56,669</b>	<b>(231)</b>	<b>(0.4%)</b>
- Extra months	6,859	6,679	180	2.7%
<b>Extra months</b>	<b>6,859</b>	<b>6,679</b>	<b>180</b>	<b>2.7%</b>
- LTIP plans	3,118	1,736	1,383	79.7%
<b>Long-Term Incentive Plans (LTIP)</b>	<b>3,118</b>	<b>1,736</b>	<b>1,383</b>	<b>79.7%</b>
<b>Benefits due at the time of termination of employment</b>	<b>66,416</b>	<b>65,084</b>	<b>1,332</b>	<b>2.0%</b>
- Employees tariff subsidy	5,207	5,287	(80)	(1.5%)
- Managers tariff subsidy	133	152	(19)	(12.7%)
- Pensioners tariff subsidy	17,660	18,715	(1,055)	(5.6%)
<b>Tariff subsidies</b>	<b>23,000</b>	<b>24,154</b>	<b>(1,154)</b>	<b>(4.8%)</b>
<b>Post-employment benefits</b>	<b>23,000</b>	<b>24,154</b>	<b>(1,154)</b>	<b>(4.8%)</b>
- Isopensione fund	20,479	23,751	(3,272)	(13.8%)
<b>Isopensione (early retirement)</b>	<b>20,479</b>	<b>23,751</b>	<b>(3,272)</b>	<b>(13.8%)</b>
<b>Staff termination benefits and other defined benefit plans</b>	<b>109,895</b>	<b>112,989</b>	<b>(3,094)</b>	<b>(2.7%)</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.

	31/12/2023	31/12/2022
Discount rate	3.2%	4.0%
Revenue growth rate (average)	3.0%	3.0%
Long-term inflation	2.1%	2.5%

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	Discount rate	
	+0.50%	-0.50%
Employee severance indemnities (TFR)	(1.8)	3.6
Extra months	(0.3)	0.3
Tariff subsidies	(0.8)	0.8

Furthermore, a sensitivity analysis was performed related to the age of the group, hypothesizing a group one year younger than the ac-

tual 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)	1.8
Extra months	0.4
Tariff subsidies	(0.7)

### 34. Provisions for risks and charges – € 224,276 thousand

At 31 December 2023, the provision for risks and charges amounted to € 224,276 thousand (€ 218,025 thousand at 31 December 2022) 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	31/12/2022	Uses	Provisions	Release for excess provisions	Reclassifications/Other changes	31/12/2023
Legal	14,575	(2,041)	2,636	(2,306)	136	12,999
Taxes	5,738	(506)	561	(764)	(0)	5,029
Regulatory risks	31,550	(510)	4,387	(510)	1,069	35,987
Investees	8,167	(2,100)	425	617	5,657	12,767
Contributory risks	1,528	0	2,261	(125)	(11)	3,654
Insurance deductibles	10,881	(2,201)	2,366	0	0	11,046
Other risks and charges	28,004	(4,222)	20,268	(1,508)	(3,543)	38,997
<b>Total provision for risks</b>	<b>100,443</b>	<b>(11,580)</b>	<b>32,904</b>	<b>(4,596)</b>	<b>3,307</b>	<b>120,479</b>
Staff mobility	28,038	(17,978)	10,043	0	(8,667)	11,436
Post mortem	68,267	(415)	(0)	0	4,502	72,355
Provision for expenses payable to others	21,128	(2,162)	1,881	0	(926)	19,921
Provisions for Interim Taxes	30	0	0	0	(30)	0
Provisions for reinstatement expenses	119	0	0	0	(34)	86
<b>Total provisions for expenses</b>	<b>117,582</b>	<b>(20,555)</b>	<b>11,924</b>	<b>0</b>	<b>(5,154)</b>	<b>103,798</b>
<b>Total provisions for risks and charges</b>	<b>218,025</b>	<b>(32,134)</b>	<b>44,829</b>	<b>(4,596)</b>	<b>(1,847)</b>	<b>224,276</b>

The increase with respect to the end of the previous year (–€ 6,252 thousand) is the result of provisioning, net of releases for excess funds and uses. In particular, note:

- the decrease in the provision for staff mobility, mainly due to uses net of provisioning and releases, for the most part in reference to the parent company, Acea Ato2 and areti;
- the increase in the provision for other risks and charges, mainly due to provisioning carried out by: i) Acea Ato2 for € 7,391 thousand, mainly due to a payment injunction issued by the Lazio Region relative to reimbursement of fees due to land-improvement consortia pursuant to Regional Law 14/00 and advanced by the Region while awaiting the signing of the agreement called for in article 9 of Regional Law 6/96 and for € 1,700 thousand relative to contracts and supplies; ii) areti for € 5,083 thousand, including former Enel shiftworkers, the ARERA Cmor procedure, ARERA claim for residence change charges; iii) Acea Innovation for € 3,205 thousand, allocated in the face of expenses deriving from the non-completion of energy upgrading works associated with 14 work orders

- not completed at 31 December 2023; iv) Acea Energia for € 1,756 thousand, mainly attributable to the supplemental and performance bonuses to be paid to agents;
- the increase in the provision for contributory risks, mainly associated with the provisioning carried out by Cavallari (€ 2,241 thousand) for the notice of findings following the audit performed by the Labour Inspectorate on social security contributions;
- the increase in the provision for regulatory risks, mainly due to provisioning by areti (€ 1,200 thousand) and Acea Produzione (€ 3,187 thousand);
- the increase in the *post mortem* provision for Deco and Ecologica Sangro.

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. For further information please refer to the section “Update on major disputes and litigation”.

### 35. Non-current borrowings and financial liabilities – € 4,770,436 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Bonds	3,939,174	3,834,453	104,722	2.7%
Medium/long-term borrowings	752,698	814,422	(61,725)	(7.6%)
IFRS 16 financial payables	78,564	73,388	5,176	7.1%
<b>Borrowings and financial liabilities</b>	<b>4,770,436</b>	<b>4,722,263</b>	<b>48,173</b>	<b>1.0%</b>

The figures in the table include the fair value, at 31 December 2023, 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	31/12/2023	Hedged instrument	Derivative fair value	31/12/2022
Bonds	3,906,265	32,909	3,939,174	3,816,438	18,015	3,834,453
Medium/long-term borrowings	752,698	0	752,698	814,422	0	814,422
<b>Non-current borrowings and financial liabilities</b>	<b>4,658,963</b>	<b>32,909</b>	<b>4,691,872</b>	<b>4,630,860</b>	<b>18,015</b>	<b>4,648,875</b>

#### Medium and long-term bonds

Bonds amounted to € 3,939,174 thousand at 31 December 2023 (€ 3,834,453 thousand at 31 December 2022) and refer to the following:

- **€ 498,028 thousand** (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by Acea on 24 October 2016, maturing on 24 October 2026, with a fixed rate of 1% under the EMTN programme. Interest accrued during the period amounted to € 4,997 thousand;
- **€ 128,432 thousand** relating to the Private Placement which, net of the Fair Value of the hedge, a negative € 32,909 thousand, amounted to **€ 161,342 thousand**. This fair value is allocated to a specific equity reserve. A suitable exchange reserve includes the exchange rate difference, a negative € 36,717 thousand, of the hedged instrument calculated on 31 December 2023. The exchange rate at the end of 2023 stood at € 155.72 against € 140.41 as at 31 December 2022. Interest accrued during the period amounted to € 15,730 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;

- **€ 695,655 thousand** (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by Acea on 8 February 2018, maturing on 8 June 2027, with a fixed rate of 1.5% under the EMTN programme. Interest accrued during the period amounted to € 10,484 thousand;
- **€ 496,811 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, maturing on 23 May 2028, with a fixed rate of 1.75% under the EMTN programme. Interest accrued during the period amounted to € 8,735 thousand;
- **€ 497,232 thousand** (including the long-term portion of costs associated with the conclusion) relating to the bond loan issued by Acea on 6 February 2020, maturing on 6 April 2029, with a rate of 0.50% under the EMTN programme. Interest accrued during the period amounted to € 2,495 thousand;
- **€ 299,902 thousand** (including the long-term portion of costs associated with the conclusion), related to the Green Bond issued on 28 January 2021, maturing on 28 September 2025, with a rate of 0%;
- **€ 592,644 thousand** (including the long-term portion of costs associated with the conclusion) related to the Green Bond issued on 28 January 2021, maturing on 28 July 2030, with a rate of 0.25%. Interest accrued during the period amounted to € 1,498 thousand;
- **€ 697,561 thousand** (including the long-term portion of costs associated with the conclusion) related to the Green Bond issued on 24 January 2023, maturing on 24 January 2031, with a rate of 3.875%. Interest accrued during the period amounted to € 25,055 thousand.

The decrease compared to 31 December 2022 refers for € 599,513 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 issued by the parent company on 15 July 2014, maturing on 15 July 2024, with a fixed rate, under the EMTN programme. Interest accrued during the year amounted to € 3,207 thousand.

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	599,513	0	7,316	606,829
Private Placement issued in 2014	128,411	32,909	632	161,953
Issued in 2016	496,944	0	943	497,887
Issued in 2018	693,953	0	5,939	699,891
Issued in 2019	495,905	0	5,331	501,236
Issued in 2020	496,597	0	1,844	498,442
Issued in 2021	891,110	0	643	891,753
Issued in 2023	697,155	0	25,416	722,571
<b>Total</b>	<b>4,499,588</b>	<b>32,909</b>	<b>48,064</b>	<b>4,580,562</b>

\* Including amortised cost.

\*\* Including deferrals on hedging instruments.

### Medium/long-term borrowings (including short-term portions)

These come to a total of € 858,147 thousand (€ 951,468 thousand at 31 December 2022) and consist of: i) the payable for the capital portions of instalments coming due within the year for € 105,450 thousand (€ 137,046 thousand at 31 December

2022), ii) the portions relative to the same loans expiring after the year for € 752,698 thousand (at 31 December 2022 these were € 814,422 thousand).

The following table shows medium/long-term borrowings by maturity and type of interest rate:

€ thousand	31/12/2023	By 31/12/2024	From 31/12/2024 to 31/12/2028	After 31/12/2028
<b>fixed rate</b>				
- floating rate	260,773	32,489	130,152	98,133
- floating rate cash flow hedge	405,705	50,302	177,380	178,023
- Total	191,670	22,659	141,413	27,598
<b>Total</b>	<b>858,147</b>	<b>105,450</b>	<b>448,944</b>	<b>303,753</b>

The **fair value** of GORI's hedging derivatives was a positive € 4,193 thousand (as at 31 December 2022, it was a positive € 6,579 thousand). Acquedotto del Fiora was a positive € 3,329 thousand (as at 31 December 2022, it was a positive € 5,462 thousand), and that of SII was a positive € 1,010 thousand (as at 31 December 2022 it was a positive € 1,643 thousand). Positive fair values are found under "Non-current financial assets" and hence at 31 December 2023 are not considered in the balance of correlated loans.

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 31 December 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 € thousand	Amortised cost (A)	Risk-less FV (B)	Delta (A – B)	Risk adjusted FV (C)	Delta (A – C)
<b>Bonds</b>	<b>4,580,562</b>	<b>4,470,918</b>	<b>109,644</b>	<b>4,346,761</b>	<b>233,801</b>
- fixed rate	260,773	264,049	(3,276)	254,646	6,127
- floating rate	405,705	434,545	(28,840)	418,426	(12,721)
- floating rate cash flow hedge	191,670	193,490	(1,821)	189,088	2,581
<b>Total</b>	<b>5,438,709</b>	<b>5,363,002</b>	<b>75,707</b>	<b>5,209,920</b>	<b>229,789</b>

### IFRS 16 financial payables

This item includes the long-term portion of the financial payable deriving from the impact of IFRS 16 which at 31 December 2023 amounted to € 78,564 thousand, of which the short-term portion

amounts to € 15,258 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 financial payables	15,258	10,910	22,750	44,962	<b>93,880</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 - € 510,871 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Advances and other payables	157,696	160,550	(2,854)	(1.8%)
Water and electrical connection fees	48,322	47,895	428	0.9%
Capital grants	260,834	147,465	113,369	76.9%
Accrued expenses and deferred income	44,019	43,718	301	0.7%
<b>Other non-current liabilities</b>	<b>510,871</b>	<b>399,628</b>	<b>111,243</b>	<b>27.8%</b>

#### Advances received

The item advances includes advances from end users and customers, in particular: i) the amount of the security deposits and consumption advances of the water companies and ii) 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	31/12/2023	31/12/2022	Change	Change %
Advances from users	8,484	6,007	2,477	41.2%
User guarantee deposits	135,073	139,266	(4,193)	(3.0%)
Advances from other customers and non-current payables	14,139	15,278	(1,138)	(7.5%)
<b>Advances and other payables</b>	<b>157,696</b>	<b>160,550</b>	<b>(2,854)</b>	<b>(1.8%)</b>

#### Capital grants and water connection fees

Water connection contributions amounted to €48,322 thousand (€ 47,895 thousand at 31 December 2022), while plant contributions amounted to € 260,834 thousand (€ 147,465 thousand at 31 December 2022).

These payments on behalf of plants 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 – € 3,348,313 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Borrowings	922,950	619,418	303,532	49.0%
Payables to suppliers	1,750,473	1,844,485	(94,012)	(5.1%)
Tax payables	13,032	26,810	(13,777)	(51.4%)
Other current liabilities	661,857	637,754	24,103	3.8%
<b>Current liabilities</b>	<b>3,348,313</b>	<b>3,128,466</b>	<b>219,847</b>	<b>7.0%</b>

Note that the figures at 31 December 2022, in relation to “trade payables” and “other current liabilities”, were reclassified so as to better represent the information.

### 37. Financial payables – € 922,950 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Payables to banks for short-term credit lines	10,112	8,008	2,105	26.3%
Payables to banks for loans	105,450	137,046	(31,596)	(23.1%)
Short-term bonds	641,387	316,965	324,422	102.4%
Payables to the controlling shareholder Municipality of Rome	111,306	108,466	2,840	2.6%
Payables to subsidiaries and associates	12	68	(56)	(82.7%)
Payables to third parties	39,425	32,358	7,067	21.8%
IFRS 16 financial payables within one year	15,258	16,507	(1,249)	(7.6%)
<b>Borrowings</b>	<b>922,950</b>	<b>619,418</b>	<b>303,532</b>	<b>49.0%</b>

#### Payables to banks for short-term credit lines

These amounted to € 10,112 thousand (€ 8,008 thousand at 31 December 2022), showing an increase of € 2,105 thousand, mainly attributable to ASM Terni for € 2,110 thousand.

#### Payables to banks for loans

These amounted to € 105,450 thousand (€ 137,046 thousand at 31 December 2022), and refer to the current portion of bank loans falling due within twelve months. The decrease of € 31,596 thousand is mainly due to the refinancing of Adistribuzionegas's financial debt, incurred to acquire the Romeo Gas business unit, which in 2022 had a short-term due date.

#### Short-term bonds

These amounted to € 641,387 thousand (€ 316,965 thousand at 31 December 2022). The increase in short-term bonds of € 324,422 thousand is due to the reclassification to the short-term portion of the 10-year bond issued by Acea under the EMTN programme in 2014 (+€ 600,000 thousand) partially offset by the repayment

of the 5-year bond issued by Acea under the EMTN programme in February 2018, which matured in the first few days of February 2023 (-€ 300,000 thousand).

#### Payables to the Parent Company Roma Capitale

These amounted to € 111,306 thousand (€ 108,466 thousand at 31 December 2022) and recorded a decrease of € 2,840, resulting from the combined effect of the resolution of the Parent Company's dividends, offset by the payment/collection of dividends during the period.

#### Payables to subsidiaries and associates

These amounted to € 12 thousand and increased by € 56 thousand, compared to 31 December 2022.

#### Payables to third parties

These amounted to € 39,425 thousand (€ 32,358 thousand at 31 December 2022). The item can be represented as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Dividends payable to shareholders	524	939	(416)	(44.3%)
Financial payables due to factors	32,724	22,536	10,188	45.2%
Other financial payables	6,177	8,882	(2,705)	(30.5%)
<b>Payables to third parties</b>	<b>39,425</b>	<b>32,358</b>	<b>7,067</b>	<b>21.8%</b>

#### IFRS 16 financial payables within one year

These payables, totalling € 15,258 thousand (€ 16,507 thousand at 31 December 2022), represent the short-term portion of the financial debt at 31 December 2023 recorded following the appli-

cation of the IFRS 16 international standard. For additional information refer to note 35.

### 39. Trade payables – € 1,750,473 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Payables to suppliers	1,741,770	1,802,577	(60,807)	(3.4%)
Payables to the parent company	4,892	34,818	(29,926)	(85.9%)
Payables to jointly controlled subsidiaries and associates	3,811	7,090	(3,279)	(46.2%)
<b>Payables to suppliers</b>	<b>1,750,473</b>	<b>1,844,485</b>	<b>(94,012)</b>	<b>(5.1%)</b>

#### Payables to suppliers

Payables to suppliers amounted to € 1,741,770 thousand. The decrease of € 94,012 thousand is in large part influenced by higher energy and gas prices in 2022, offset by the increase in payables associated with the increase in smart services business.

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 it selects. In some cases, the payment deadline set in the invoice is 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 € 4,892 thousand (€ 34,818 thousand at 31 December 2022) 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 € 3,811 thousand (€ 7,090 thousand at 31 December 2022) and include payables to companies consolidated using the equity method. The reduction is mainly in reference to Acea Produzione for € 3,079 thousand.

### 39. Tax payables – 13,032 thousand

These amounted to € 13,032 thousand (€ 26,810 thousand at 31 December 2022) and include the IRAP and IRES tax payable. The decrease is mainly attributable to the payable for extraordinary solidarity contribution pursuant to art. 37 of Decree Law 21/2022 paid (€ 18,366 thousand).

### 40. Other current liabilities – 661,857 thousand

€ thousand	31/12/2023	31/12/2022	Change	Change %
Payables to social security institutions	31,650	32,112	(462)	(1.4%)
Current accrued expenses and deferred income	94,625	83,846	10,779	12.9%
Other current liabilities	534,221	520,224	13,997	2.7%
Payables from commodity derivatives	1,361	1,572	(210)	(13.4%)
<b>Other current liabilities</b>	<b>661,857</b>	<b>637,754</b>	<b>24,103</b>	<b>3.8%</b>

#### Payables to social security institutions

These amounted to € 31,650 thousand and show an increase of € 462 thousand compared to 31 December 2022.

#### Accrued expenses and deferred income

This item amounted to € 94,625 thousand (€ 83,846 thousand at 31 December 2022). The increase was influenced by the change of ASM Terni for € 15,052 thousand in relation to the TARIC share pertaining to April-December 2023.

**Other current liabilities**

These amounted to € 534,221 thousand, an increase of € 13,997 thousand compared to 31 December 2022 and can be broken down as follows:

€ thousand	31/12/2023	31/12/2022	Change	Change %
Payables to Equalisation Fund	134,655	84,520	50,135	59.3%
Payables to Municipalities for concession fees	64,409	64,740	(330)	(0.5%)
Payables for collections subject to verification	24,060	20,385	3,675	18.0%
Payables due to personnel	60,880	56,561	4,320	7.6%
Other payables to Municipalities	21,190	32,941	(11,751)	(35.7%)
Payables to Equitalia	62	2,095	(2,034)	(97.1%)
Welfare contribution payables	(393)	119	(511)	n.s.
Payables for environmental premium art. 10 of AT14 agreement of 13/08/2007	730	677	53	7.9%
Payables to end users for refund of Tariff Component as per referendum outcome	14	14	(0)	0.0%
Other tax payables	73,447	64,307	9,141	14.2%
Other payables	155,165	193,866	(38,700)	(20.0%)
<b>Other current liabilities</b>	<b>534,221</b>	<b>520,224</b>	<b>13,997</b>	<b>2.7%</b>

The change derives from the following contrasting effects: i) the increase in payables to the Equalisation Fund totalling € 51,279 thousand is due for € 100,001 thousand to areti due to the change in the regulatory framework related to the Social Bonus and to the re-introduction of general system charges in Q2 2023, partially offset by the change recognised by Acea Energia for € 50,370 thousand as an effect of covering imbalances in the equalisation system of acquisition and dispatch costs for electricity destined for the greater protection service; ii) the decrease in other payables for a total of € 35,912 thousand, attributable for € 33,445 thousand to the decrease in the payable relating to the purchase of 35% of Deco

and for € 13,000 thousand to the decrease in the payable for the purchase of 30% of SIMAM.

**41. Liabilities closely associated with assets held for sale – € 188 thousand**

At 31 December 2023, “Liabilities closely associated with assets held for sale” amounted to € 188 thousand and refer to the re-classification of liabilities closely associated with assets 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 31 December 2023 they totalled € 1,053,829 thousand (€ 632,577 thousand at 31 December 2022).

The balance is composed of the following main transactions:

- € 108,808 thousand for guarantees in the interest of Acea Energia relative to the electricity and gas dispatching and transport service;
- € 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;
- € 53,666 thousand in the form of a guarantee issued by Acea to Cassa Depositi e Prestiti 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);
- € 14,042 thousand issued by insurance companies on behalf of Acea Ambiente in relation to waste collection plants and waste recovery plants with electricity production;
- € 23,856 thousand issued by insurance institutions in favour of the Umbria Region for management of the operating and post-operating activities for the Orvieto landfill, in the interest of Orvieto Ambiente;
- € 8,336 thousand released by banks on the account of Acea Ambiente in favour of the Umbria Region for management of the Orvieto landfill;
- the guarantee of € 284,000 thousand for various traders in the interest of Acea Energia as a back-to-back guarantee on electricity and gas trading transactions;
- € 17,716 thousand for the guarantees issued for areti in favour of Terna relative to the electricity transmission service contract;
- € 17,427 thousand for two bank guarantees issued in the interest of areti, in favour of the Ministry of Environment and Energy Security to cover the contribution granted to the Company as an advance of 10% of the amount for projects to be carried out under the NRRP;
- € 29,816 thousand in bank and insurance sureties issued in the interest of GORI, in favour of the Campania Region and the Campania Water Authority relative to financed works;
- € 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 multiservice pipe network of Via Tiburtina and adjacent streets, in the interest of areti;
- € 4,000 thousand relating to the bank guarantee issued for Roma Natura in connection with works to upgrade the network in the Marcigliana Reserve;
- € 7,568 thousand relative to Acea Ato5 and in particular the obligatory surety required under article 31 of the Technical Specifications, issued by UniCredit to OTAA, calculated on 10% of the three-year average of the Financial-Tariff Plan of the OTAA Area Plan, which during 2023 was extended until 28 February 2026 with the amount adjusted through a new issue for the difference;
- € 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;
- € 2,565 thousand for a surety to the Area Authority to guarantee the obligations deriving from the management of the Servizi Idrici Integrati of the subsidiary GORI SpA;
- € 62,857 thousand for bank sureties issued in favour of INPS as part of the Isopensione programme;
- € 12,507 thousand for five bank sureties issued in favour of SE-DAPAL 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;
- € 25,376 thousand for various guarantees associated with the authorisation request to build and manage photovoltaic parks;
- € 6,427 thousand issued by insurance companies on behalf of DECO relating to the landfill and waste treatment plant;
- € 36,812 thousand issued in the interest of Acea Ambiente in favour of Roma Capitale for participation in the exploratory notice for the presentation of project financing proposals for assignment of the systems hub concession relative to the design, authorisation, construction and management of a waste to energy plant and correlated ancillary systems;
- € 6,323 thousand for a bank surety issued in the interest of Acea Molise in favour of ATI Siracusa for participation in the tender to select a private partner for the to be established company, which will be granted the integrated water service concession in the Syracuse area;
- € 29,816 thousand in bank and insurance guarantees in the interest of the Campania Water Authority and Campania Region relative to financed works.

## BUSINESS COMBINATIONS

Below are the Business Combination, for which recognition using the acquisition method is to be considered definitive.

### Acquisition of Tecnoservizi

On 4 October 2022, Acea Ambiente signed the acquisition of 70% of the capital of Tecnoservizi Srl, a company that offers separate urban waste treatment and recovery services. The company's

authorised capacity is treatment of 210 thousand tonnes per year in the province of Rome, coming from separate waste of municipalities, entities and businesses.

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.

Net assets acquired € thousand	Tecnoservizi		
	IAS/IFRS Financial Statements	Adjusted fair value	Fair value
Tangible fixed assets	5,537	0	5,537
Intangible fixed assets	5,164	5,159	10,323
Warehouse inventories	73	0	73
Deferred taxes	283	(1,486)	(1,203)
Trade receivables	7,475	0	7,475
Other receivables	2,170	0	2,170
Financial receivables	641	0	641
Cash and cash equivalents	1,522	0	1,522
Employee severance indemnity and other defined benefit plans	(1,195)	0	(1,195)
Provisions for risks and charges	(11)	0	(11)
Trade payables	(4,007)	0	(4,007)
Other payables	(3,585)	0	(3,585)
Other financial liabilities	(8,800)	0	(8,800)
Payables to banks	(2,203)	0	(2,203)
Allocated goodwill	0	0	0
<b>Net balance</b>	<b>3,064</b>	<b>3,673</b>	<b>6,737</b>
- of which attributable to third parties			(2,021)
Goodwill			1,995
<b>Net value acquired</b>			<b>6,712</b>
<b>Net cash outflow for the acquisition</b>			<b>(6,712)</b>
Cash and cash equivalents acquired			1,522
Repayment of financial payables			0
Payables to banks			(2,203)
<b>Net cash flow</b>			<b>(7,393)</b>

## Acquisition of Italmacero

On 3 November 2022, Acea Ambiente, through its subsidiary Cavallari Srl, completed acquisition of 100% of Italmacero Srl, a company operating in the mechanical treatment and recovery of separate urban waste (mixed packaging, monomaterial fractions) and special non-hazardous waste.

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.

Net assets acquired € thousand	Italmacero		
	IAS/IFRS Financial Statements	Adjusted fair value	Fair value
Tangible fixed assets	256	0	256
Intangible fixed assets	5	0	5
Deferred taxes	17	0	17
Other receivables	12	0	12
Cash and cash equivalents	928	0	928
Employee severance indemnity and other defined benefit plans	(72)	0	(72)
<b>Net balance</b>	<b>1,146</b>	<b>0</b>	<b>1,146</b>
- of which attributable to third parties			0
Goodwill			615
<b>Net value acquired</b>			<b>1,761</b>
<b>Net cash outflow for the acquisition</b>			<b>(1,761)</b>
Cash and cash equivalents acquired			928
Repayment of financial payables			0
Payables to banks			0
<b>Net cash flow</b>			<b>(833)</b>

## Acquisition of Romeo Gas Business Unit

On 1 October 2022, the partial demerger of Romeo Gas SpA was completed, implemented through the assignment of equity shares in favour of Adistribuzionegas Srl. The purpose of the operation is part of an overall corporate reorganisation to achieve more efficient management of gas distribution concessions.

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.

	Romeo Gas business unit		
	IAS/IFRS Financial Statements	Adjusted fair value	Fair value
<b>Net assets acquired</b>			
€ thousand			
Tangible fixed assets	21,107	0	21,107
Intangible fixed assets	19	9,073	9,093
Warehouse inventories	20	0	20
Deferred taxes/Tax Credits	3,129	(2,642)	487
Other receivables	13	0	13
Employee severance indemnity and other defined benefit plans	(401)	0	(401)
Provisions for risks and charges	(93)	0	(93)
Trade payables	(119)	0	(119)
Other payables	(335)	0	(335)
<b>Net balance</b>	<b>23,341</b>	<b>6,431</b>	<b>29,772</b>
- of which attributable to third parties			0
Goodwill			7,302
<b>Net value acquired</b>			<b>37,074</b>
<b>Net cash outflow for the acquisition</b>			<b>(37,074)</b>
Cash and cash equivalents acquired			0
Repayment of financial payables			0
Payables to banks			0
<b>Net cash flow</b>			<b>(37,074)</b>

## Acquisition of former Cirsu Business Unit

On 30 June 2022, through its subsidiary Acea Ambiente, the Group was awarded the business unit called "Polo Cirsu" (located in Località Casette di Grasciano Notaresco - Teramo), following participation in the competitive bidding process called with a notice of sale of the Court of Teramo. The business unit consists of the landfill known as Grasciano1, completely depleted of authorised volumes, and the new landfill known as Grasciano2. Possession of

the same occurred after the authorisations were transferred at the end of 2022.

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.

	Ex Cirsu business		
	IAS/IFRS Financial Statements	Adjusted fair value	Fair value
<b>Net assets acquired</b>			
€ thousand			
Tangible fixed assets	13,673	0	13,673
Intangible fixed assets	0	30,547	30,547
Other receivables	854	0	854
Provisions for risks and charges	0	(7,648)	(7,648)
<b>Net balance</b>	<b>14,526</b>	<b>22,899</b>	<b>37,425</b>
- of which attributable to third parties			0
Bargain			(10,044)
<b>Net value acquired</b>			<b>27,381</b>
<b>Net cash outflow for the acquisition</b>			<b>(27,381)</b>
Cash and cash equivalents acquired			0
Repayment of financial payables			0
Payables to banks			0
<b>Net cash flow</b>			<b>(27,381)</b>

## Acquisition of ASM Terni

On 6 December 2022, the closing of the initial stage of the business combination with ASM Terni was signed, following the completion public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors.

The entry of Acea into the ASM Terni share capital involves two distinct stages. The first stage involves the signing of the tranche of the ASM Terni share capital increase, through the transferring of an equity investment as below:

- the parent company, TWS and Acea Molise transferred the equity investments held in UmbriaDue Servizi Idrici Scarl overall held at 99.4%;

- Acea Ambiente transferred the 60.0% equity investment held in Ferrocarril Srl.

The second phase of the operation was completed on 19 April 2023 and brought the Group's equity investment in ASM Terni to 45.27% through transfer of 20% of the capital of Orvieto Ambiente, the spin-off company of Acea Ambiente, and of liquidity for € 2.5 million.

Therefore, Acea is the industrial partner to achieve the established objectives and fully consolidates the company based on the agreements signed, also in accordance with shareholders' agreements and by-laws.

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.

Net assets acquired € thousand	ASM Terni		
	IAS/IFRS Financial Statements	Adjusted fair value	Fair value
Tangible fixed assets	1,760	(2,153)	(393)
Intangible fixed assets	73,808	4,631	78,439
Goodwill	482	(482)	0
Equity investments	7,739	(481)	7,258
Inventories	1,818	0	1,818
Deferred taxes/Tax credits	7,131	(557)	6,574
Trade receivables	52,928	0	52,928
Other receivables	11,737	0	11,737
Cash and cash equivalents	4,624	0	4,624
Employee severance indemnity and other defined benefit plans	(3,597)	0	(3,597)
Provisions for risks and charges	(12,336)	(1,533)	(13,869)
Trade payables	(42,561)	0	(42,561)
Other payables	(45,242)	0	(45,242)
Payables to banks	(11,223)	0	(11,223)
<b>Net balance</b>	<b>47,067</b>	<b>(575)</b>	<b>46,492</b>
- of which attributable to third parties			(22,002)
Goodwill			2,300
Reserve for Acea operation			21,627
<b>Net value acquired</b>			<b>48,417</b>
<b>Net cash outflow for the acquisition</b>			<b>(48,417)</b>
Cash and cash equivalents acquired			4,624
Repayment of financial payables			0
Payables to banks			(11,223)
<b>Net cash flow</b>			<b>(55,016)</b>

## APPLICATION OF THE IFRS5 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 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, Acea Renewable and Fergas Solar 2 and are included in this Report in line with the provisions of IFRS5 and in line with what was reported in the 2021 and 2022 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”). Neither IFRS 5 nor IAS 1 provide indications on the methods of presenting transactions between Continuing and Discontinued Operations. The method chosen led to presenting the reclassification of the asset and liability financial balances with the values net of the elimination of intercompany transactions;
- the economic items were presented in continuity with the previous year; 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 31 December 2023 is presented below:

<b>ASSETS</b>	<b>Effect of application of IFRS 5</b>
Non-current assets	17.7
Current assets	0.6
<b>Non-current assets destined for sale</b>	<b>18.3</b>

<b>LIABILITIES</b>	<b>Effect of application of IFRS 5</b>
Non-current liabilities	0.0
Current liabilities	(0.2)
<b>Liabilities closely associated with assets held for sale</b>	<b>(0.2)</b>

Furthermore, with regard to the transfer of Acea Sun Capital and its subsidiaries, it is noted that the economic items of the first six months of 2023 were presented in continuity with the previous year (line-by-line consolidation including intercompany elimina-

tion) and from the date on which the changed destination of the assets has been resolved, depreciation and amortisation were no longer recognised.

## 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 SpA and Acea Ato5 SpA provide services in the provinces of Rome and Frosinone, respectively;
- Campania, where GORI SpA 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 SpA, in the province of Florence, through Publicacqua SpA, in the provinces of Siena and Grosseto, through Acquedotto del Fiora SpA in the province of Arezzo through Nuove Acque SpA and in the province of Lucca and periphery through GEAL SpA;
- Umbria, where the Group operates in the province of Perugia through Umbra Acque SpA, and Terni through SII ScpA.

The Group is also in charge of several former CIPE services in the province of Benevento with Gesesa SpA and in the municipality of Termoli with Acea Molise SpA.

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 SpA (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 SpA. 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 SpA. 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. Hence during 2022 reconciliation activities occurred with reference to credit items and, again through offsetting, € 56.5 million was liquidated.

Also note that on 11 August 2022, the City Executive Committee with resolution no. 312 entitled “Public and artistic-monumental public lighting service on the entire municipal territory – Concessionaire: Acea SpA – Recognition of the perimeter of the payable situation and launch of the consequent procedures” recognised the perimeter of the Administration’s payables to Acea and areti in relation to the Public Lighting service as of 31 December 2021. This resolution was published on the institutional website of Roma Capitale on 30 August 2022.

On 27 September, the Acea Board of Directors approved a proposal for a possible settlement agreement with Roma Capitale intended to govern their reciprocal positions and the methods for an early consensual termination of the contractual relationship between the parties relative to the Public Lighting service provided by the Acea Group. Given its status as an essential public service under applicable regulations, the consensual termination will necessarily occur on the date the operator that wins the tender called by Roma Capitale effectively takes over the service.

We can inform you 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.

Finally, please note that during September 2023, the Consolidated Financial Statements of Roma Capitale at 31 December 2022 were approved.

## INTEGRATED WATER SERVICE

### Lazio - Acea Ato2 SpA (OTA2 - Central Lazio - Rome)

The Integrated Water Service in OTA2 Central Lazio - Rome started on 1 January 2003. The services for the municipalities of the OTA were taken on gradually and at 31.12.2023 the municipalities operated, with respect to the total of 113 for the entire OTA, came to 90 for the complete integrated water service (aqueduct, sewer and purification) and 16 in which Acea Ato2 provides one or two services. The remaining 7 municipalities have the option to not participate in the sole management, based on article 148, paragraph 5 of Legislative Decree 152/2006.

At the 30 November 2022 meeting of the Conference of Mayors of OTA2 Central Lazio - Rome, with Resolution 13-22 the regulatory scheme was adopted on updating of the tariffs established for 2022-2023, based on ARERA resolutions ARERA 639/2021/R/ldr and 229/2022/R/ldr. Pending approval by the Authority, pursuant to paragraph 7.2 of ARERA resolution 580/2019/R/ldr, the 2020-2023 tariff is applied, as approved by the Authority with resolution 197/2021/R/ldr.

The tariff proposal adopted by the Conference of Mayors, the result of a joint process between Acea Ato2 and the Technical Operational Secretariat of the Conference of Mayors was approved in January 2023 by the Authority with resolution 11/2023/R/ldr “Approval of

the update of tariff provisions for the integrated water service for 2022 and 2023”; the main aspects follow:

- confirmation of the placement of Scheme V within the regulatory scheme matrix pursuant to article 5 of Annex A to resolution 580/2019/R/ldr (high investments with respect to the value of existing infrastructure and average per capita GRC higher than the average national value determined by ARERA), already approved with ARERA resolution 197/2021/R/ldr;
- Works Programme for 2022-2023 of over € 805 million, equal to around € 110 million per year per capita, up by around € 90 million with respect to that approved for 2020-2023; for the subsequent 2024-2032 period, an additional amount of around € 4,200 million is planned (€ 890 million more than that approved for 2020-2023);
- confirmation of the theta tariff multiplier (to be applied to the tariff in force at 31 December 2019) of 1.139 for 2022 and of 1.202 for 2023, in line with that already approved in ARERA resolution 197/2021/R/ldr;
- confirmation of the value of the “psi” parameter of 0.45 (the maximum value provided for in Resolution 580/2019/R/ldr is 0.8) for the purposes of determining the component for the financing in advance of new investments (FN<sub>new</sub>);
- use of the amount of the integrated water bonus for all of 2021 not utilised to reduce tariff adjustments for 2020 and 2021, specifically around € 6 million.

At its meeting on 2 August 2023, with resolution 6-23 the Conference of Mayors approved the new tariff structure for Acea Ato 2, effective as from 1 September 2023. This measure, based on the principle of isorevenue, was made necessary by the amendments introduced by ARERA resolution 609/2021/R/ldr, which supplemented the TICS1 by extending the per-capita tariff approach to condominium users. At the same hearing, with resolution no. 5-23, amendments and additions to the Service Charter were approved, to include innovations introduced with reference to communication channels (the introduction of a chatbot and expansion of operations which can be carried out remotely), as well as certain adjustments in line with current rules and regulations.

Additionally, at its meeting on 27 December 2023, the Conference of Mayors approved the implementation Regulation for the 2024 integrated water bonus (Resolution 5-23). As in previous years, the amount of the bonus is calculated as an expense (based on the tariffs in effect in the reference year) corresponding to the fixed and variable fees for aqueduct, sewer and purification for a consumer up to:

- 40 m<sup>3</sup> per year for every member of the household, for direct and indirect users with ISEE up to € 8,265;
- 20 m<sup>3</sup> per year for every member of the household, for direct and indirect users with:
  1. ISEE indicator up to € 13,939.11 and household of up to 3 members;
  2. ISEE indicator up to € 15,989.46 and household with 4 members;
  3. ISEE indicator up to € 18,120.63 and household with 5 or more members.

Another event of note in relation to Conference of Mayors decisions was the update of the Services Charter (resolution 5-23 of 2 August 2023).

With determination 1/2022 – DSID, the expiration of 30 April 2022 was re-established for EGAs to send the Authority the tariff

data for the 2020-2023 period, also defining the associated forms (or the technical and tariff data collection file - RDT2022 - which also includes the project programme, strategic works plan and economic/financial plan, and the basic schedules for the accompanying reports respectively for the tariff data and quality objectives for 2022-2023, with the update of the project programme/strategic works plan).

Following the proceeding launched with resolution 139/2022/R/idr of 30 March 2022 and continued with consultation 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. With the subsequent Resolution 495/2022/R/idr of 13 October 2022 a second window was established (1 November-30 November 2022) for presentation of requests to CSEA. 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.

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. Relative to Resolution 643/2013, note that on 8 May 2014 the additional reasons for annulment of ARERA decisions 2 and 3 of 2014 were presented.

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 re-

lating:

- 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.

On 11 October 2022, appeals relative to resolution 643/13 were discussed, with the exception of that of Acea Ato2 as the individual to which it had been assigned was not available.

Relative to Acea Ato2, with judgement 736 of 23 February 2023, the Council of State accepted ARERA’s appeal with regards to the judgement of the Lombardy Regional Administrative Court Second Section, no. 892/2022, which had partially annulled the acts approving the Water Tariff Method (MTI) for the years 2014 and 2015, agreeing with the regulator with regards to non-payment of financial charges relative to adjustments. The second level judge agreed with ARERA’s arguments, as in the similar rulings already issued for the Authority’s appeals against, among others, Acquedotto del Fiora, Umbra Acque, GORI and Publiacqua, deeming the regulator’s decision to base adjustments on “effective data and certificates relative to sales volumes” reasonable, while “the riskiness of the IWS management activities is already considered in the “beta” tariff value, which was deemed reasonable by a verification body in function of the pursuit of the “full cost recovery” principle. Additionally, the judgement establishes that “recognising financial charges also for adjustments (operating costs) would mean, in terms of profitability, attributing this component substantially the same treatment as investments (capital costs) which pursue a different purpose of improving the quality of the public service”. Finally, the Council of State agreed with ARERA on the fact that the adjustments are already adjusted exclusively in relation to inflation, as already occurs in the other regulated sectors.

The Council of State also rejected the appellant’s claims relative to the illegitimacy of the cap established for the theta multiplier with reference to the component of adjustments, in that the regulation already calls for the same to be exceeded solely under certain conditions and based on a justified request presented by the Governing Body.

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/ldr 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 Srl, 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/ldr of 27 December 2019. In particular, the aforesaid revenues are consistent with the biennial update of the 2020-2023 tariff arrangement approved by the Mayors' Conference of OTA2 on 30 November 2022 and subsequently by ARERA on 17 January 2023.

The revenues of the period amounted to € 752 million: they include the estimate of adjustments to pass-through items (electricity, wholesale water, etc.), the FoNI component of € 74.5 million (€ 51.1 million for the FNI component and € 23.3 million for the Amm.FoNI).

With reference to technical quality, note that in October, with resolution 477/2023/R/ldr, the results were published relative to application of the incentive mechanism for 2020-2021, following the methodological note issued with reference to the preliminary investigation results approved with resolution 303/2023/R/ldr.

The total amount of bonuses paid out for all assessment stages was around € 130 million, while total penalties applied came to around € 9.6 million.

Overall, total bonuses attributed to Acea Ato 2 were the highest in absolute, equal to € 24.7 million for the period in question. In fact, also in the current two-year period Acea Ato 2 achieved the highest improvement with respect to the M1-Water leaks macroindicator, in first place in Step IV of the assessment (advanced assessment level for improvement targets). It also was in second place (again in Step IV) for the macroindicator M3 - quality of the water supplied. Additionally, it reported no penalties.

At the same time, the results were published on the application of the contractual quality incentive mechanism for 2020-2021, with resolution 476/2023/R/ldr, subsequently updated to correct certain material errors with resolution 500/2023/R/ldr. In line with the criteria expressed in the methodological note approved with resolution 734/2022/R/ldr, bonuses for over € 21 million were

attributed as well as penalties for almost € 25 million. For both macroindicators, MC1 - "Initiation and termination of the contractual relationship" and MC2 - Management of the contractual relationship", Acea Ato2 reached the improvement targets (Step II) and maintenance targets (Step I). Nonetheless, net of the portion of operating costs to subtract in line with the regulation, the total amount achieved was reduced to zero.

## Acea Ato5

### Lazio - Acea Ato5 SpA (OTA5 - Southern Lazio - Frosinone)

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 450,434 inhabitants, with a service coverage equal to approximately 93% of the territory. The number of users is 202,209.

With regard to the acquisition of the systems relating to management in the Municipality of Paliano, the IWS is currently still managed by AMEA, in which the Municipality of Paliano is an investor. Relative to this management, in November 2018 the Council of State issued a definitive judgement on the appeal filed by the Municipality of Paliano against the Regional Administrative Court judgement 6/2018, which accepted the Company's appeal relative to the Municipality, to obtain annulment of the provision with which the Municipality rejected the transfer of service. Hence, with judgement 6635/2018, the Council of State rejected the appeal presented by the Municipality of Paliano and confirmed the Latina Regional Administrative Court's decision, noting that the protective regime in favour of AMEA was "circumscribed to a period of three years starting from the signing of the Management Agreement between OTAA5 and Acea Ato5; this term was to expire in 2006, after which date the management by AMEA was 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 OTAA5 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 deeds 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, subsequently updated in 2020 and 2021, also identifying necessary projects for the work in terms of purification and sewage.

The Parties subsequently held other meetings, together with the Operational Technical Secretariat of OTA5, 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. The fact that not all required information has been received and disputes relative to the methods used to transfer the infrastructure and management of the IWS have been documented in notes sent between the parties and in reports sent to the Operational Technical Secretariat and the Lazio Region, with the latter asked to begin commissioner proceedings to apply the substitute powers pursuant to article 172, paragraph 4 of Legislative Decree 152/2006, as amended.

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 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/ldr, 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.

Following the tariff scenario approved by the aforementioned Resolution, the company has put in place two separate actions:

- an appeal against this resolution is before the Latina Regional Administrative Court (docket No. 308/2021 section 1);
- submission of the request for economic-financial rebalancing (in

accordance with the provisions of Articles 9 and 10 of the Standard Agreement approved by the Regulatory Authority for Energy, Networks and Environment by resolution 656/2015/ldr).

With reference to the first initiative, the Regional Administrative Court rejected the appeal on the grounds of lack of jurisdiction. The Company appealed the judgement with the Council of State. However, on 01/02/2024 it rejected the appeal filed by Acea Ato5 with reference to the establishment of the IWS tariff for 2020-2023.

On the other hand, 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 OTA5 and the proposal of the rebalancing measures assumed, including the request for access to the financial equalisation measures, the OTAA5 Operational Technical Secretariat responsible for transmitting the request to ARERA began the necessary checks in 2021, making use of qualified external consultants.

Nonetheless, OTAA5 did not approve the rebalancing request sent by the Company by the deadlines established in the regulation.

With Resolution 639/2021/R/ldr of 30 December 2021, ARERA created regulations for the two-year update to tariffs for the integrated water service.

After publication of the stated resolution, the Company provided the Area Authority with data, information and clarifications useful for preparation of the tariff update 2022-2023. Despite the sending of these documents, the Area Authority did not prepare the tariff proposals for the 2022-2023 period by the deadline set in the regulations in effect (30 April 2022). Therefore, seeing the inaction of the Area Authority, on 30 November 2022 the Company sent to the OTAA 5 and to ARERA, via certified email, the tariff request pursuant to art. 6, para. 6.3 of Resolution 580/2019/R/ldr. On 22 December 2022, ARERA sent OTAA 5 a formal warning to take action, within 30 days, to make the tariff decisions for which it was responsible for the regulatory period 2020-2023, 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.

The Conference of Mayors approved the tariff update for the regulatory period 2022-2023 on 11 January 2023, with resolution 1/2023.

With respect to the Company’s proposal sent to ARERA on 30 November 2022, following inaction by the Area Governing Body, note:

- non-recognition of the component covering the cost for arrears (COmor) for € 7.5 million;
- a reduction of both the FoNI component of € 4.3 million and the OpMis component for around € 1.6 million.

With respect to the biennial update 2022-2023, an appeal has not been submitted to the Lazio Regional Administrative Court given the now well-established tendency of administrative judges regarding the internal procedural nature of the EGATO resolutions on tariffs.

Both for the Economic Financial Plan approved with resolution 1/2021 and that approved with resolution 1/2023 certain considerations should be reiterated.

Specifically, the stated Economic Financial Plans:

- do not set a certain date for the billing of the past tariff adjustments amounting to around € 50 million (of a total of € 124 million at 31 December 2022, which totalled € 101 million at 31 December 2021);

- call for invoicing of around € 51 million only after the start of 2023 (one year recovered with respect to the 2020-2023 EFP, which called for invoicing starting in 2024), not in a single solution, but made over time;
- do not recognise operating costs of € 3.3 million for the years 2020-2021, resulting in a financial loss for 2021 of the corresponding amount and of € 4.5 million for 2022-2023;
- 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.

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/ldr, in order to anticipate at least in part the effects of the growth trend in the cost of electricity.

This delayed financial coverage is also aggravated by the dragging out of the process by which ARERA approves the tariffs for 2016-2019 and 2020-2023, as well as the 2018-2019 and 2022-2023 update. Consequently, although the Mayors' Conference has authorised the GRC for 2016-2019, 2020-2023 and 2022-2023 to cover the allowable costs (albeit for a lower amount compared to 2020-2023 and 2022-2023), 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 and 2022-2023 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 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 2022, 2023 and 2024 if the Company requests it and if the uncertain conditions remain.

Note that the company, in its own note 0076994/23 of 24 March 2023, given the continuation of the uncertainties described in the Report on Operations, asked Acea SpA to renounce the receivable due on 31 December 2022, both with reference to the capital (€ 10,000 thousand) and the interest (€ 5,508 thousand). On 9 May 2023, the Company received a positive response from the parent company.

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.

Note that following the approval of the two-year update for 2022-2023 and the significant increase in the costs of raw materials, worsened by the international geopolitical crisis, in 2023 the directors of Acea Ato 5 confirmed the continued significant uncertainties which could give rise to serious doubts about the ability of the company to function as a going concern, in particular: the favourable conclusion of the Technical Panel with the EGA, intended to define the reciprocal items as a whole (including those subject to the Conciliation Board) and the lack of progress in the procedure for ARERA to approve the tariff proposals for 2016-2019 and 2020-2023, as well as the two-year updates for 2018-2019 and 2022-2023.

With reference to these actions, note that the latest request for economic/financial rebalance presented by the company has lapsed as it was not accepted by the deadline of 60 days and, additionally, in 2024 the Council of State rejected the company's appeal against the Area Authority's resolution 1/2021.

See, also, that described in the section "Reference context" - "Water Regulation" in the Report on Operations.

Nonetheless, in 2023 and 2024, the Directors continued to adopt all appropriate measures to improve the Company's financial position and support its continuation as a going concern.

The objectives of these actions mainly included:

beginning meetings with the government entity to define a new EFP and approve the tariffs with the new MTI-4 method, with an increase in 2024 in line with that of 2023 and within the limits of the maximum tariff increase allowed;

- the request made to the EGA to update the technical panel intended to update the items subject to the Conciliation Board and the creditor items;
- sending a repayment plan proposal to EGA for fees payable (not subject to the Conciliation Board), for which the company has not yet received a response;
- repayment plans to pay off outstanding liabilities towards third-party suppliers and infragroup payables;
- the implementation of a set of coordinated actions designed to reduce bill collection times and thus improve the percentages of amounts received;
- improving the efficiency of operating costs due to the lower revenues coming from the Economic Financial Plan approved by the EGA;
- the request for and awarding of contributions (of around € 12 million) for investments planned in 2024-2025;
- the request that Acea renounce interest and the capital portion accrued and over due at 31/12/2023 with reference to the interest-bearing shareholders' loan for a total of € 14.55 million (of which € 10 million in capital and € 4.55 million in interest). This request was in line with that already approved by the Acea Board of Directors on 16/06/2022;
- a request for financial support from Acea SpA, through an extension on the payment with reference to the trade payable accrued at 31 December 2023 of € 7,867,191.48, in the form of 112 instalments starting in March 2024 and maturing on 30 June 2033 (an action not envisaged in the 2024-2028 plan);
- the request for two interest-bearing shareholders' loans from Acea SpA, to be used solely to serve its financial requirements for 2024, 2025 and 2026, deriving from the realisation of NRRP investments (action not envisaged in the plan 2024-2028 plan).

Nonetheless, despite the many uncertainties that may create sig-

nificant doubts about the going concern assumption, in particular:

- the favourable conclusion of the Technical Panel with the EGA, to definitively resolve the reciprocal items (including those subject to the Conciliation Board);
- the approval of the 2024-2029 tariff proposal in the terms proposed by the operator (in particular with regards to invoicing of adjustments by 2029 and the recognition of costs for arrears in the amount of 10% as from 2026);
- the acceptance of the repayment plan proposed to the OTS by the company and not yet formally accepted by the latter with reference to payables not subject to the Conciliation Board;
- the Directors have continued to adopt the going-concern assumption in the preparation of the financial statements at 31 December 2023, considering that the actions to be taken to preserve continuity, together with the decisions of Acea SpA intended to strengthen the Company's capitalisation, will be enough to allow the ordinary management of the business. They are also confident that the Conciliation Board proceedings described above, and the ARERA tariff approvals, will be completed within a reasonable period of time.

The main reason behind the near stability of the recoverable value can for the most part be found in the following assumptions in the business plan:

- IWS revenues (GRC) were prepared using the MTI4 tariff method published in December 2023. The simulation includes i) measuring the GRC consistent with the Regulatory WACC of 6.13%; ii) the assumption of Cmor component recognition at 3.5% for 2024-2025 and 10% in 2026-2033, iii) invoicing of previous adjustments by 2030 for around € 105 million, still within the limits of the maximum allowed theta. Prudentially, impacts deriving from possible greater opex recognised were not estimated;
- Continuation of the process to improve efficiency for non-pass-through operating costs, while pass-through operating costs were projected in line with the revenue profile recognised;
- Amortisation/depreciation guarantees consistency between net fixed capital and the gross RAB recognised;
- The investment plan, until the end of the concession, is in line with the Action Plan the Company is defining with EGATO utilising the MTI-4 method. In particular, € 12 million in contributions for investments in NRRP projects are foreseen in 2024-2025;
- The residual value (investments made, net of amortisation/depreciation and contributions) of the operator in the case of a transfer was calculated by the Company on the date the Concession expires, as the algebraic sum of net fixed capital, work in progress and grants. The residual value was determined in line with the EFP prepared by the company (ARERA formula) and takes into account the end of the due dates for investments made in the last year.
- Sensitivity analysis was performed, taking into consideration the hypothesised decrease in adjustments collected on one hand and the increase in plan costs on the other, with the results below. Given the circumstances, a scenario worse than the assessments made and summarised in the base case identified cannot be hypothesised, given that in the case the aforementioned recognition goals are not achieved, the Area Authority cannot avoid identifying alternative methods, including the request to access financial balancing measures called for in the regulations, in order to guarantee the required economic/financial balance

for the Manager and regular management of the service. Also note that with the approval of the new tariff method MTI-4, the regulator provided a clear indication regarding the possibility of recovering adjustments, thereby limiting the degree of discretion available to government entities in the context of postponing tariff recognition. Specifically, article 28.2 of annex A to ARERA resolution 639/2023 (MTI-4) establishes that the EGAs insert all the adjustments resolved in the new EFP, calling for invoicing by 31.12.2029, without prejudice to the possibility, in agreement with the operator and to ensure the social sustainability of the tariff, of presenting a reasoned request to ARERA to exceed this deadline, in any case requiring respect for economic and financial balance.

Revenues for the integrated water service are determined on the basis of the water tariff method (MTI-3), as approved by the Authority (ARERA) with its resolution 580/2019/R/ldr of 27 December 2019 and resolution 1/2023 of the Conference of Mayors of OTA5 and amount to € 85.5 million, including the estimate of adjustments for pass through items and the FoNI component of € 7.9 million.

With reference to tariff adjustments, these total € 110 million.

With resolution 639/2023/R/ldr of 28 December 2023, ARERA approved the water tariff method for the fourth regulatory period 2024-2029 (MTI-4), defining the rules to calculate costs which can be recognised in the tariff.

Following the publication of this resolution, the Company sent a note to the EGA requesting the establishment of a calendar of meetings to support the process of sharing data and information useful for the tariff update to be approved by 30 April 2024.

With regard to **relations with OTAA5**, 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 OTA5.

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 round table. 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:

judgement pending with the Court of Frosinone, docket number 1598/2012. Note that on 31/05/2023, a ruling was issued with which the Judge deemed the debt on the basis of the payments made by Acea during the legal proceedings to be extinguished. The Judge also found that there had been an overpayment by Acea Ato5, equal to the difference between the sum due (€ 26,313,251.50) and the sum effectively paid by Acea Ato5 (€ 28,690,662.85), amounting to approximately € 2,377,000.

In the light of this judgement, the Company adjusted the provision for risks:

- allocating interest of around € 554,000.00 based on the note sent to EGATO5 on 06/02/2024 and based on that established in the judgement of 31/05/2023. The amount allocated derives from the application of the rate at which the entity's liquidity gains interest (Euribor 3 months for the reference year plus 70 bps);
- releasing it for around € 1,200,000.00 following the judgement in question:
  - quantification of the concession fee relative to the period 2012-2018, 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;
  - recognition of the amount owed by the Operator (€ 10,700,000.00) — 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 regards to the Area Authority;

- 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;
- recognition of penalties totalling € 10,900,000.00 applied by OTAA 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 OTAA5, 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;
- 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;
- 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;
- 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;
- 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 OTAA 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 OTAA 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. When the Company was preparing its financial statements for 2019, 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, 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 2012-2018, as quantified in the joint report of 29 April 2019 attached to the work of the conciliation round table, 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 2012-2018 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 recorded in the financial statements as at 31 December 2019 is deemed to be reconfirmed also for the preparation of the Company's 2023 financial statements, in the light of the dialogue in progress with EGATO, with a meeting set for 6 March 2024, as better described below.

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. On 9 May 2022, the meeting between the parties took place, who agreed on the need to begin technical talks to analyse all the outstanding issues.

The technical panel updated the information on the economies for mortgages already identified in the context of the work of the Conciliation Board, also discounting the fees due from the Manager and reconciling invoices issued and already paid by the latter. Subsequently, with a note issued in December 2022, the Operational Technical Secretariat requested an urgent meeting to deal with the issue of concession fees not yet paid and, more generally, the amount due to the Manager from the Entity. During these meetings, held in the second half of December 2022, the Operational Technical Secretariat presented the problems deriving from the evaluation of its 2021 financial statements. In response to this note, in a note dated 23 December 2022, the Company indicated its continued situation of uncertainty due to the non-approval of tariffs by ARERA within the established schedule. At present, there are no further updates.

On 21/09/2023 with doc. 2577/2023 EGATO 5 formalised a notice and placement in arrears with reference to the presumed debt accrued by Acea Ato5 in relation to concession fees not paid as at 31 July 2023, requesting application of commercial interest pursuant to Legislative Decree 231/2002. In this context, the Company, as it indicated to EGATO 5 in its communication of 9 November 2023, began payment of its debt to EGAATO 5 relative to the 2019-2023 period (of around € 4 million), proposing the signing of a repayment plan with 18 monthly instalments starting in November 2023, as well as a single payment of € 1,318,066 and the payment of € 934,941 for operating expenses for the EGAATO5 OTO for 2023. At present, the company has not received a response from the OTS with reference to the proposed signing of the repayment plan.

In a note sent on 3 January 2024, the company asked the EGA to convene a Conciliation Board. The meeting was held on 11 January 2024, during which the expediency of preliminary research to identify the content and items which would make up the Conciliation Proposal for 2019 was indicated, in order to not only verify the current nature of the same in light of the recent resolution of certain disputes, but also to assess any possible correctives for the same proposal in respect of the reciprocal requirements.

As discussed during the meeting, the result of this research must then be shared with the respective reference bodies for subsequent assessment. In fact, on 1 March 2024, with a note titled "Update on conciliation board work", EGATO called a meeting for 6 March 2024 at 11:00.

In reference to additional cases related to legal disputes, filed or being filed, and tax disputes, see the "Update on major disputes and litigation" section of this document".

## Acea Molise

Acea Molise Srl (hereafter “Amolise” or the company) manages the IWS in the Municipality of Termoli (Campobasso), after winning the tender held in 2022 for the “Implementation of measures to protect the soil and water and to improve the integrated water service in the Municipality of Termoli under a Public Private Partnership through Project Finance, with the proponent’s right of pre-emption (Art. 183, paragraph 15 of Legislative Decree No. 50/2016)”.

In brief, the Project Finance involves:

- €7.6 million of investments borne by the Operator, to be allocated to the water sector as a whole (water, purification and sewerage);
- € 3.8 million in regional finance, for the “Delocalisation and de-commissioning of the port treatment plant” in the municipality of Termoli (Campobasso);
- a 15-year management timeframe to complete the works;
- remuneration of the works through the water tariff, according to the ARERA regulatory criteria;
- management of the municipal Integrated Water Service.

The Project Finance Management Agreement was signed on 03 August 2022. The company Acea Molise is therefore fully authorised to manage the Integrated Water Service for the Municipality of Termoli (Campobasso) until 2037.

It should be specified that article 6.2 of the Management Agreement includes the hypothesis of early withdrawal if the Single Operator of the Molisano Area identified by the Molisano Area Governing Entity (hereafter, “EGAM”) explicitly asks Acea Molise to take over the service.

Due to the above, the take over from Gestione Risorse Idriche Molisane Scarl (hereafter, “GRIM”) to Acea Molise Srl, in terms of operating the integrated water service for Termoli (CB) is technically plausible prior to the 15-year expiration of the Agreement. Although no request in this regard has yet been received from GRIM, Acea Molise - in view of its commitments with Project Financing and in particular the borrowings necessary to complete the new works - has advised EGAM of the objective difficulties in continuing with the planning and execution of the upgrading works without having a clear view of the overall strategic picture of the regional plans for the water sector, or of the role of GRIM.

Acea Molise considers that it is not possible to start complex and financially demanding works such as the delocalisation of the purifier at the port of Termoli, which would take an average of three years, without having a precise indication from the relevant Authorities of the prospects for the company as a going concern, at least over the short to medium-term.

While awaiting more information from the Authorities as to the intentions and time frame of the Single Operator GRIM, at the start of 2023 the Company instructed the law firm to prepare an opinion, in order to evaluate the overall situation regarding the Termoli Agreement and consider whether or not the conditions exist for the continued existence of the company, from a regulatory and legal perspective.

The Opinion sent to the company in the second half of March 2023 does not leave or establish any doubts with regards to the legal and regulatory right for Acea Molise to continue to operate the integrated water service in the municipality of Termoli, fully and absolutely.

Noting therefore that the opinion concludes that until such time as a formal request to take over the service is made, and the regulatory Residual Value is paid, Acea Molise has a specific obligation to perform the concession agreement and to manage the IWS for the Municipality of Termoli in accordance with the Agreement and the relevant ARERA regulations, and also to complete the investments and the works as indicated in the Action Plan (and any prerequisites, instrumental or consequential activities) in accordance with the time frame. During 2023 all technical and economic activities preparatory to complying with the commitments for project financing were made concrete.

In summary:

- investments have been scheduled and carried out in the entire integrated water sector for a value of 1.5 million, as well as the ordinary maintenance on systems and networks;
- an interest-bearing shareholders’ loan contract was signed with Acea SpA for a maximum outlay of € 5 million;
- a bridge loan contract was signed with UniCredit SpA up to a maximum outlay of € 4 million;
- in concert with the Municipality of Termoli (CB) and EGAM, the tariff established for 2022-2023 was updated.

In particular, with regards to the tariff update, it should be noted that on 18.12.2023, with Executive Resolution 3309, the Municipality of Termoli (CB) approved the tariff update for Amolise 2022-2023 and also approved the RAB and tariff updates accrued up to that point.

Finally, note that as the agent for the temporary joint venture to be established, on 10 November 2023 Amolise participated in the call for tenders issued by Sicily Region’s Special Office - Central Single Contracting Authority, for the acquisition of a 49% stake in the share capital of the to be established Aretusacque, to operate the integrated water service in the municipality and province of Syracuse.

The water service in the Province of Syracuse includes 19 municipalities, with 166 thousand users served, covering an area of 2,100 km<sup>2</sup> and operating 2,000 km of water network and 1,300 km of sewer network. The concession is set to last 30 years (until 2053) and the total value of the award envisaged in the tender is € 1.264 billion, against annual hypothesised revenue for the new operator of between € 37-46 million and total investments of € 366 million (as in the 30 year Action Plan).

As noted previously, Acea Molise is the agent (with a 60% stake) of a temporary joint venture to be established with a local partner (with a 40% stake), making use of the technical, economic and financial requirements of Acea Ato2 and the SOAs for TWS design and work.

Following the appointment of the president of the commission, ATI Siracusa on 16 January 2024, it was found that the sole bid presented by the tender deadline was that of Amolise (in a temporary joint venture with the local partner).

In the meantime, the Regional Administrative Court of Catania rejected all the appeals filed against the call for tenders. The appeals had been presented by Suez (judgement of 3 January 2024), by Ireti (judgement of 8 January 2024) and by DAM (judgement of 6 February 2024).

At present the contracting body has not called the meeting for the administrative opening of the envelope.

## Campania - GORI SpA (Sarnese Vesuviano)

The Company manages the integrated water service in the Sarnese Vesuviano District of the Campania Region (which includes 59 municipalities in the Province of Naples and 18 in the Province of Salerno), for a total of 77 municipalities. Note that on 9 October 2023, GORI, the municipality of Roccapiemonte and the Campania Water Authority (EIC) signed an agreement for GORI to begin operating the integrated water service starting from 1 January 2024. At present, solely the municipality of Calvanico in the Province of Salerno is managing its water services, having not yet ensure the start of IWS operation by the company, even if the EIC has begun the procedures to implement the transfer.

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-Vesuviano 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-Vesuviano District of the Campania Region covers an area of approximately 900 square kilometres with a population of approximately 1,411,416 inhabitants. (last Istat figure Year 2020).

A total of 5,274 km of water network is currently managed, consisting of 869 km of primary abstraction network and 4,405 km of distribution network, and a 2,746 km drainage system.

GORI currently manages 13 water sources, 117 wells, 204 tanks, 116 water pumping stations, 211 wastewater pumping stations and 13 waste treatment plants.

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

Please note that 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-Vesuviano District area within a framework of economic-financial equilibrium of the management for its entire residual duration. As a result of the Operating Agreement:

- (i) the Regional Works (various major IWS infrastructure falling within the territory of the Sarnese-Vesuviano District Area, managed for a long period by the Campania Region and by the latter transferred to the manager GORI from 2019-2021) were transferred to the manager GORI through a concession, based on the provisions of the current IWS Management Agreement for the OTA;
- (ii) on 18 July 2019, a long-term loan agreement was signed with a pool of banks, with an availability period of 4 years, a ten-year term and a final maturity for repayment on 31 December 2029; and
- (iii) to guarantee the economic and financial balance of management of the IWS for the OTA and bankability of the project, GORI and the Campania Region signed two additions to the Operating Agreement, specifically:
  1. Additional Act no. 1 of 20 November 2020, which postponed instalments of the repayment plans for the debt accrued by GORI relative to the Region for supplies of “wholesale water” and the “waste water collection and purification” service, rescheduling instalments due in 2025 (€

1.7 million), in 2026 (€ 3.5 million) and 2027 (€ 6.7 million), respectively to 2029, 2030 and 2031;

2. Additional Act no. 2 of 10 August 2022, which postponed until 2030 payment of the instalments of the same repayment plan for €103 million.

It is specified that Additional Act no. 1 and Additional Act no. 2 were signed in consideration of the social/economic problems associated with the Covid-19 health emergency and the exceptional increases in the purchase prices of construction materials and energy products which have significant impacts on the financial requirements of operators in the water services sector.

### Confirmation of the Regulatory Framework for 2012-2015 - Definition of Previous Items prior to 2012 - Update of the Regulatory Framework for 2022-2023

On 10 August 2022 the Executive Committee of the Campania Water Authority (CWA) definitively approved, with resolution 36/2022, the biennial update of the regulatory framework for 2022-2023 for the manager GORI SpA, based on the criteria defined by the Authority in resolution 580/2019/R/idr, as supplemented by 639/2021/R/idr and 229/2022/R/idr; on 05 October 2022, the CWA offices sent ARERA the update of the regulatory framework using the IT procedure.

The update to the regulatory scheme approved by the EIC for 2022-2023 saw an increase in the theta of 2.4 for 2022 and a theta of 1 for 2023, hence confirming for both years the amounts of the tariff increases resolved with the previous resolution 35/2021 of the Water Authority’s Executive Committee, which approved the regulatory scheme for 2020-2023, pursuant to ARERA resolution 580/2019/R/idr;

Revenues as of 31 December 2023, which total € 222.9 million, were determined on the basis of the regulatory scheme approved by the Campania Water Authority with Resolution 36/2022, in compliance with ARERA Resolution 580/2019/R/idr, subsequently supplemented by 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 as subsequently amended and integrated, 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 31 December 2023, the constraint component relating to the Opsocial supplementary water bonus for 2023, has been set at zero. The reason for this is that although this component has been recognised within the regulatory framework approved by the CWA, a deliberation paper is missing. The purely regulatory components CODfanghi and COEE were

also considered.

The “OpexQT” component was calculated in the amount of what was requested in the related cost recognition request, within the limit of what was recognised in 2019.

On the other hand, for the OpexQC component costs effectively incurred were included in the calculation, as these are lower with respect to that requested in the relative request for cost recognition. Additionally, the component relative to the corrective factor for adjustments was calculated, pursuant to paragraph 27-bis 2 MTI-3 with application of the return rate for fixed assets  $K_d$  to adjustments recognised for years 2012 and 2013.

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 31 December 2023 are covered, as demonstrated in the accounting documents.

At 31 December 2023, the works transferred to the Operator are: Waterworks at Mercato Palazzo, transferred in October 2016; waterworks at Boscotrecase and Cercola transferred in March 2018; waterworks in the Nolana area transferred in September 2018; waterworks at Campitelli and Boccia a Mauro to complete the Vesuvius Area, transferred in December 2018; Campo Pozzi di Angri transferred in February 2019; the Nolana Area treatment plant transferred in March 2019; the completion of the Sarnese Area, transferred in April 2019; the Medio Sarno 2 treatment plant, transferred in July 2019; the transfers of 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; the transfer of the Alto Sarno treatment plant in January 2021 and finally the transfer of the treatment plant at Punta Gradelle in March 2023.

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 as subsequently amended and integrated, 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 ( $R_c$ ), 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 31 December 2023, the tariff approved by the CWA by Resolution no. 7 of 26 February 2021 was considered. This determines the 2020-2023 regulatory scheme for the proposed wholesale water tariff for the

“Campania Region” operator and is equal to € 0.21679/m<sup>3</sup>, with the application, for the year 2023, of a theta equal to 1.124 (6% increase on the previous year).

The pertinent cost at 31 December 2023 on the COws relating to regional water supplies, according to the principle of full cost recovery, was approximately € 4.8 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 31 December 2023, according to the full cost recovery principle, amounted to approximately € 7.3 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 ARE-RA 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.

The component covering costs incurred to purchase electricity - COEE - implements the adjustment of that allocated for energy costs, recognised in previous years, in the amount of -€ 3.2 million. The Government has introduced a series of measures to support businesses in facing the energy crisis and the associated cost increases.

The measures introduced by the Government in the Budget Act 197/2022, on 29 December 2022, include a tax credit to support electricity purchases for non-energy-intensive businesses (which includes operators of Integrated Water Services); the tax credit equates to 35% of the cost of buying electricity if its price during Q3 2022 was more than 30% higher than in Q3 2019.

In Decree Law 34 of 30 March 2023, the Government then allowed a tax credit of 10% for Q2 2023, again with reference to the purchase of energy.

Quantification of the tax credit, calculated for invoices effectively incurred and relative to January-June, is equal to around € 3.9 million and was recognised at 31 December 2023 under the item “Other revenue” in the income statement.

In the relevant GRC at 31 December 2023, to avoid double coverage of the cost of electricity, the quantification of the tax credit was taken into account through an adjustment of revenue (GRC) by an equal amount (€ -3.9 million), allocated to the item “Exceptional events”.

Additionally, also in the “exceptional events” item, a constraint adjustment of -€ 3.5 million was recognised following the results of the application of the contractual quality incentive mechanism for the integrated water service (RQSI) for 2020-2021, as better illustrated below.

Also note that on 13 October 2022, ARERA, with resolution 495/2022/R/idr “Reopening the terms for financial advances aimed at mitigating the effects of the growth in electricity costs on managers of the integrated water service”, called for a second window within which government entities in the area, based on a request by the relevant manager, could present a justified request to CSEA (by 30 November 2022) to activate types of financial advances, introduced with resolution 229/2022/R/idr, associated with the obtaining of resources to handle part of the expenses incurred to purchase electricity. As the requirements were met, on 08/11/2022 GORI sent a request to the Campania Water Authority seeking a financial advance from CSEA of

€ 11,842,336.80 (this is the maximum amounts, equal to 0.35 x COEE 2022).

Based on the request presented by GORI, the Campania Water Authority Executive Committee, in resolution 76 of 29 November 2022, decided to ask CSEA to activate the financial advance methods introduced with ARERA resolution 229/2022/R/Idr, associated with obtaining resources to handle part of the expenses incurred to purchase electricity for the manager GORI Spa; on 30 November 2022, the Campania Water Authority sent CSEA the Financial Advance Request for the manager GORI SpA, in the amount requested by the Manager, specifically € 11,842,336.80. As established in resolution 495/2022/R/Idr, the advance was disbursed by CSEA by 31 December 2022, specifically on 27 December 2022 and the Manager must see “to the return to CSEA of the sums advanced in two instalments of equal amount (in relation to the capital portion) maturing respectively on 31 December 2023 and 31 December 2024. The instalments are increased by interest applied to the remaining capital and calculated based on the interest rate applied, equal to that obtained by CSEA for its own liquid assets held with its bank.”

On 19/12/2023, GORI returned to the CSEA the capital portion of the first instalment on the financial advance obtained for 5,921,168.40 and must pay the interest portion as soon as CSEA determines and communicates the same.

In October 2023, ARERA completed the proceedings for the incentive mechanism associated with technical and contractual quality regulations. In particular, with resolution 476/2023/R/Idr of 17 October 2023, as amended by resolution 500/2023/R/Idr of 31 October 2023, ARERA published the results of the application of the incentive mechanisms for the integrated water service contractual quality regulation (RQSII), for 2020-2021.

At the same time, with resolution 477/2023/R/Idr of 17 October 2023, ARERA completed the procedure for application of the incentive mechanism for regulation of the technical quality of the integrated water system (RQTI) for the years 2020-2021, informing sector operators of the final results.

In GORI's case, the results of the application of the incentive for technical quality (RQTI) and that for contractual quality (RQSII) for 2020-2021 led to technical quality bonuses of € 3,301,042 and penalties for contractual quality of € 3,503,333.

In particular, with reference to technical quality, 2020-2021 was the second two year period in which the incentive mechanism for the integrated water service was applied: each water service operator was analysed and classified with respect to all six technical quality macroindicators, specifically water leaks (M1), service interruptions (M2), quality of water distributed (M3), sewer system adequacy (M4), landfill sludge disposal (M5) and quality of treated water (M6), while in the previous two year period macroindicator M2, relative to service interruptions, had been excluded from the mechanism. As is known, the technical quality incentive system established by ARERA, in the context of the RQTI, involves either bonus or penalties, to be attributed based on the operators' performance.

For 2020-2021, GORI received bonuses for achieving the targets for macro-indicators M2, M3 and M6 with reference to step II, characterised by a basic bonus factor level; for macro-indicator M2 GORI received a double bonus: a bonus for step II (of € 1,363,712) and one for step IV, with an advanced bonus factor level (€ 1,514,016) as one of the three operators which had achieved,

after the fact, the widest improvements with respect to the targets set (GORI was in second place).

Also note that for the bonuses relative to 2020-2021, ARERA established that these would be disbursed by CSEA. In fact, in November 2023, CSEA disbursed the technical quality bonuses to GORI. On 30/11/2023, CSEA disbursed a total of € 3,301,042.10 to GORI for the technical quality bonus for 2020-2021.

With reference to contractual quality, 2020-2021 was the first two-year period in which the incentive mechanism for integrated water service contract quality was applied, as introduced by ARERA with resolution 547/2019/R/Idr: each water service operator was analysed and classified on both contractual quality macro-indicators, MC1 - “Initiation and termination of the contractual relationship” and MC2 - “Management of the contractual relationship and accessibility of the service”. The incentive mechanism introduced by the Authority with resolution 547/2019/R/Idr (specular for bonuses and penalties) is broken down into bonus or penalty factors, to be assigned based on operator performance, through subsequent assessment stages, distinctive in terms of assessment level (base level and excellence level) and in terms of the targets associated with starting conditions (maintenance and improvement targets). The methods which govern the contractual quality incentive mechanisms, in the context of Title XIII of the RQSII, involve three assessment steps, with I and II using the base level and the III the advanced level.

As is known, quantification of the bonus or penalty depends for each operator on the cost component **OpexQC** (possibly valorised for the adjustments to contractual quality standards and/or new targets established in the regulation) and the operator revenue constraint, **GRC**, as resulting from tariff decisions made in respect of the criteria in Annex A to resolution 580/2019/R/Idr, containing the Water Tariff Method for the third regulatory period (MTI-3). It should be noted that for 2020-2021, GORI participated in both macro-indicators for a base level of the bonus factor, that is for Stage II. In particular, for 2020-2021, GORI pursued the target set for macro-indicator MC1 and did not achieve the target set for macro-indicator MC2. Nonetheless, despite the fact that GORI achieved the improvement target in 2020-2021 for macro-indicator MC1, the bonus was reduced to zero in application of the formula under article 96.2 of the RASII (that is in virtue of the value of the tariff recognised for RQSII for adjustments to contractual quality standards and/or new targets established in the regulations). For macro-indicator MC2, the non-achievement of the target for 2020-2021 instead led to a penalty.

Also note that ARERA established that the bonuses for 2020-2021 would be disbursed by CSEA and that contractual quality penalties for 2020-2021 were to be deducted from the costs recognised for operators in Stages I and II, in line with paragraph 96.3 of the RQSII.

The measures supporting companies with reference to the energy crisis and cost increases, introduced with Budget Law 197/2022 of 29 December 2022, were extended through 30.06.2023.

Quantification of the tax credit, calculated for invoiced costs effectively incurred and accruing during first half of 2023, came to around € 3.9 million and the relative revenue was recognised under A5 in the income statement.

In the relevant GRC, to avoid double coverage of the cost of electricity, the quantification of the tax credit was taken into account through an adjustment of GRC revenue of an equal amount, allocated to the item “Exceptional events”.

### Legal proceedings

- Case pending before the Regional Administrative Court of Campania, (Naples), initiated by a petition filed by the Municipalities of Fisciano and Mercato San Severino (Salerno), Casanuovo di Napoli, Somma Vesuviana and Scisciano (Naples), Roccapiemonte, Nocera Superiore, Nocera Inferiore, Angri and Pagani (Salerno), seeking the annulment of the Deliberation made on 10 August 2022 by the Executive Committee of the Campania Water Authority (approving the historic items, pre-2012): The Municipalities listed above have filed an appeal with the Regional Administrative Court of Naples, against the deliberation by the Executive Committee of the Campania Water Authority No. 35 of 10 August 2022, relating to the “definitive decisions under Art. 21 paragraph 9-bis of the Regional Law of Campania No. 15/2015. Approval of historic items pre-2012 accrued by GORI SpA”. The date of the public hearing to discuss the merits of the case is still awaited.
- Case pending before the Regional Administrative Court of Lombardy (Milan), initiated with a petition filed by the Municipalities of Fisciano and Mercato San Severino (Salerno), Casanuovo di Napoli, Somma Vesuviana and Scisciano (Naples), Roccapiemonte, Nocera Superiore and Angri (Salerno), seeking the annulment of the deliberation no. 457/2022/R/ldr made by the Authority for Energy, Networks and Environment published on 30 September 2022: the municipalities filed an appeal with the Milan branch of the Regional Administrative Court of Lombardy, against the deliberation by the Energy, Networks and Environment Authority no. 457/2022/R/ldr of 27 September 2022, concerning the “Conclusion of proceedings to comply with the Council of State judgement No. 5309/2021 concerning the regulation of tariffs for the integrated water service”. The date of the public hearing to discuss the merits of the case is still awaited.
- 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 branch), nos. 4846/2015, 4848/2015, 4849/2015 and 4850/2015 relating to the recognition of pre-2012 entries for tariff adjustments approved by the granting authority, the Sarnese-Vesuviano Area Authority (the predecessor of the Campania Water Authority): as a result of the above measures having been adopted by the Energy, Network and Environment Authority (deliberation no. 457/2022/R/ldr) and the Campania Water Authority (the deliberations 34, 35 and 36 of 10 August 2022), the Council of State declared inadmissible the petitions made in the first instance (settled by the Campania regional administrative court rulings numbered 4846/2015, 4848/2015, 4849/2015 and 4850/2015) and therefore set aside the first-instance rulings without referral.
- Case against the Reclamation Consortium for the Sarno Area, in respect of consortium costs: with the decision no. 7271/2021 of 7 September 2021, the Court of Naples (11th Civil Section) rejected the claim by the plaintiff (Sarno Reclamation Consortium) which was seeking payment of around € 21 million from GORI SpA in respect of consortium costs for the period 2008-2016. In summary, the claim was dismissed because the Consortium did not provide evidence (mainly because of the uncertain data and lack of documentation) of the direct economically-assessable benefit to GORI for having used the consortium’s channels and thus it was “impossible to find any certain data or quantify accurately without any doubt the contribution

due from the respondent company”. The Consorzio di Bonifica del Comprensorio Sarno appealed the decision and the Court of Appeals of Naples referred the case for the specification of conclusions to the hearing on 17 September 2024.

### Campania - Gesesa SpA (OTA1 - Calore Irpino)

Gesesa manages the Integrated Water Service in 21 Municipalities in the province of Benevento for a total resident population of 117,593 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 57,470, for which 2022 consumption has been estimated at about 7.7 million cubic metres of water.

The sewerage service is provided to approximately 80% of users while the purification service reaches about 40% of users. Regional Law 15 of 2 December 2015, in effect as of 22 December 2015, established the Campania Water Authority (CWA), to which “all local entities must obligatorily adhere” if falling within territory of the region. CWA’s responsibilities can be summarised as follows: (i) selecting the management model, (ii) approving the tariff proposal for the integrated water service, (iii) assigning this service to “third party” manager entities, based on indications received from each district council and (iv) monitoring these operations. This is without prejudice to any substitute and supervisory powers over the activities of the CWA held by the Campania Region.

To achieve greater management efficiency and improved service quality for users, the area of the regional OTA was divided into five district areas, including “Calore-Irpino”, which includes all the management entities within the province of Benevento. With Regional Council resolution 434 of 3 August 2022, the Campania Regional Council acknowledged resolution 26 of 27 July 2022 of the Campania Water Authority Executive Committee and amended the composition of the single regional OTA district areas, subdividing the Calore Irpino district area into two separate district areas: Irpino and Sannita.

On 5 October 2022, with the appointment of the District Council, the district area became fully functional and at its first meeting on 25 October 2022, “selected the type of management pursuant to article 14, paragraph 1, letter b) of Regional Law 15/2015”, resolving, among other things:

- that management of the IWS in the Sannita District Area would be entrusted to a mixed public/private company, as a solution able to combine the interests of the Municipalities with the need to have private capital for the start-up phase of the new manager and to carry out the planned projects, as well as the know how of an industrial operator that already has significant experience in the integrated water service sector;
- for the purposes of the previous point, to express the guideline that the offices of the CWA prepare the planning documents for the IWS relative to the Sannita District area, taking into account the Council’s wish that the sole management of the service be entrusted to a mixed public/private capital company, reserving the relative majority for the Municipalities of the Province of Benevento, reserving for the private shareholder to be selected through a dual purpose tender, a portion of the share capital equal to a maximum of 49%, in compliance with article 17 of Legislative Decree 175/2016, and reserving for the public part an absolute majority of the shareholding structure.

The EIC Executive Committee:

- on 1 December 2023 ratified the decision of the Sannita Dis-

trict Council no. 2 of 25.10.2023, which approved the proposals to adjust the Gesesa tariffs for the 2018-2023 period;

- on 23 December 2023 approved the District Area Plan for the Sannita District, including the documents envisaged in article 149, paragraph 1 of Legislative Decree 152/06;
- Determination of the sub-entry value (residual value of investments + tariff adjustments to be invoiced) that the private shareholder must pay Gesesa.

At present, the EIC is carrying out activities to prepare a double call for tender to identify a private partner, which should be published in March 2024 envisaging, therefore, the end of 2024 as the deadline for completion of the same and the identification of the private partner. Subsequently, all the consequential activities will begin to achieve the entrusting of the IWS to the new operator.

In relation to proceeding 231 associated with the company, note progress in the criminal proceeding 5548/2016, with a preventive seizure of 12 water treatment plants managed by Gesesa and appointment of a Judicial Administrator.

Following the proceeding above, an independent proceeding was begun involving the position of the company relative to which action was taken with regards to certain crimes contemplated under Legislative Decree 231 of 2001.

On 15 November 2021, the Judge of the Court of Benevento issued a preventive seizure order relative to Gesesa, executed on 29 November 2021, in that the Benevento Public Prosecutor had charged Gesesa, in terms of liability pursuant to Legislative Decree 231 of 2001, all the crimes contemplated by the stated Legislative Decree, which real persons had already been charged with. That being established, with regards to the merits, based on the accusations summarised above, the Judge granted preventive seizure as requested by the Public Prosecutor, in the amount of € 78,210,529.00, relative to Gesesa. Given the unfounded nature of the accusations and the abnormality of the measures applied, through its trusted attorneys Gesesa appealed the seizure order. On 22 December 2021, the Benevento Court of Appeal granted the appeal presented by the company and fully annulled the seizure ordered by the Judge. This annulment was not appealed and, therefore, this decision became final.

On 25 January 2022, notification was received that the investigations of the Company had been completed and on 17 June 2022 notification was received by the real persons and the company of the provision requesting indictment; the date for the preliminary hearing, initially set for 23 January, has been postponed to 26 June 2023 due to the absence of the relevant judge. On 26 it was further postponed to allow for some of those charged to be notified again. On 13 November the hearing was postponed to 12 February 2024 to allow the notification of another defendant, as well as discussion of preliminary matters. At the hearing on 12 February 2024, the preliminary matters were discussed. The case was postponed to a hearing on 13 May 2024, for the decision on the aforementioned preliminary matters.

That being established, note that the company, pursuant to article 17 of Legislative Decree 231/2001, has begun actions to verify any risks and identify possible improvements that have allowed it to align its control system with the requirements of the law. These improvements have given rise to an action plan to revise and strengthen the internal control system.

In particular, with regards to the plants subject to preventive seizure, following a virtuous path of more than two years, with total outlays

of € 891,060.34 by the Company, to implement the requalification projects requested by the Judicial Administrator, the requalification activities were effectively completed for the plants subject to seizure.

Following these activities, the Judicial Administrator, with a specific Report filed with the relevant Prosecutor, acknowledged the conclusion of the same with a satisfactory completion of the newly functional plants. In the light of this report, with a provision of 9 September 2022, the Public Prosecutor's Office deemed as "ceased the requirements that gave rise to the appointment of the Judicial Administration for the operation of the purification plants", while it did not hold the requirements for release from seizure of the same yet met, with a provision of 14 September 2022 the Judge consequently ordered termination of Judicial Administration and confirming seizure with the right to use the treatment plants by Gesesa.

Four months having passed since the above without any major issues arising in the operation of the stated plants, Gesesa decided to file a request to release the seized purification systems in question. Gesesa submitted this request through its attorneys, presenting it on 14 February 2023. With an order filed on 8 March 2023, at present the preliminary judge has not granted the request as the public prosecutor indicated the need for verifications relative to the same. The order follows the note issued by the NOE of Naples on 06.03.23, based on which the public prosecutor held that "the adequacy of the period of time passed for the purposes of stabilising the systems could not be estimated, if not through findings and inspections which the magistrate must delegate". Consequently, the public prosecutor ordered the execution of the stated inspections, delegating NIPAF which performed them with assistance from the NOE and ARPAC. After the completion of this activity and the positive outcome of the monitoring operations carried out by the judicial authorities, Gesesa, through its lawyers, again applied to the court on 27.06.2023 requesting the release of the purification plants.

Following this request, the judge ordered the release of two of the twelve plants, maintaining the seizure of the remaining 10 with the right to use, given that the analysis performed "had a non-compliant toxicity report". This was despite the compliance of all the other parameters and despite the fact that, under ordinary conditions, non-compliance of the acute toxicity test cannot be fined (in contrast to all the other parameters which, on the other hand, were compliant). For these reasons, in addition to monitoring all the parameters, the company asked to professors from UNISANNIO to prepare a report in which to properly frame the validity of the acute toxicity test and, consequently, utilise the report to prepare a new request for release of the seizure. Downstream from this reliable opinion, issued by the professionals on 10 November 2023, on 24 November 2023 the company decided to again present a request for release of seizure for the remaining 10 plants. Developments are awaited.

With regard to any risks concerning the final outcome of the proceedings, the Directors, also on the basis of the opinion of the appointed lawyers, according to whom it is currently not possible to formulate forecasts concerning the duration, outcome and potential risk for the Company deriving from the completion of the legal process, believe that, at the stage of the proceedings, it is not possible to make a forecast of the liabilities that could arise for the Company as a result of the development of the further stages of the aforementioned proceedings.

## Tuscany - Acque SpA (OTA2 - 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 OTA2, 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 CD Resolution 14/2022 of 25 November 2022, AIT approved the biennial tariff update for 2022 and 2023. The main elements of the revision are:

- Tariffs: the thetas previously approved for years 2022 and 2023 were confirmed; slight increase in thetas for 2024-2031;
- Tariff adjustments: increase of around 8 million, slightly earlier recovery (2024 instead of 2025);
- Action Plan 2020-2031: increase of around € 76 million net (from € 800 million to € 875 million) and € 114 million gross, for more maintenance and replacement projects; partial re-scheduling of framework agreement projects and adaptations for regional laws on EU/NRRP infractions. There was a reduction on the part of AIT for IT projects.

For both years 2022 and 2023 the electricity anticipation component OPexp EE was inserted.

ARERA has not yet approved the AIT proposal.

Furthermore, in relation to the average defined cost for electricity, Acque appears to have purchased at an average cost below the defined threshold, thus being entitled to full recognition of the adjustment.

The finance agreement signed in 2018 was initially set to mature at the end of 2023.

For this reason, in 2022 the Company began a process that, by the maturity date of the stated finance agreement, allowed it to achieve a new and more streamlined financial structure, more in line with investment financing requirements.

Two advisors were appointed, Mediobanca - Banca di Credito Finanziario SpA and Banca Finanziaria Internazionale SpA, as well as Studio Cappelli RCCD serving as a legal consultant, supporting the Company in a complex project to refinance existing debt and simultaneously activate a financing channel with the European Investment Bank (EIB). The Company launched a "beauty contest" procedure to source a 7-year 'amortizing' loan from a pool of investors for a total of € 225 million, of which (i) € 210 million would be a targeted term facility, and (ii) € 15 million would be an RCF to cover the Company's ordinary requirements.

In December 2022, the European Investment Bank, at the request of the Company and following an internal procedure, authorised a loan for a total of € 130 million to carry out a plan of investments for the years 2022, 2023, 2024 and 2025, under conditions which are much more favourable than the current market dynamics.

The purpose of the restructuring of Acque's borrowings, is to refinance the existing bank finance, including the early termination of the hedging agreements related to the finance contract, to cover additional ordinary cash flow requirements over a period of 12

months and to cover the costs of the operation in order to allow the Company to focus on implementing its new Action Plan.

The new financial structure will cover the Company's requirements until the end of the concession agreement, at a lower cost, thus allowing it to implement a very ambitious Action Plan which has been extended following the recent tariff approval. With the same level of overall borrowings, there is also a much more flexible structure that does not place any restriction on any further requirements linked to any need for investment that may arise over the next few years.

On 13 June 2023, the loan contract was signed with EIB and on 14 June 2023 the contract with the lending parties.

The closing occurred on 20 June 2023 with the disbursement of the sums for refinancing.

On 28 September 2023, 9 interest rate swap contracts were signed to protect against negative effects associated with interest rates, with a notional value equal to 70% of the term line and effective as from 20/06/2023.

On 27/12/23 the first EIB drawdown was carried out for € 71 million, at a fixed rate of 3.363%.

On 29/12/23, an optional early repayment of the bank loan was made for 41 million without additional costs and without consequent overhedging (derivative coverage at 90.65%).

On 24 November 2022 EGA was set the request for activating types of financial advances associated with obtaining resources to handle expenses incurred to acquire electricity, in turn presented to ARERA/CSEA, pursuant to that established in ARERA resolutions ARERA 580/2019/R/Idr, 639/2021/R/Idr and 229/2022/R/Idr. The amount requested, the maximum Acque could request, was € 5,055,080. On 29 December 2022, CSEA disbursed the advance which must be repaid in two instalments of equal amount: the first by 31 December 2023 and the second by 31 December 2024.

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, note that on 2 November 2023 Acque SpA saw the merger by incorporation of its subsidiary Acque Servizi Srl.

## Tuscany - Publiacqua SpA (OTA3 - 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.

Note 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 framework 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 MIT-3”. Also note that on 31 March 2021, following ARERA resolution 59/2021, the agreement which approved the extension of the concession to 31 December 2024 was signed with the AIT.

Following the start of the tariff update process for the 2022-2023 two-year period, Publiacqua sent all the data to the AIT for approval of the tariff provision. The AIT approved the same in February.

Finally, note that in Q4 2022 activities with the AIT involved various aspects of regulation. After Publiacqua sent the proposed Addendum to the Single Regulation in May, with the technical schedules and prices for services, dialogue with AIT led, as stated previously, to approval of the tariffs for 2022-2023.

### Tuscany - Acquedotto del Fiora SpA (OTA6 - 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 provisions of interest to Acquedotto del Fiora, based on that established in the cited ARERA resolution, on 14 December 2022, based on the actual data collected referring to the years 2020 and 2021 and the Investment Plan, the Tuscan Area Governing Body (AIT) approved the tariff revision proposal, setting the GRC and the Theta for 2022-2023 and also redesigning the entire tariff profile until the end of the IWS concession (AIT Executive Council Resolution 17/2022 of 14 December 2022). This tariff proposal was then sent to ARERA for final ratification. The accounting situation at 31/12/2023, with reference to revenues, is therefore based on the results of the definitive investigation carried out by ARERA and published with resolution 313/2023/R/Idr.

### Tuscany - GEAL SpA (OTA1 - 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  $O_{pexQt}$  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.

Subsequently, on 30.5.2023 ARERA approved resolution 238, with which it confirmed the tariff increases for 2022 and 2023, in the amount established in previous resolutions, that is equal to 6.2% for both years.

However, in the ARERA provision recognition of public land rent requested by the Tuscany Region for 2016-2021 is partially decreased. In particular, the tariff components Rcaaltro and Opexal were not entirely recognised.

Taking this into account, based on the content of the specific question faced by the company in concert with other Tuscan water companies coordinated by Cispel Toscano, rather than the size of the total amount, GEAL filed an appeal against ARERA resolution 285/2023 on 31.7.2023, through the Studio Farnetani of Florence. 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) already paid for the results achieved in Technical Quality in the 2018-2019 two-year period.

For 2020-2021, with resolution 477/2023/R/Idr of 17.10.2023 GEAL obtained bonuses totalling € 1,848 thousand, the second best operator nationally for the M6 index among class A operators, and the second best operator nationally for the M1 index among operators below class A.

In terms of commercial quality, ARERA approved resolution 476/2023/R/Idr on 17.10.2023. Despite achieving the class A maintenance targets for the MC1 and MC2 indexes at the end of the two years, GEAL was not awarded specific bonuses in that it was already a beneficiary of integrated water service tariff components that exceeded the bonuses ( $O_{pexQc}$ ).

Relative to the NRRP, GEAL is above all moving forward with the completion of the works envisaged in NRRP line M2C4-I4.1- Investments in primary water infrastructures for the security of the water supply, for which it has obtained financing of € 2.5 million, as well as price adjustments for a total of around € 0.6 million.

In addition:

- for NRRP line M2C4-I4.4 – investments in sewer lines and purification, through the Tuscan Water Authority MASE has approved a € 1 million contribution to partially cover the costs of extending the sewage system in the Oltreserchio zone and an energy efficiency project involving the purifier; procedures are in progress to sign the programme agreement with the AIT serving as the implementing party (GEAL is classified as the external implementing party);
- for NRRP line M2C4-I4.2 - reduction of leaks in water distribution networks, including digitalisation and monitoring of the networks, on 15.12.2023 MIT informed GEAL that, against the provision of additional resources, as the company is included on the list of eligible entities, it could benefit from an € 8.8 million contribution partially covering the costs to replace certain sections of the water network and the installation of smart water metering systems on the entire installed base. While awaiting official communication, GEAL has carried out the tender procedures preparatory to executing the works.

## Umbria - Umbra Acque SpA (OTA1 - 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 1 Perugia for selection of the private minority industrial partner of Umbra Acque SpA (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.

won the basis of Water Tariff Method 3 (MTI-3) under Resolution no. 63/2023/R/ldr of 21 February 2023 with which ARERA approved the preparation of the 2022-2023 tariff update previously approved by the Assembly of Mayors of the AURI with Resolution no. 10 of 25 October 2022, which provide for 2023 an applicable theta of 1.246 and an increase of 7.1% compared to 2022. The average tariff €/m<sup>3</sup> was approximately € 3.36 at 31 December 2023. The number of users served was approximately 236 thousand. With reference to volumes, based on the estimates, approximately 27.4 million cubic metres of water were distributed (-1.9% compared to 2022, when 27.9 million cubic metres of water were distributed). As invoicing operations were not yet complete when these final figures were compiled, cubic metres distributed but not yet invoiced were estimated and the relevant rate determined based on historic values and prospective measurements.

When measuring revenues accrued from GRC in 2023, the company envisaged a full adjustment of costs incurred for the regional supplementary water social bonus for 2021/2023, with respect to that envisaged in the tariff; this adjustment will be recovered in the next tariff update (MTI-4), as established for this type of cost (see article 27.1 letter k of Annex A to ARERA resolution 580/2019/R/ldr of 27 December 2019).

Investment production in 2023 amounted to a total of € 35.6 million, before public plant contributions and private contributions, which total € 4.3 million. This is the highest level of production ever achieved by the company.

In the third quarter of 2023, all the tenders for projects currently financed under the NRRP were awarded meaning that the most important milestone set was achieved on 30 September 2023. Additionally, all contract works were delivered. In particular, work began on both phases (1 and 2) of the interconnection project for the Chiasco dam, connecting them with the main regional water systems - Lot 1: Chiasco dam connection to the Perugia-Trasimeno aqueduct system, for which Umbra Acque was identified as an implementing part with NRRP financing of € 16.2 million (MIMS Ministerial Decree 517 of 16 December 2021) with additional financing of € 4.17 million from the Fund for the launch of works that cannot be postponed (Decree of 18 November 2022). The final cost of the works, following the introduction of technical solutions for renewable energy production (hydroelectric turbines, photovoltaic panels) and the significant rise in prices due to the global economic situation, is € 28 million, as communicated to the Area Authority. In line with the schedule, in August all 17 contract were begun relative to the full districting of the distribution network, with reduction of leaks in the area operated by Umbra Acque. These contracts involve designs for the 8 identified lots, as well as the relative replacement work, to which is added a

specific contract for districting studies. Line replacement work is in progress, currently moving forward regularly with the exception of the Perugia lot, for which delays attributable to the contractor are accumulating. The procedures envisaged under the law to overcome this situation have been activated. For the leak reduction project, with Directorial Decree 1 of 10 January 2023, the General Directorate for Dams of the Ministry of Infrastructure and Transport assigned € 25 million in NRRP financing, out of a total value of € 52 million. Implementation is planned for 2023-2025, with the final objective of achieving an overall 30% decrease in losses. Work began at the end of August 2023, so as to complete the work by the end of 2025.

In September, after registration with the Financial Court on 31 August, the Ministry of the Environment (MASE) published Ministerial Decree 262 of 9 August 2023, containing the list of 176 projects eligible for financing under Measure M2C4, Investment 4.4, Sewer lines and purification. The four projects selected by Umbra Acque, for which € 9.02 million from the NRRP were requested, were all found eligible. The signing of the relevant Programme Agreements between MASE, the Regions or autonomous Provinces, and Area Governing Bodies is under way, which should definitively assign the resources, which will be followed by the start of monitoring and reporting activities for all the projects, of which one is already complete and three in the call for tender process.

With reference to the financial situation, note that the impacts that derive from the increase in electricity costs risk compromising the benefits obtained from the € 62 million medium/long-term loan agreement signed on 20/07/2021, with a pool of banks consisting of BNL, MPS and UniCredit (hereafter, also "Pool"). To this can be added the significant increase in investment activities correlated with the new commitments deriving from the NRRP, which call for the execution of around € 90 million in works to be completed between 2023 and 2026, of which around € 50 million financed with European funds and the rest through the tariff. The company has taken steps to obtain new short-term financing lines with financial institutions to support its short-term commitments. Beyond this, the company continues to communicate with the Pool to obtain a new € 15 million medium/long-term loan. Additionally, SACE SpA, an Italian insurance/financial group directly controlled by the Ministry of Economy and Finance, the implementing entity for the Italian Green New Deal, has been asked to assess issuing a "green" guarantee in favour of our lending banks to grant a new € 15 million credit line, to carry out NRRP investments in line with the 6 environmental objectives promoted by the EU to achieve climate neutrality by 2050.

## Umbria - SII ScpA (OTA2 - Umbria 2)

The Optimal Territorial Area Authority no. 2 Umbria (OTA Umbria n. 2), awarded to SII ScpA 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. Users served total around 121 thousand and the water network covers 2,600 kilometres.

With resolution 78 of 28 February 2023, ARERA concluded, with reference to 2022-2023, the procedure to verify the updates to the deeds that make up the specific regulatory scheme, approving the same, pursuant to article 2 of resolution 639/2021/R/ldr, proposed by AURI for the IWS, and confirming the envisaged tariff increase. More specifically, recovery of the greater cost of electricity supplies incurred in 2022 is included in the RC component, as well as the forecast value for 2023.

In August, the company was able to acquire from Acquirente Unico the flows for the “mass” management of bonuses for the years 2020 and 2021 and the monthly bonus flows for 2023. The necessary updates to the CRM were immediately made, verifying the accuracy of the calculations. As envisaged in the cited resolutions, the social and regional bonuses for 2021-2022 were recognised, in the maximum amount of € 2.245 million (of which € 1,455,691.17 to direct users and € 789,530.06 to indirect users). For direct users, the bonus was recognised in the bill starting from the third invoicing cycle, begun in the first week of July. For indirect users, it was paid in the form of a cheque by 1 September. In addition to bonuses for 2021 and 2022, SII is managing disbursements of the social and supplemental bonus for 2023 for relevant users, in line

with the schedule established in resolution 63/2021/R/com. On 29 December 2022, CSEA accredited € 2.5 million to SII, 50% of which was reimbursed at the end of 2023 as established during the disbursement stage, while the remaining 50% will be reimbursed at the end of 2024.

On 31 December, applying the subordination and deferral clauses for the existing shareholders’ loan, the company postponed the repayment of the half-yearly instalments of 30 June and 31 December (capital and interest) formally notifying the business shareholders. The waterfall payment structure and constraints of allocating liquidity in favour of the service account in fact blocked the possibility of repayment.

### 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, as well as the two-year tariff update for 2022-2023.

Company	Approval status (up to MTI2 “2016-2019”)	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023	Approval status two-year update 2022-2023
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/ldr. The ARERA then approved them in Resolution 674/2016/R/ldr, with some changes compared to the AGB’s proposal; quality bonus confirmed.	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/ldr. 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/ldr.	Following the formal warning of 18 October 2022 sent by ARERA, the Conference of Mayors approved the 2022-2023 tariffs on 30 November 2022. ARERA approval arrived with resolution 11/23 of 17 January 2023.
Acea Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opexqc. 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 Opexqc. 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/ldr 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.	Following the formal warning sent by ARERA on 29 November 2022, EGA approved the 2022-2023 tariff proposal on 11 January 2023. ARERA has not yet given its approval.
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opexqc 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/ldr MTI-3 of 27 December 2019. Following a warning from ARERA, the CWA (Campania Water Authority) with a resolution dated 12 August 2021, approved the 2020-2023 tariff proposal. ARERA has not yet proceeded with approval.	On 10 August 2022 with resolution no. 35 the CWA approved the two-year update 2022-2023 including the earlier items prior to 2012. Approval by ARERA is awaited.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023	Approval status two-year update 2022-2023
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the Opexqc. 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/ldr of 28 September 2021.	AIT approved the 2022-2023 update on 25 November 2022. Approval by ARERA is awaited.
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/ldr. On 12 October 2017, with resolution 687/2017/R/ldr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	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.	The AIT Executive Council approved the update for 2022-2023 on 22 February 2023. Approval by ARERA is awaited.
Acquedotto del Fiora	On 5 October 2016, the AIT approved the tariff with recognition of the Opexqc. On 12 October 2017, with resolution 687/2017/R/ldr, ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	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 OpexQC) 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/ldr of 2 March 2021.	The AIT approved the 2022-2023 two year update on 14 December 2022. Approval by ARERA occurred with resolution 313/23 of 13 July 2023.
GEAL	On 22 July 2016, the AIT approved the tariff with recognition of the Opexqc. On 26 October 2017, with resolution 726/2017/R/ldr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	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/ldr 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. ARERA approval arrived with resolution 238/23 of 30 May 2023.

Company	Approval status (up to MTI2 “2016-2019”)	Two-year update status (2018-2019)	Approval status MTI-3 2020-2023	Approval status two-year update 2022-2023
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. Approval by ARERA is awaited.	On 18 December 2023, the Municipality of Termoli approved the tariffs for 2022-2023, sending them to EGAM at the same time. Approval by ARERA is awaited.
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. On 1 December 2023, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.	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. On 1 December, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.	On 1 December, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.
Nuove Acque	On 22 June 2018, the AIT Executive Council approved the tariffs	On 16 October 2018 with Resolution 520 ARERA approved the 2018-2019 tariff update proposed by the AIT. With this resolution, ARERA made explicit the quantification of multipliers for 2016-2017.	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	With resolution 12/2022 of 29 July 2022, the AIT Executive Council approved the tariff provisions for 2022 – 2023. ARERA provided approval with resolution 535/2022 of 25 October 2022.
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the Opexqc. The ARERA then approved them in Resolution 764/2016/R/Idr dated 15 December 2016.	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.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 63 of 21 February 2023.
SII (Terni) Scpa	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.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 78 of 28 February 2023.

### Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in 2023 valued on the basis of the MTI-3 Tariff Method. The figures also include adjustments of pass-through items and the Fo.NI component. Also note that following publication of resolution 64/2023 on “Launch of pro-

ceeding to define the water tariff method for the fourth regulatory period (MTI-4)” for 2024-2029, with reference to costs for electricity purchases incurred in 2022, the possibility to resubmit the justified request for recognition of these costs will be established for 2022 as well.

Company	(pro quota values in € million)	FoNI (pro quota values in € million)	% of direct participation
ACEA Ato2	752	FNI = 51.1 AMMFoNI = 23.3	96.5%
ACEA Ato5	85.5	FNI = 1.7 AMMFoNI = 6.2	98.5%
GORI	223.1	-	37.1%
Acque	73	AMMFoNI = 5.2	45.0%
Publiacqua	112.8	AMMFoNI = 21.5	40.0%
Acquedotto del Fiora	120.5	AMMFoNI = 12.2	40.0%
Gesesa	14.9	-	57.9%
Nuove Acque	9.1	FNI = 0.5 AMMFoNI = 0.9	16.2%
GEAL	10.2	AMMFoNI = 0.8	48.0%
Acea Molise	4.8	-	100.0%
IWS	44.1	AMMFoNI = 1.7	43.0%
Umbra Acque	37.1	FNI = 0.1 AMMFoNI = 2.6	40.0%

## 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”.

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 31 December 2023 of the Acea Group (compared to those of the previous year) deriving from the most significant financial relations.

€ thousand	31/12/2023	31/12/2022
<b>Revenues</b>		
Supply of fresh water	51,534	48,318
Supply of electricity	2	332
Public Lighting service contract	43,415	49,585
Public Lighting contract interest	8,326	5,380
Water maintenance service contract	178	50
Monumental fountain service contract	178	50
<b>Costs</b>		
Concession fee	26,337	26,337
Lease fees	113	112
Taxes and duties	2,685	3,696

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	31/12/2022	Collections/ payments	Accruals 2023	31/12/2023
Receivables	150,494	(114,630)	103,028	138,891
Payables	(148,779)	159,987	(132,909)	(121,702)

## 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 € thousand	Trade payables	Costs	Trade receivables	Revenues
AMA SpA	181	1,262	4,325	3,059
ATAC SpA	111	113	5,257	1,620
Assicurazioni di Roma - Mutua Assicuratrice Romana	8	18	6	0
<b>Total</b>	<b>299</b>	<b>1,392</b>	<b>9,588</b>	<b>4,679</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 31 December 2023.

€ thousand	Revenues	Costs	Receivables	Payables
Caltagirone Group	183	214	5	230

## ACEA GROUP AND SUEZ ENVIRONMENT COMPANY SA GROUP

There were no relations with companies in the Suez Group as at 31 December 2023. 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.

€ thousand	Revenues	Costs	Receivables	Payables
Suez Environment Company SA Group	15	1,142	0	1,040

### List of significant related party transactions

During 2023, three significant transactions were approved, relative to:

- **Acea** and Roma Capitale, relative to the proposed signing of a settlement agreement which involves (i) the early consensual termination of contractual relations relative to the public lighting management service entrusted to Acea by Roma Capitale and the free use of state property in favour of the former, as well as (ii) the definition, with an eye to settlement, of debtor items inherent to the aforementioned service;
- the proposal presented by **Acea Ambiente Srl**, a single shareholder company subject to management and coordination by Acea, Hitachi Zosen Inova AG, Vianini Lavori SpA and Suez Italy SpA, pursuant to the exploratory notice published by Roma Capitale on 1 December 2022, relative to the awarding of a systems hub concession for the recovery of the fraction of unsorted waste produced by the city of Rome;

- amendments to the proposal presented by **Acea Ambiente Srl**, a single shareholder company subject to management and coordination by Acea, Hitachi Zosen Inova AG, Vianini Lavori SpA and Suez Italy SpA, pursuant to the exploratory notice published by Roma Capitale on 1 December 2022, relative to the awarding of a systems hub concession for the recovery of the fraction of unsorted waste produced by the city of Rome.

Additionally, the RPT Committee issued a “**preliminary**” opinion to the presentation made by the newly established company, fully controlled by Acea, **a.cities Srl**, involving a spontaneous proposal for the awarding of a concession through a project financing procedure, pursuant to article 193 (awarding procedure) of Legislative Decree 36/2023 (the “Public Contracts Code”), for the project to operate, modernise and digitalise the public lighting network and service in the city of Rome and the realisation of innovative smart city services.

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.

<b>Impact on the Statement of Financial Position</b>						
€ thousand	<b>31/12/2023</b>	<b>Of which with related parties</b>	<b>Impact</b>	<b>31/12/2022</b>	<b>Of which with related parties</b>	<b>Impact</b>
Financial assets	18,852	18,852	100.0%	30,531	4,865	15.9%
Trade receivables	1,213,200	66,272	5.5%	1,267,445	61,714	4.9%
Current financial assets	487,251	97,093	19.9%	342,085	117,998	34.5%
Trade payables	1,750,473	8,661	0.5%	1,849,980	41,985	2.3%
Borrowings	922,950	111,306	12.1%	619,418	108,523	17.5%

<b>Impact on the Income Statement</b>						
€ thousand	<b>31/12/2023</b>	<b>Of which with related parties</b>	<b>Impact</b>	<b>30/06/2022</b>	<b>Of which with related parties</b>	<b>Impact</b>
Consolidated net revenue	4,649,376	163,833	3.5%	5,138,245	148,412	2.9%
Consolidated operating costs	3,272,896	59,772	1.8%	3,861,121	65,557	1.7%
Total Financial (costs)/income	(136,529)	2,873	(2.1%)	(85,708)	1,051	(1.2%)

<b>Impact on the Cash Flow Statement</b>						
€ thousand	<b>31/12/2023</b>	<b>Of which with related parties</b>	<b>Impact</b>	<b>31/12/2022</b>	<b>Of which with related parties</b>	<b>Impact</b>
Increase/Decrease in receivables included in current assets	(24,004)	(4,558)	19.0%	(312,114)	(35,924)	11.5%
Increase/Decrease in payables included in the working capital	(84,485)	(33,324)	39.4%	196,983	10,522	5.3%
Collections/payments deriving from other financial investments	(133,487)	6,919	(5.2%)	44,844	(10,586)	(23.6%)
Dividends received	5,567	5,567	100.0%	3,381	3,381	100.0%
Decrease/Increase in other financial debts	(22,827)	2,783	(12.2%)	(2,546)	9,359	n.s.
Dividends paid	(145,213)	(145,213)	100.0%	(146,238)	(146,238)	100.0%

## UPDATE ON MAJOR DISPUTES AND LITIGATION

### TAX AUDITS AND DISPUTES

#### Acea Ambiente SpA

##### **Notices of assessment for VAT relative to tax periods 2013 and 2014, for SAO SpA.**

During 2017, the Latina Provincial Office I claimed that SAO SpA, a company incorporated by Acea Ambiente SpA, had unduly deducted VAT for tax period 2013 and 2014.

For tax period 2013, the Regional Tax Commission of Lazio granted the Company's appeal, entirely annulling the first level judgement. With judgement 1556 of 12 January 2021, the Court of Cassation granted the appeal filed by the Office and returned the case to the Regional Tax Commission which, with judgement 2485/2022, rejected the Company's appeal. At present, the appeal filed with the Court of Cassation by the Company is pending.

For tax period 2014, the Regional Tax Commission of Lazio, with judgement 1734/18/2021, filed on 29 March 2021, rejected the Company's appeal. On 16 November 2021, the Company filed an appeal with the Court of Cassation. At present, a hearing to discuss this case has not yet been scheduled.

##### **Notices of assessment for IRES relative to tax period 2004, for SAO SpA.**

In November 2008, the relevant local office of the Revenue Agency served the incorporated SAO Srl, formerly SAO SpA, as well as the previous parent company EnerTAD SpA, with a notice of assessment for IRES, relative to tax period 2004.

With judgement 29153/21 of 20 October 2021, the Court of Cassation granted the appeals presented by the Revenue Agency and overturned the appealed judgements, returning the dispute to the Umbria Regional Tax Commission for a new examination of the disputes. The second level Tax Court of Umbria, with judgements 80/2023 and 81/2023 of February 2023, rejected the Revenue Agency's appeals, which was ordered to pay court costs.

At present, the deadline for an appeal has not yet passed, taking into account that the deadlines for appeals have been suspended due to Law 197/2022, which established a special easier method to resolve disputes, as an effect of which the deadlines have been suspended for eleven months by law.

##### **Notices of assessment for IRES relative to tax period 2004, for SAO SpA for the tax consolidation of ERG Renew SpA.**

In December 2009, the relevant local office in Milan of the Revenue Agency served SAO SpA, now SAO Srl, as a company which at the time was included in the tax consolidation of ERG Renew SpA (formerly EnerTAD SpA) with a notice of assessment for IRES, relative to tax period 2004.

With judgement 29050/21 of 20 October 2021, the Court of Cassation fully rejected the appeal presented by the Revenue Agency against the judgement of the Umbria Regional Tax Commission, no 502/02/14 of 13 August 2014. With ordinance 1085/2022, the Milan Tax Commission decided to suspend the present dispute and return the case to be rescheduled, while awaiting the issuing of the

first level judgement on the notice of assessment. After the decision of the first level Tax Court of Umbria, which issued its first level opinion on the notice of assessment with judgement 81/2023 of 21 February 2023, fully annulling the appealed provision, the Company presented a hearing for discussion request on 29 May 2023, with the first level Tax Court of Milan. The hearing to discuss the case is set for 21 March 2024.

#### ARETI SpA

##### **Notices of assessment for VAT relative to tax periods 2009, 2011, 2012, 2013 and 2014.**

The Revenue Agency Lazio DRE served five separate notices of assessment for VAT relative to tax periods 2009, 2011, 2012, 2013 and 2014, claiming that the tax had been unduly deducted as the requirement of localisation was not met.

With reference to tax periods 2009, 2011 and 2012 the Regional Tax Commission of Lazio agreed with the Company's arguments and annulled the notices of assessment. The Revenues Agency lodged an appeal to the Court of Cassation. At present, the hearing to discuss the case has not yet been scheduled.

With reference to 2013, the Regional Tax Commission of Lazio granted the Company's appeal.

The deadline to file an appeal with the Court of Cassation expires on 27 February 2024, taking into account that the deadlines for appeals have been suspended due to Law 197/2022, which established a special easier method to resolve disputes, as an effect of which the deadlines have been suspended for eleven months by law.

With reference to the notice of assessment for 2014, with judgement 4293/2022, the Provincial Tax Commission of Rome granted the Company's appeal. The Office has appealed the same and the Company appeared as appropriate. At present, a hearing to discuss this case has not yet been scheduled.

##### **Notices of assessment for IRAP relative to tax periods 2011, 2012, 2013 and 2014.**

The Revenue Agency Lazio DRE served separate notices of assessment for the years 2011 to 2014 concerning the treatment of tariff benefits granted to employees and former employees with reference to IRAP.

Relative to tax period 2011, the Regional Tax Commission of Lazio annulled the notice, confirming the first level decision. With an ordinance filed on 31 May 2022, the Court of Cassation rejected the Attorney General's appeal, which can therefore be considered concluded. The Office filed a request to correct the appeal decision, based on the Court of Cassation's decision, and the second level judges corrected the decision. The new deadline for an appeal will expire on 10 May 2024.

With reference to tax period 2012, with judgement 3612/2022, filed on 12 August 2022, the Regional Tax Commission of Lazio accepted the Office's appeal. The Company filed an appeal with the Court of Cassation in January 2024. As of today's date, a hearing to discuss this case has not yet been scheduled.

With reference to tax period 2013, with judgement 5567/2022, the Regional Tax Commission of Lazio rejected the Company's appeal. The Company presented a request for facilitated settlement of the dispute pursuant to article 1, paragraphs 186-202 of Law 107/2022. At present this dispute has been definitively resolved.

With reference to tax period 2014, with judgement 12424/16/2021, the Provincial Tax Commission of Rome rejected the Company's appeal. The Company presented a request for facilitated settlement of the dispute pursuant to article 1, paragraphs 186-202 of Law 107/2022. At present this dispute has been definitively resolved.

## ARSE

### Notice of liquidation for register taxes for tax period 2015.

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.

On 7 March 2016, the beneficiaries of the ARSE – Acea SpA, 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. The hearing was held on 9 June 2022 and Regional Tax Commission of Lazio, in decision 3450/2022, rejected the Office's appeal, with legal expense reimbursement. The deadline for the Office to file an appeal with the Court of Cassation expired on 29 January 2024 (as extended pursuant to Law 197/2022). At present this dispute has been definitively resolved.

## Acea Ato5 SpA

### Notice of assessment relative to tax periods 2013, 2014, 2015, 2016 and 2017 for IRES and IRAP for Acea Ato5 SpA, as a consolidated company and for IRES for Acea SpA as the consolidating entity.

The relevant local Revenue Agency in Frosinone, following a general tax audit carried out by the Guardia di Finanza, served separate notices of assessment for IRES and IRAP relative to tax periods 2013, 2014, 2015, 2016 and 2017, disputing the deductibility and taxability of various components of business income. With reference to the findings related to the lack of jurisdiction disputed for 2015, 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.

The IRES notices of assessment were also served to the parent company Acea as the consolidating entity in the tax consolidation agreement signed with Acea Ato5 SpA.

With reference to tax periods 2013 and 2014, the Provincial Tax Commission of Frosinone accepted the Company's defensive arguments and cancelled the notices related to IRES for years 2013 and 2014 and for IRAP for 2014, ordering the Agency to pay the costs. The Revenues Agency lodged an appeal. The Company entered an appearance at second instance.

The disputes for the years 2013 and 2014 were combined in an appeal and, after the relative hearing held on 26 February 2024, the case was adjourned for a decision.

With reference to tax period 2015, the first level Tax Court of Frosinone, with decision 414/2023, filed on 20/11/2023, combined the IRES and IRAP decisions and partially accepted the Company's arguments, partially annulling the notice of assessment. The Company took action to file an appeal, the deadline for which is still pending. With reference to tax period 2016, the first level Tax Court of Frosinone, combining the IRES and IRAP cases, with decision 413/2023 filed on 20 November 2023 annulled both of the findings contained in the notices, fully granting the Company's appeal. At present the deadline for an appeal available to the Revenue Agency is still pending.

With reference to tax period 2017, on 17 November 2023 notices of assessment for IRES and IRAP were received from the Revenue Agency. The Company has proposed a tax petition for compliance and assigned an attorney to defend it.

## Umbria Energy SpA

During 2016, the Customs Office of Terni issued various payment and penalty notices, for the years 2010 to 2012, claiming various non-payments of taxes (excise and additional taxes on electricity) and the erroneous completion of consumption declarations, for € 1,410 thousand relative to the Province of Perugia and for € 862 thousand relative to the Province of Terni. The Company 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.

In the face of these actions, a dispute arose which saw the Company lose at the first and second level, although with a partial reduction in the cited amounts. Therefore, the Company and the Customs Office have filed an appeal with the Court of Cassation.

Utilising facilitated settlement for the pending cases pursuant to Law 197/2022, the case pending with the Court of Cassation was settled through the payment of a single amount of € 401,156.33, without the payment of the penalties or interest. Due to this, the residual portion of the relevant provision for risks was released for € 598,843.67.

## OTHER ISSUES

### Acea Ato5

#### **Acea Ato5 - Injunction order for payment of € 10,700,000 and counterclaim to OTAA5 for concession fees**

On 14 March 2012, Acea Ato5 filed an application for an injunction, relating to the credit of €10,700,000 which had been granted to the Company by the OTAA in respect of the higher costs incurred during the 2003-2005 period.

Accepting the appeal, the Court of Frosinone issued Injunction Order no. 222/2012, enforceable immediately, notice of which was served to the Area Authority on 12 April 2012.

By notice dated 22 May 2012, the OTAA sent notice of its opposition to the injunction order, requesting the cancellation of the order and, as a precautionary measure, the suspension of its provisional enforcement. Moreover, as a counter-claim, it submitted a claim for the payment of concession fees totalling € 28,699,699.48.

Acea Ato5 appeared before the court in the proceedings against the injunction order, challenging the adversary's demands and in turn formulating a counter-claim for the payment of the entire amount of higher costs incurred by the Operator and originally requested, totalling € 21,481,000.00.

Following the hearing on 17 July 2012, the Judge – in an Order deposited on 24 July – suspended the temporary enforcement of the injunction order and adjourned the discussion of the merits of the case, also rejecting the request for the granting of an order for payment of the concession fees, made by the OTAA.

In its judgement number 304/2017, the Court of Frosinone:

- 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;
- 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;
- rejected the requests prepared subordinately (in the event that the Settlement Agreement had been declared invalid) by Acea Ato5 defence attorneys, intended to obtain recognition of the credit by the Area Authority;
- referred the case for pre-trial examination as regards the counter-claim formulated by the Area Authority 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.

This was followed by further payments by the Operator, but due to the credit/debit discrepancies between the parties, in April 2021 the court ordered an expert witness report. Following that, at the hearing on 15 December 2021 the Operator made a settlement proposal which was then rejected by OTAA 5.

In its order of 31 May 2023, the Judge also held that the debt had been paid off, based on the payments made by Acea during the proceedings. The court also identified a surplus payment by Acea Ato5,

equal to the difference between the sum owed (€ 26,313,251.50) and the sum effectively paid by Acea Ato5 (€ 28,690,662.85), amounting to approximately € 2,377,000.

Following this judgement, the Company adjusted its provision for risks by releasing the amount previously allocated. With reference to the interest recognised in the judgement, note that application of interest on arrears pursuant to Legislative Decree 231/2002 to the receivables due to EGATO5 in relation to concession fees is erroneous, both in and of itself and in the amount. Therefore, in line with the provisions of the Management Agreement and in particular article 30 of the Technical Specifications, the company has allocated the sum deriving from application of the rate at which liquidity is remunerated for EGATO - Euribor 3 month for the reference year plus 70 basis points - which at 31.12.2023 amounts to € 553,654.37.

In connection with these proceedings, the appeal must be considered against the judgement of the Court of Frosinone that revoked the Court Order of € 10,700,000, initially issued by said Court. The Court, after hearing the respective positions of the parties, adjourned the case to 20 November 2020 for the oral discussion and the delivery of the judgement pursuant to art. 281 sexies of the code of civil procedure. The case was then further adjourned until 10 July 2024, at the request of the parties.

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 SpA to the Court of Appeal of Rome, 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 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 its Conciliation Proposal sent to the parties on 27 November 2019 and currently being examined by the OTAA 5 Conference of Mayors, 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.

### **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. The Preliminary Hearing Judge, having withdrawn the reservation, issued an order whereby, with the exception of the associations “Free Monte” and “Codici Onlus”, all the parties allegedly harmed by the facts of the crime against the defendants were admitted.

Finally, at the instigation of several civil parties, the citation of Acea Ato5 and OTA5 Lazio Meridionale Frosinone as civilly liable was authorised. Ordered to be postponed until 18 February 2022. During the course of the hearing, Acea Ato5 was presented as the party liable under civil law, and the judge adjourned the hearing until 14 March 2022 to allow the Public Prosecutor and the civil parties to respond to the territorial jurisdiction issue put forward by the defendants’ defence.

At the hearing of 14 March 2022, the judge of the preliminary hearing rejected the question of territorial jurisdiction and adjourned the hearing to 28 March 2022 for the continuation.

Following the hearing held on 10 February 2023, the Judge for the Preliminary Hearing declared a lack of jurisdiction for the Court of Frosinone, in favour of the Court of Rome, to ascertain the following crimes:

1. Fraudulent financial statements;
2. Inhibiting the exercising of the functions of the public supervisory authority;
3. Tax crimes with reference to income taxes.

Following the Judge’s declaration of a lack of jurisdiction, the transfer of the documents to the public prosecutor’s office at the Court of Rome was ordered, so that they could proceed with the relevant determinations.

For all the other crimes, the Judge for the preliminary hearing issued a decision to not proceed, due to a lack of grounds.

### **Acea Ato5 - Lazio Regional Administrative Court appeal of contract termination**

With regard to the matter of the termination of the Management Agreement, various municipalities in OTA5 and OTAA5 have filed

two appeals 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.

It should be noted that the aforementioned appeals do not present any arguments of particular novelty or relevance with respect to what has already been submitted for the examination of the Court of First Instance, nor have the appellants proposed an application for interim relief. The Company has filed its formal documents with reference to both disputes, following which were issued the decisions of 11/10/2023, for the case identified by docket number 5833/2018 and that of 29/12/2023, relative to the case identified by docket number 05675/2018, both of which definitely rejected the appeals presented by the municipalities of the OTAA5 and the Area Authority.

### **Acea Ato5 - Municipality of Atina - City Council Resolution no. 14 of 17 April 2019**

Following the transfer of the management of the IWS of the Municipality of Atina to Acea Ato5, on 19 April 2018, the Municipality decided to “establish the optimal territorial sub/area called Atina Territorial Area 1, with reference to the 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 152/2006, declaring the Integrated Water Service “local public service without economic importance” (Municipal Council resolution no. 14 of 17 April 2019).

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 Operator, the Company has deemed it appropriate to file suit and is waiting for the hearing to be set.

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.

### **Acea Ato5 - Municipality of Anagni - Appeal to the Lazio Regional Administrative Court (Latina). Annulment of order to demolish treatment plant in the San Bartolomeo district of the Municipality of Anagni**

On 4 November 2021, with Executive Order no. 236/2021 the Municipality of Anagni ordered the demolition and removal of the Treatment Plant located in the San Bartolomeo district (Anagni) and the consequent restoration of the original condition of the places as they were before the work began. The local Council alleges that the said infrastructure was created in breach of art. 10 of Italian Presidential Decree 380/2001, given that the work is said to have been done without planning permission, and in breach of art. 24 of Italian Presidential Decree 327/2021, given the non-definition of the expropriation order with the due notification procedures. In ad-

dition, according to the Council the plant occupies an area covered by the constraint for sites of national interest (Hydrographic basin of the River Sacco). Against this measure the Company presented an application for access to the records, which was rejected by the Municipality.

At the same time the Company lodged an appeal with the Lazio Regional Administrative Court (RAC) – detached section of Latina – in order to obtain, as a precautionary measure, the suspension of the effectiveness of the measure appealed against and, on the merits, the acceptance of the application for access to the records and the cancellation of the executive order. With an order of 14 January 2022 the Lazio RAC accepted the precautionary application and set the hearing of the merits for January 2023. At the hearing on 11 January 2023, the Regional Administrative Court, based on a request by both parties, further postponed the matter until 7 June 2023.

On 24/07/2023 the Regional Administrative Court of Lazio, detached section of Latina, with decision 604/2023, on the presupposition that on 16/04/2023 a notice of conformity pursuant to article 36 of Presidential Decree 380 of 6/06/2001 had been presented, declared that the appeal could not proceed due to a supervening lack of interest.

### Acea Ato5 - Opposition to injunction by the Municipality of Fiuggi

In the Injunction ordered by the Court of Frosinone on 25 July 2013, the Municipality of Fiuggi was ordered to pay Acea Ato5 the sum of €185,685.00 in respect of unpaid bills for the supply of water to service users covered by 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 conciliatory agreement on 30 December 2021; the judgement will remain suspended in order to verify the fulfilment of the commitments undertaken. The case was thus adjourned until 19 December 2023 to allow verification of perfor-

mance of the obligations deriving from the settlement agreement. The activities were carried out in compliance with the schedule set in the settlement agreement. Therefore, at the hearing on 19/12/2023, the Judge, in line with article 309 of the Code of Civil Procedure, as the parties did not appear, ordered the case postponed to 27/03/2024.

### Acea Ato5 - Class actions under art. 140-bis of Legislative Decree 206/2005

On 17 May 2019 a summons was served initiating a class action under the terms of art. 140 bis of Italian Legislative Decree 206 of 2005 before the Court of Rome.

The action, started by the Cassino No Acea Committee, was launched against the Company in the interest of 729 users, in order to:

- ascertain the non-existence/nullity of contracts in being between the users and the Operator;
- ascertain the illegitimate application of the *pro die* method;
- declare not payable the sums requested for previous items;
- have the Company ordered to return any sums received.

On 5 November 2021, the Civil Court of Rome declared the class action brought by the NO Acea Committee to be inadmissible. The Committee then filed an appeal. In an order made on 17 February 2023, the Rome Court of Appeal amended the lower court's decision, while also indicating that it had not investigated the merits of the dispute; the appeal court found that the class action brought by the No Acea Committee was admissible and referred the case back to the Court of Rome.

On 12 June 2023, the case was assigned to the Civil Court of Rome, second section, which on 20/12/2023 issued the decision which defined the judgement in question and entirely rejected the claims made by the plaintiffs.

### Acea SpA - 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 said 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.

### Appeal Decision

On 26 April 2018, Milano '90 appealed, and with a decision issued 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.

With an appeal to the Court of Cassation notified on 21 September 2022, Milano '90 appealed the decision issued by the Rome Court of Appeal. Acea SpA filed a cross-appeal by the deadline and is waiting for the date of the hearing to be set.

### 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. Following the opposition proceedings brought by the third-party garnishee, on 25 March 2022 the sums assigned to Acea were paid. An appeal to the Court of Cassation by the third-party garnishee is now pending. The date for the hearing has not yet been set.

### Acea SpA - 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 (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 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 reference to the injunctions received in 2020, after the op-

position to the same was rejected, the workers' requests were accepted. In April 2022, Acea paid the salary differences and ancillary costs, reserving the right of reimbursement, and also filed an appeal which is still pending.

With regard to the appeals made in 2022, both sets of proceedings have been opposed. In a judgement dated 4 April 2023, Acea was ordered to pay the salary differences which were settled, reserving the right of reimbursement. The rulings have been appealed with the Rome Court of Appeal and the hearings have been set for 26 April and 10 May 2024.

Finally, note the introduction in July 2022 of an appeal pursuant to art. 414 c.p.c. by a fifth worker, whose requests were granted in a decision issued in December 2022. The ruling on the appeal proceedings started by Acea is still pending, with the next hearing set for 4 April 2024.

### Acea SpA - 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 SpA (which transferred its rights to Acea SpA), 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 has filed an appeal with the Court of Cassation. The hearing was held on 21 December 2023 and the decision of the Supreme Court has not yet been issued.

### Acea SpA and areti SpA - MP 31 Srl (formerly ARMOSIA MP Srl)

This is an opposition proceeding filed against the injunction issued by the Court of Rome against areti, in 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 19 September 2024.

### **areti SpA - Roma Capitale**

With the Executive Determination of 2 May 2005, the City of Rome, Municipio XII, assigned penalties to Acea Distribuzione, now Areti, for violation of article 26, paragraph 5 of the cables regulation (non-return of areas subject to works by the pre-established date, associated with work carried out by Acea Distribuzione in Municipio XII between 2003 and 2004) and, consequently, requesting that the company pay a total of € 9,990,000.00.

This provision was challenged through the Regional Administrative Court of Lazio, which annulled the same with decision 2238/2012. Roma Capitale appealed this decision with the Council of State, which in a decision dated 24 July 2020 granted Roma Capitale's appeal based on the important aspect of jurisdiction, held to fall under the Ordinary Court rather the Administrative Court.

Areti then appealed to the Supreme Court of Cassation, requesting the annulment of the appeal decision and confirmation of the Administrative Judge's decision. However, in an ordinance published on 7 November 2023, the Supreme Court rejected the appeal, confirming the jurisdiction of the Ordinary Court.

Having defined the issue of jurisdiction, on 6 February 2024 Areti therefore returned to the case before the Ordinary Court. The hearing has been set for 15 July 2024.

### **Acea SpA and Acea Ato2 SpA - CO.LA.RI.**

With a writ of summons served on 23 June 2017, the Consortium Co.La.Ri. and E. Giovi Srl – 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 pleas made by the parties, granted further postponements for the same impending. At the subsequent hearing on 26 April 2022, the Judge took the parties' requests under advisement and with a provision issued on 19 December 2023, lifting the reservation adopted, ordered a new investigation of the case and the appointment of a court-appointed expert. The hearing for the swearing in of the expert was held on 12 February 2024 and on the same occasion the date of 6 March was set for the start of the investigation. Another hearing was also set for 14 March for cross-examination and oral arguments.

### **Acea Ato2 SpA and Acea Ato5 SpA - 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 5 June 2024. A similar appeal was filed by Acea Ato5 and, in this case as well the hearing has been adjourned several times, due to the ongoing suspension of the contested measure and, in any case, the Region's ongoing investigation.

Media Sabina (insert dispute)

### **Acea Ato2 SpA – Parco dell'Aniene Scarl**

#### **Civil Judgement**

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 designated Judge, who initially considered that the claim of a lack of jurisdiction proposed by Acea was sufficient to define the case, set the hearing for definition of the conclusions. 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 declared the administrative court had jurisdiction.

Noting the provision of the Supreme Court, with a decisive ordinance of 15 November 2022, the Judge declared it was impossible to proceed with the civil judgement proceeding.

#### **Administrative Judgement**

With an appeal filed on 23 November 2021, Parco dell'Aniene Scarl resumed the case before the Regional Administrative Court of Lazio.

Acea Ato2 appeared as appropriate, requesting inclusion of the insurance companies already involved in the civil judgement case in the cross examination. At present we are awaiting the scheduling of the hearing.

## Acea Ato2 SpA - 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 legitimation. 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.

The Municipality appealed that decision before the United Sections of the Court of Appeal. The proceedings ended with a dismissal order made on 5 April 2023 and an appeal for Rectification made to the Higher Court for the Public Water supply (TSAP) which recently adjourned the hearing until 20 September 2023. As of today the judgement has not been issued.

## Acea Ato2 SpA - Enel Green Power Italia Srl

With an appeal of 27 July 2020, Enel Green Power Italia Srl (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 Farfa 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 interest, in that it was not due from Acea Ato2.

With a decision on 14 November 2022, the TRAP, granting the exception raised by Acea Ato2, declared its lack of jurisdiction in favour of the Civil Court of Rome, setting a deadline of 90 days for resumption.

In a writ of summons served on 25 January 2023, EGP reinstated the proceedings before the Court of Rome. The first hearing was held on 1 February 2024 and the Judge set the deadline for briefs, postponing the hearing to 9 January 2025.

## Acea Ato2 SpA and Acea Produzione SpA - Erg Hydro Srl

With separate appeals, notified on 10 March 2021, Erg Hydro Srl summoned Acea Ato2 and Acea Produzione 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.

In November 2021, a court-appointed expert was assigned to quantify the indemnity due by Acea Ato2 for the lower voltage of Peschiera.

The report issued in July 2022 confirmed the accuracy of the lower voltage calculations prepared by Acea Ato2 and the hearing to examine the expert's report was most recently postponed to 21 March 2023. A hearing before a panel of judges was set for 21 November 2023, later postponed to 19 November 2024.

## Areti SpA - GALA SpA

In November 2015, Areti signed a transport contract for the electricity distribution and metering service with Gala SpA, a company that sells electricity to end users.

Starting in March 2017, Gala SpA fully cased paying the fees invoiced and due to Areti. Protecting its rights as a creditor, on 7 April 2017 Areti began enforcement of the guarantees issued by Gala SpA and later, the non-fulfilment of the obligations deriving from the contract being disputed by both Gala SpA and the guarantors, the termination clauses found therein were utilised. This led to a series of disputes. Note that on 3 February 2023, Gala SpA filed a request to begin a composition with creditors procedure to resolve the crisis and, following negotiations under this procedure between Gala, areti and e-Distribuzione SpA, an agreement was reached to finalise the debtor amounts against the crystallisation of Gala's crisis, stipulated on the basis of the Redevelopment Plan signed by the independent expert appointed by the Commission established by the Rome Chamber of Commerce, pursuant to Legislative Decree 14/2019. The agreement was formalised on 2 February 2024 and also required the renunciation of the disputes indicated above.

### Judgement filed by the guarantor Euroins Insurance plc

In July 2017, Euroins Insurance plc, a guarantor of GALA, introduced an assessment proceeding to declare the non-existence of its own guarantee obligation. 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 € 5.0 million 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, directly paying areti the sum of € 5.0 million plus legal interest.

On 8 June 2021, GALA paid the amount indicated in the judgement of its own accord, paying Areti a total of € 5,058,986.30, reserving plus legal interest (for € 58,986.30), reserving the right of objection and reimbursement of the amount unduly paid, also in respect of the claims made in the parallel civil proceedings between GALA and Areti.

GALA's summons on appeal was served on 10 December 2021 and the hearing has been postponed to 22 June 2026 for the oral discussion.

Following the payment, the judgement will be resolved pursuant to articles 181 and 309 of the Code of Civil Procedure.

### GALA's summons to areti, Acea Energia and Acea

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 over € 200 million.

GALA also asked the court to find that the conduct of Areti and the other defendants (Acea and Acea Energia) amounted to unfair competition and/or abuse of dominant position, and that they be ordered to pay damages.

The defendants filed an appearance by the legal deadline, rejecting the adverse party's claims and asking that they be dismissed.

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.

In a judgement dated 15 June 2023, in accepting the defence arguments of Areti, Acea SpA and Acea Energia, the Court of Rome dismissed all the arguments made by GALA and upheld the counter-claim of areti, declaring the transport contract terminated and ordering GALA to pay the sums requested as compensation in the counter-claim, plus interest. The company was also ordered to reimburse Acea, Areti and Acea Energia for the cost of the proceedings.

Both areti (limited to a marginal aspect) and Gala have filed an appeal against this judgement.

Following the payment, the judgement will be resolved pursuant to articles 181 and 309 of the Code of Civil Procedure.

### areti SpA - Metanewpower in liquidation (MNP)

In November 2015, in its capacity as operator of the electricity distribution network, Areti entered into a transport contract with

MNP, which operates in the sale of electricity to end users, a contract the seller repeatedly breached.

Two cases arose: one regarding the legitimacy of the system of guarantees required from the distributor for non-payment of system charges, regardless of effective collection from the final customer, with MNP requesting damages of around € 34.0 million and an additional case disputing the validity of the contractual clauses. Both cases were concluded in areti's favour, respectively with decisions on 27 July 2022 and 24 March 2023, ordering MNP to pay court costs. The cases have now been defined.

### 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.

### GORI SpA - Consorzio di Bonifica Integrale del Comprensorio Sarno

With decision 7271/2021 of 7 September 2021, the Court of Naples, XII Civil Section, rejected the request made by Consorzio di Bonifica Sarno to condemn GORI SpA to payment of around € 21 million as consortia expenses relative to the period from 2008 to 2016, based on the fact, briefly, that the Consortia did not provide evidence (above all due to the uncertainty of the data and the lack of documentation produced) of the direct benefits, thereby economically calculable, received by GORI for the use of the consortia channels, with the effect of "impossibility to identify certain data and quantify precisely and without doubt the contribution due by the Company". The Consorzio di Bonifica del Comprensorio Sarno appealed the decision and the Court of Appeals of Naples referred the case for the specification of conclusions to the hearing on 17 September 2024.

### AGCM Proceeding PS12458 - Acea Energia SpA

On 18 October 2022, Acea Energia received a communication in which AGCM requested information about so-called "unilateral contract amendments". On 4 November 2022, the Company provided a response to AGCM relative to the requested information and, on 12 December 2022, held it expedient to send a second communication with further details to demonstrate the compliance of its actions with that established in article 3 of the Aid-bis Decree Law.

That being established, on 13 December 2022 AGCM informed Acea Energia of the start of the proceeding and also notified the Company of a precautionary measure which, given the grave and irreparable harm deriving from complementation of the same, Acea Energia promptly appealed with the Regional Administrative Court of Lazio. As a consequence of the new case law and legislative changes made in this area, on 30 December 2022 AGCM adopted

a second precautionary measure in relation to Acea Energia, partially revoking the measure imposed on 12 December 2022.

In the order made on 8398 of 17 May 2023, the Regional Administrative Court of Lazio set aside the interim measures made by AGCM in the case numbered PS12458. On 4 September 2023, AGCM notified Acea Energia of the appeal filed against the decision of the Regional Administrative Court of Lazio and on 4 October 2023 Acea Energia filed its counter appeal.

Subsequently, in a meeting on 31 October 2023, the Authority issued a penalty provision to conclude the proceeding. In particular, reducing the claims initially made, AGCM deemed as worthy of penalties and hence improper, due to violation of articles 24 and 25 of the Consumer Code, the following two actions by the Company:

- A. the communication and consequent application to the customer of unilateral changes in the contractual economic conditions, not corresponding with the expiration of the said conditions, with reference to article 3 of the Second Aid Decree;
- B. having held and responded to user complaints that these changes would be finalised after just ten days after the relative communication was sent.

Therefore, in the light of the above, the practices implemented by Acea Energia, specifically the two described above (A and B) constitute, in AGCM's opinion, a violation of articles 24 and 25 of the Consumer Code.

Due to the gravity and duration (indicated by AGCM as from 10 August 2022 to 17 May 2023, 281 days) of the infraction, the Authority applied a monetary administrative sanction in the amount of € 560 thousand, paid by Acea Energia in November 2023.

Note that the Authority's order did not contain a warning to stop and/or not continue the conduct sanctioned, nor did it set a deadline for Acea Energia by which to send a report on compliance.

On 13 January 2024 the Company filed an appeal with the Regional Administrative Court against the sanction provision.

## Appeals relative to Excess Profits - Acea Ambiente Srl, Acea Produzione SpA, Acea Energia SpA and Acea Solar Srl

### 1. Temporary solidarity contribution for 2022 (Article 37 of Decree Law 21/2022, 21 March 2022)

With reference to the contribution in question, based on the assumption that a significant part of the taxable base identified for the companies of the Acea Group cannot be seen as excess profits intended to be taxed by lawmakers, but rather to extraordinary operations, Acea Ambiente Srl, Acea Produzione SpA, Acea Energia SpA and Acea Solar Srl filed distinct appeals with the Regional Administrative Court of Lazio, in all cases also seeing to payment of the respective advances, to cancel the implementation provision with which the Revenue Agency determined the amounts, also declarative, and the methods for paying the contribution (Director of the Revenue Agency Provision 221978/2022 of 17 June 2022).

The request made is intended to cancel the appealed provision, by returning the question of legitimacy to the Constitutional Court relative to article 37 of Decree Law 21/2022.

With decisions published on 16 and 17 November 2022, the four appeals filed by the companies of the Group, together with appeals presented by other operators outside of the Group, were declared

inadmissible due to an absolute lack of jurisdiction over the appealed provision. Separate appeals were filed with the Council of State.

With reference to the appeals made by Acea Ambiente and Acea Solar, due to the changes made by the 2023 Stability Law to Article 37 of Decree Law 21/ 2022, which restricted the obligation to pay the extraordinary contribution solely to those cases where at least 75% of the volume of business for 2021 derived from operations in the energy sector, declarations have been filed to indicate the supervening absence of interest in the decision on the appeals made. The Council of State thus declared the appeals inadmissible for that reason.

With regard to the appeals filed by Acea Produzione and Acea Energia, in judgements dated 28 March 2023 the Council of State recognised the jurisdiction of the Administrative Court and the cases were therefore taken up with the Regional Administrative Court of Lazio. At the same time, in May 2023 the Revenue Agency filed an appeal with the United Sections of the Court of Cassation, on jurisdictional grounds. With a decision of 19 October 2023, the United Sections of the Court of Cassation confirmed jurisdiction for the administrative court with respect to the appeals filed by Acea Energia and Acea Produzione and the cases with the Regional Administrative Court were begun again, which had been suspended with an order issued on 22 June 2023 while awaiting the Supreme Court's decision. The Regional Administrative Court of Lazio has not yet set a date for the hearing.

### 2. Temporary solidarity contribution for 2023 (Article 1 paragraphs 115-121 of Law 197 of 29 December 2022): Acea Produzione

With reference to this contribution, on the assumption that through Article 1 paragraphs 115-119 of Law 197 of 2022 the Italian government introduced a third solidarity contribution – in addition to the one introduced in Article 37 of Decree Law 21/2022 and Article 15-bis of Decree Law 4/2022 – which in fact pursues the same aim, namely to target any extra profits earned in the year 2022 (even though the payment of this second contribution will be made in 2023). Pursuant to this provision of the Budget Law, a “solidarity contribution” was established in 2023, for 50% of 2022 income which exceeds by at least 10% the average of total income achieved between 2018-2021. The amount of this contribution cannot exceed 25% of shareholders' equity as of the reporting date in the year prior to that in effect at 1 January 2022. This tax on extra profit applies to companies that generate at least 75% of their revenue from business in the sectors of production and resales of energy, gas and petroleum products.

Acea Produzione has filed an appeal with the Regional Administrative Court of Lazio to annul the following Revenue Agency publications: Circular No. 4/E of 23 February 2023; Resolution No. 15/E of 14 March 2023; Provision no. 55523 of 28 February 2023.

The court was asked to set aside the appealed decisions after finding that there is a conflict between Italian law and EU law and/or after referring the matter under article 267 of the TFEU, before the European Court of Justice and/or the Constitutional Court, relative to Article 1 paragraph 115-119 of Law No. 197 del 2022. The hearing on the merits was set for 21 November 2023 and with an ordinance of 16 January 2024, the question of constitutional legitimacy raised by Acea Produzione was submitted to the Constitutional Court. The case is consequently suspended until the decision is issued.

(insert obligatory paragraph on restitution Third Aid Decree)

## Acea Ambiente Srl - Disputes relative to the procedure to develop the San Vittore “fourth line”

Against Lazio Region Determination G09041 of 12 July 2022, regarding the “Environmental Impact Valuation Proceeding pursuant to article 27-bis of Italian Legislative Decree 152/2006, as amended, for the “Systems and environmental adaptation for the San Vittore del Lazio waste to energy plant with creation of a fourth line”, in the Municipality of San Vittore del Lazio (prov. Frosinone), localities Valle Porchio, Proposing Entity Acea Ambiente, 5 administrative appeals have been filed, with Acea Ambiente as a counterparty.

The subsequent administrative provisions issued by the Region are the Integrated Environmental Authorisation (AIA) of 26 October 2022 and the Single Regional Authorisation Provision (PAUR) of 28 October 2022.

i. **Lamberet SpA** - Appeal to the Lazio Regional Administrative Court - Rome, served on 10 October 2022.

No appeals for additional reasons appear to have been filed against the subsequent authorisation provisions (AIA and PAUR). A date for the hearing has not yet been set.

ii. **Municipalities of Rocca d’Evandro, Magnano Monte Lungo, San Pietro Infine and Associazione Ambientalista Fare Verde Onlus** - Appeal to the Lazio Regional Administrative Court - Latina, served on 10 October 2022.

On 27 December 2022, an appeal for additional reasons was filed, with reference to the AIA and PAUR. The appeal includes a precautionary request and the hearing for discussion of suspension was held on 22 February 2023. The precautionary request was rejected. Subsequently, the Latina Regional Administrative Court set the hearing to discuss the request for a court-appointed expert filed by the appellants for 10 May 2023. In an order of 15 May 2023, the Regional Administrative Court of Lazio dismissed both the request of the court-appointed expert witness and the plaintiffs’ application for the joining of proceedings, reserving the right to consider these requests at a later stage in the proceedings. A date for the hearing on the merits has not yet been set.

iii. **Municipality of Cassino** - Appeal to the Lazio Regional Administrative Court, Latina, served on 11 October 2022.

No appeals for additional reasons appear to have been filed against the subsequent authorisation provisions (AIA and PAUR). A date for the hearing has not yet been set.

iv. **Siefic Calcestruzzi Srl and Siefic SpA**: Appeal to the Regional Administrative Court of Lazio (Rome), served on 13 October 2022.

On 13 January 2023, an appeal with additional reasons was served, against the AIA and the PAUR, accompanied by a precautionary request. A closed session was held on 8 February 2023. Following this, the Lazio Regional Administrative Court, Rome, ordered transfer of the files to the Court of the Regional Administrative Court of Lazio to make the decision on the exception for lack of jurisdiction raised by Acea. In an order of 14 March 2023, the Regional Administrative Court of Lazio (Latina) was declared competent. In an order of 9 June 2023, the Regional Administrative Court of Latina, in accepting the plea of late filing raised in the interests of Acea, declared the appeal unacceptable based on additional grounds, and that the main appeal was not admissible. On 16 June 2023, a notice of appeal was served with an interim application. With an ordinance on 7 July 2023, the Council of State rejected the precautionary request made by Siefic and the hearing on the merits is set for 7

March 2024.

v. **Municipality of San Vittore del Lazio** - Appeal to the Regional Administrative Court of Lazio, Latina, served on 16 October 2022. Appeals for additional reasons against the PAUR and AIA were served on 23 December 2022. A date for the hearing has not yet been set.

## Acque Blu Fiorentina SpA vs. Publiacqua SpA and others

Publiacqua SpA is a public/private company that operates the integrated water service in Tuscany through a concession, OTA no. 3 Medio Valdarno. It is 60% held by the municipalities making up the OTA in question and 40% by Acque Blu Fiorentina SpA (ABF), in which, in turn, Acea SpA holds a 75% stake. Publiacqua’s concession is in effect until 31 December 2024.

Relations between ABF, a private shareholder, and the public shareholders, have been governed over time not just by the articles of association but also through shareholders’ agreements which dictate the governance of the company and called for, to protect the public shareholders, special rules in the case of a decision making deadlock, which may provide the possibility of exercising a purchase option relative to the private shareholders’ shares.

Aiming at regional consolidation of public services, starting in 2020 certain Tuscan businesses established the Tuscan multi-utility Alia Servizi Ambientali. In this context, the public shareholders of Publiacqua began a series of actions intended to remove the shareholder ABF from Publiacqua’s shareholding structure, which culminated in the annulment of the shareholders’ agreement. This led to a series of disputes, some filed with urgency.

While awaiting the rulings against the actions carried out by the public shareholders, the latter:

- transferred the shares held by various municipalities in favour of the multi-utility Alia Servizi Ambientali, which in this way became a shareholder of Publiacqua;
- invoked the “decision making deadlock” with reference to the shareholders’ agreement and gave notification that it would exercise its purchase option for the Publiacqua shares held by ABF.

At present, in particular in terms of the second point, the case filed by ABF is still pending with the Court of Florence, which summoned Publiacqua and its public shareholders with the intent of declaring the illegitimacy of the request intended to force ABF to transfer to the public shareholders the stake held by ABF in Publiacqua’s share capital.

The first hearing, to allow the summons of additional parties, was most recently postponed to 16/11/2023. Following that hearing, the judge granted the parties the deadlines pursuant to article 183, paragraph 6, Code of Civil Procedure and set a hearing for 21/3/2024.

## Acque Blu Arno Basso SpA vs. Acque SpA and others

Acque SpA is a public/private company that operates the integrated water service in Tuscany through a concession, OTA no. 2 Basso Valdarno. It is 55% held by the municipalities making up the OTA in question, with the remaining 45% held by Acque Blu Arno Basso SpA (ABAB), in which, in turn, Acea SpA holds a 86% stake. Acque’s concession is in effect until 31 December 2031.

Relations between ABAB, a private shareholder, and the public shareholders, have been governed over time not just by the articles of association but also through shareholders’ agreements which dictate the governance of the company and called for, to protect

the public shareholders, special rules in the case of a decision making deadlock, which may provide the possibility of exercising a purchase option relative to the private shareholders' shares.

Back in 2019, the public shareholders formerly annulled the shareholders' agreements and in July 2021 formalised the exercising of the purchase option.

ABAB consequently began a series of legal actions to protect its interests, with the aim of preventing the transfer to the public shareholders of ABAB's equity investment in Acque.

In the context of the case, the public shareholders filed a request to appoint an arbitrator pursuant to article 1349 of the Civil Code, to determine the price due in the case the disputed option right were to be exercised. Following the filing of the preliminary pleadings, the

judge (i) appointed the arbitrator; (ii) requested a court-appointed expert to determine the price in the case one was not identified by the third party; (iii) set an attempt for conciliation.

The dispute, after the filing of the consultation and clarification documents provided by the court-appointed expert, the hearing on 11/12/2023 was postponed for the hearing for final arguments on 1/7/2024.

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 34 a on the Provision for risks and charges).

These allocations represent the best estimate possible based on the elements available today.

# ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

## CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the breakdown of financial assets and liabilities required by IFRS 7 based on the categories defined by IAS 39.

€ thousand	FVTPL	FVTOCI	Amortised cost	Balance sheet value	Explanatory notes
<b>Non-current assets</b>	<b>26,881</b>	<b>0</b>	<b>0</b>	<b>26,881</b>	
Other equity investments	8,029	0	0	8,029	21
Total non-current financial assets	18,852	0	0	18,852	23
<b>Current assets</b>	<b>0</b>	<b>22,352</b>	<b>2,048,933</b>	<b>2,071,284</b>	
Trade receivables	0	0	1,213,200	1,213,200	26
Payables arising from commodity derivatives	0	22,352	0	22,352	26
Total current financial assets	0	0	487,251	487,251	29
Other current assets	0	0	348,482	348,482	27
<b>Non-current liabilities</b>	<b>0</b>	<b>161,342</b>	<b>4,530,530</b>	<b>4,691,872</b>	
Bonds	0	161,342	3,777,833	3,939,174	35
Payables to banks	0	0	752,698	752,698	35
<b>Current liabilities</b>	<b>0</b>	<b>1,361</b>	<b>3,224,037</b>	<b>3,225,398</b>	
Short-term bonds	0	0	641,387	641,387	37
Payables to banks	0	0	115,562	115,562	37
Other financial payables	0	0	150,743	150,743	37
Payables from commodity derivatives	0	1,361	0	1,361	38
Total trade payables	0	0	1,750,473	1,750,473	38
Other liabilities	0	0	565,871	565,871	40

## FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of securities not listed on an active market is determined using the valuation models and techniques prevailing on the market or using the price provided by several independent counterparties.

The fair value of medium/long-term financial assets and liabilities is calculated on the basis of the risk less and the risk less adjusted interest rate curves.

It must be noted that for trade receivables and payables with contractual expiry within the financial year, the fair value has not been calculated as their book value approximates the same.

In addition, fair value is not calculated when the fair value of financial assets and liabilities cannot be objectively determined.

## TYPES OF FINANCIAL RISKS AND RELATED HEDGING ACTIVITIES

### 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.

### 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 SpA ensures the analysis and measurement of exposure to market risks, interacting with the Energy Management Unit of Acea Energia SpA, 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 SpA “Guidelines for the Internal Control and Risk Management System” and Acea SpA “Guidelines for Risk Management For Commodity Trading in Futures Markets”, approved by the Board of Directors on 14 March 2022, as well as 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 SpA’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.

Commodity trading on futures markets is intended to satisfy expected needs deriving from electricity and gas sales contracts relative 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 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.

The objectives and policies for market risk, counterparty credit risk and regulatory risk management are detailed in the relevant section of the Report on Operations, to which reference is made.

It should be noted that the hedges effected on the purchases and sales portfolio were conducted with leading operators in the electricity market and the financial sector. Below, in accordance with former article 2427-bis of the Italian Civil Code, is the information necessary for the description of transactions carried out, aggregated by hedged index, effective as of 1 January 2024.

Instrument	Table of Contents	Purposes	Purchases/Sales	Fair value € thousand	Portion recognised to shareholders' equity	Portion recognised in the income statement
Swap. CFD	Energy_IT	Hedging Energy portfolio	Electricity sales	20,804	20,804	0
Swap. CFD	Gas_IT	Hedging Gas portfolio	Purchase of natural gas	187	187	0

The Group determines the classification of financial instruments at fair value, in accordance with the provisions of IFRS 13. The fair value of the assets and liabilities is classified in a fair value hierarchy that envisages three different levels, defined as follows, according

to the inputs and valuation techniques used to measure fair value:

- level 1: prices listed (not adjusted) on a market for identical assets and liabilities;
- level 2: inputs other than listed prices pursuant to level 1, which

can be observed for the asset or liability, both directly and indirectly;

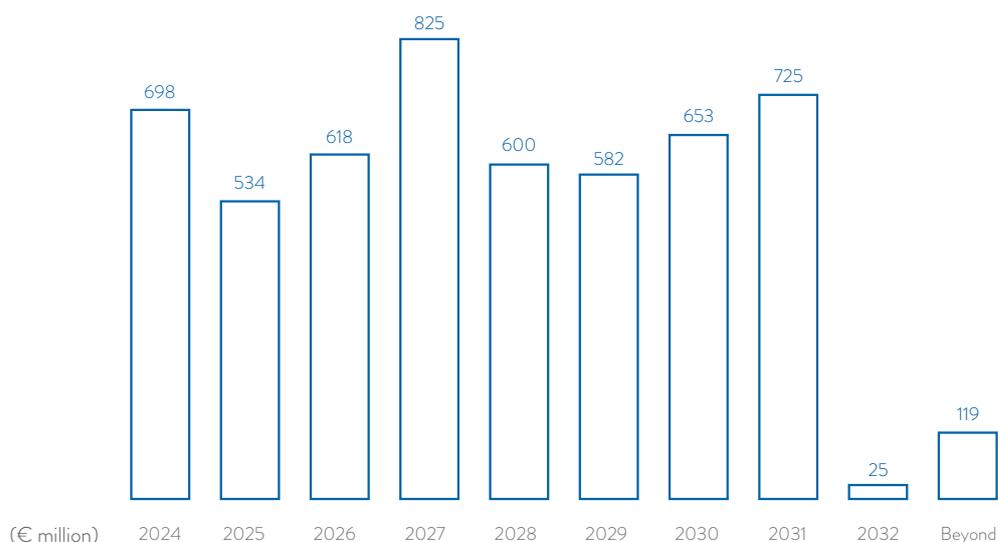
- level 3 - inputs not based on observable market data. This note provides some detailed information on the valuation techniques and inputs used to prepare these valuations.

With regards to the type of derivatives for commodities for which fair value is determined, note that this is fair value level 1 as they are listed on active markets;

Finally, it should be noted that, as of 2014, the Group has applied the rules laid down in EC regulations 148 and 149/2013 (jointly and together with Regulation 648/2012, EMIR) and is currently defined as NFC - (Non-Financial Counterparty).

## Liquidity risk

Acea's liquidity risk management policy is based on ensuring the availability of significant bank lines of credit. Such lines exceed the average requirement necessary to fund planned expenditure and enable the Group to minimise the risk of extraordinary outflows. In order to minimise liquidity risk, the Group has adopted a centralised treasury management system, which includes the most important Group companies, and provides financial assistance to the companies (subsidiaries and associates) not covered by a centralised finance contract.



Regarding the trade payables (€ 1,750.6 million) it should be noted that the portion which is due to expire in the next twelve months amounted to € 1,658.6 million. The amount already expired of € 92.1 million will be paid by the first quarter of 2024.

## Interest rate risk

The Acea Group's approach to managing interest rate risk, which takes the structure of assets and the stability of the 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 Group's approach to managing interest rate risk is, therefore, prudent and the methods used tend to be static in nature.

At 31 December 2023 the Parent Company has uncommitted credit lines of € 425 million, of which € 21 million utilised. In the event of the drawdown of these types of facilities, Acea would pay an interest rate equal to the Euribor at one, two, three or six months (depending on the chosen period of use), in addition to a spread that, in some cases, may vary according to the rating assigned to the parent company. Acea also has committed revolving lines for € 700 million, with an average residual maturity of around 2.9 years. No guarantees were granted in obtaining these lines.

Additionally, on 6 July 2023 Acea signed the contract for the first tranche of € 235 million from the EIB loan to support a portion of the Acea Ato2 investments (Acea Water Sector IV), not utilised at 31 December 2023. At the end of the year the Parent Company has commitments in short-term deposit transactions for an amount of € 330 million.

Please note that the EMTN Programme approved and established in 2014 for an initial amount of € 1.5 billion, adjusted upwards for a total of € 5 billion in 2021, was available in a residual amount of € 600 million at 31 December 2023. Note that in the first two months of 2023, Acea placed bonds totalling € 700 million.

The graph below depicts the future development of all debt maturities, forecast based on the situation at the end of the year.

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.

An analysis of the medium/long-term consolidated debt position shows that the risk Acea is exposed to is mainly in the form of fair value risk, being composed of hedged fixed rate borrowings (91%) as at 31 December 2023, and to a lesser extent to the risk of fluctuations in future cash flows.

Acea is consistent with its decisions regarding interest rate risk management that essentially aims to both control and manage this risk and optimise borrowing costs, taking account of Stakeholders' interests and the nature of the Group's activities, and based on the prudence principle and best market practices. The main objectives of these guidelines are as follows:

- identifying, from time to time, the optimal combination of fixed and variable rates;
- to pursue a potential optimisation of borrowing costs within the risk limits established by governance bodies and in accordance with the specific nature of the business;
- to manage derivatives transactions solely for hedging purposes, should Acea decide to use them, in respect of the decisions of

the Board of Directors and, therefore, the approved strategies and taking into account (in advance) the impact on the income statement and Statement of Financial Position of said transactions, giving preference to instruments that qualify for hedge accounting (typically cash flow hedges and, under given conditions, fair value hedges).

A cross currency plain vanilla swap operation is in being as of 31 December 2023 on Acea. This was entered into in 2010 to transform into euro the currency of the Private Placement (yen) and the yen rate applied into a fixed rate in euro.

The derivative instrument contractualised by Acea listed above is of the non-speculative type and the fair value, calculated according to the bilateral method, is a negative € 32.9 million (a negative € 18.0 million at 31 December 2022).

The fair value of medium/long-term debt is calculated on the basis of the risk-free and the risk-adjusted interest rate curves.

Loans € thousand	Amortised cost (A)	Risk-less FV (B)	Delta (A - B)	Risk adjusted FV (C)	Delta (A - C)
Bonds	4,580,562	4,470,918	109,644	4,346,761	233,801
- fixed rate	260,773	264,049	(3,276)	254,646	6,127
- floating rate	405,705	434,545	(28,840)	418,426	(12,721)
- floating rate cash flow hedge	191,670	193,490	(1,821)	189,088	2,581
<b>Total</b>	<b>5,438,709</b>	<b>5,363,002</b>	<b>75,707</b>	<b>5,208,920</b>	<b>229,789</b>

This analysis was also carried out with the risk adjusted curve, i.e. a curve adjusted for the level of risk and the business sector of Acea. A curve populated with fixed rate bonds denominated in euro, issued by domestic companies in the public utilities sector with a composite rating ranging from BBB+ and BBB- was used.

A sensitivity analysis has been carried out on medium/long-term financial liabilities using stress testing, thus applying a constant spread over the term structure of the «risk adjusted» interest rate curve.

This makes it possible to evaluate the impact on fair value and on future Cash Flows for both the individual instruments in the portfolio and the overall portfolio.

The following table shows the overall fair value changes of the debt portfolio based on parallel shifts (positive and negative) between -1.5% and +1.5%.

Constant spread applied	Changes in present value € million
-1.5%	(422.0)
-1.0%	(313.8)
-0.5%	(209.0)
-0.25%	(157.9)
n.s.	0.0
0.25%	(57.9)
0.5%	(9.1)
1.0%	86.2
1.5%	178.7

With regard to the type of hedging of which the fair value is determined and with reference to the hierarchies required by the IASB, it should be noted that, since these are composite instruments, the level is type 2 and that during the period there were no reclassifications from or to other levels of fair value as defined by IFRS13.

## Credit risks

As already indicated in the general part of the Report on Operations to which you are referred, Acea issued in July 2019 the guidelines of the Group Credit Policy and the "Scoring and customer credit limit" procedure, which defines the methods for preventing credit risk (hereinafter "Credit Check") on non-regulated markets.

The guidelines of the Credit Policy, of a general nature, based on the principle of decentralising the credit activities within the companies, identify, on the basis of a Governance matrix, the responsibilities of the Parent Company and those of the operating companies.

Based on the above guidelines, the companies are responsible for the operational management of active and discontinued loans of the entire receivable portfolio, with the exception of customers of a significant amount managed by Corporate Credit through law firms identified together with the General Counsel Department. For the authorised companies, the Collection Unit of Administration, Finance and Control proceeds, on appointment of the same, to recovery through tax injunctions.

The Corporate Credit Unit monitors the performance of receivables on an ongoing basis and provides periodic management reports by segment and by company.

The following table shows the credit risk management of the main business areas of the group by number of customers/turnover.

Relative to the **areti**, the credit component managed by the Company that indicates a possible risk factor is that invoiced to operators for sales activities relative to transportation of energy on the distribution network, for performances carried out for end customers and general system charges (these latter in turn paid to CSEA or the GSE). This risk was mitigated by regulatory changes implemented by ARERA, which introduced mechanisms for recognising amounts not collected.

Relative to the companies in the **Commercial and Trading Segment**, for supplies of electricity and gas on the free market, preventive credit risk identification is done through a credit scoring system, integrated into the user management system, allowing for real time assessment of the creditworthiness of potential clients when they are acquired:

- with regard to Mass Market and Small Business customers, the Credit Check system integrated in the CRM is directly usable by Acea Energia and the commercial agencies appointed thereby. Specific scorecards have been defined to identify customers that are potentially unsuitable for the supply of electricity or gas, as they have a risk profile that is not in line with company standards;
- with reference to Large and Top customers, the investigation is performed in Acea SpA using a dedicated platform with specific workflows that support the timely analysis of prospective customers, thanks also to the availability of updated accounting and commercial information.

Acea Energia uses the invoicing system both to manage credit relative to active users on the protected market and to manage credit for customers active on the free market, while receivables due from ceased customers are managed with dedicated software.

In the past two years in and out of court collection has been strengthened, improving performance and quality for “small-ticket” receivables through master legal and collection agencies managed by Acea Energia, thereby utilising services offered by market operators for large-scale credit collection.

On the management side, activities successfully continued for the collection matching process, acting both on the collection channels and the application systems, and with regard to the number of dedicated employees.

The “large-ticket” customers that have ceased to be “large-ticket” customers following an internal collection process set up by Acea Energia are transferred to the Acea Corporate Credit Unit in the event of an unsuccessful outcome of the recovery, which then entrusts them in packages with uniform characteristics to law firms contracted by the General Counsel Department.

Law firms are assessed on the basis of their recovery performance and are engaged in proportion to the results achieved.

With regards to **companies in the Water Segment**, it should be remembered that the Galli Law, which grants a single operator a thirty-year concession for the integrated water service in the Optimal Territorial Area, created a local monopoly in the management of this service.

These features of the water market are reflected when measuring credit risk which mainly applies to certain types of insolvency, in particular:

- receivables subject to tender procedures;
- receivables linked to termination of accounts without the creation of a new contractual relationship;

- receivables linked to special social situation, in which the operator due to reasons of public order and/or regional issues is not able to apply the typical risk protection instruments.

Essentially, users, also in typical cases when liquidity is lacking, tend to comply with their commitments relative to a primary service such as water, meaning the operator has risk of a mainly “financial” nature, that is associated with payment trends that tend to be slower on average with respect to trade receivables.

Legislators have taken action multiple time to adopt measures intended to limit late payments, in particular the recent resolution ARERA 311/2019/R/Idr which published the REMSI provision, which contains the provisions for regulating late payments for the integrated water services (REMSI), as of 1 January 2020. This provision was subsequently amended with the resolution of 17 December 2019, 547/2019/R/Idr, with resolution 26 May 2020, 186/2020/R/Idr and resolution 16 June 2020, 221/2020/R/Idr. In this context, the Companies, consistent with the guidelines of the Acea Group’s credit policy, have identified different strategies that follow the Customer Care philosophy, based on the fundamental presupposition of a direct relationship with users, as a distinctive element in creating an efficient process to constantly improve the net financial position.

Implementation of credit risk management strategies starts with a macro-distinction between public sector end users (Municipalities, public administrations, etc.) and private sector end users (industrial, commercial, condominium, etc.), given that said categories present different levels of risk, in particular:

- low risk of insolvency and high risk of late payment for public sector end users;
- variable risk of insolvency and late payment risk for private sector end users.

With reference to amounts due from “public” users, these are managed through specific phone collection actions, with a residual portion converted to cash through without recourse factoring with financial partners and/or the offsetting of receivables and payables and settlement agreements.

Management of credit relative to “private” users involves a series of targeted action which range from amicable payment reminders, specific notices for condominium customers, formal notice of arrears, assignment to specialised or internal collection services via telephone, through to disconnection of defaulting end users, factoring and assignment to legal studies for collection of credit via the courts.

These actions are carried out with methods and schedules governed by the REMSI provision.

Note that Ministry of Economy and Finance Decrees authorise Acea Ato2, Acea Ato5 and GORI are authorised to make use of forced collection and hence can directly issue tax injunctions and, in the case of persistent default, can register the receivables with injunctions.

For the above companies, tax injunctions represent the main judicial collection tool relative to ceased receivables.

Relative to **other Group Segments**, (Environment, Engineering & Infrastructure Projects and Production), credit exposure is generally limited and concentrated with a few debtors, carefully managed by the operating companies with support, if necessary, from the Corporate Credit Unit.

## 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

Company name	Registered Office	Share capital (€)	Effective equity investment %	Group consolidated stake	Consolidation method
<b>Environment Segment</b>					
Acque Industriali Srl	Via Bellatalla, 1 - Ospedaletto (PI)	100,000	73.05%	100.0%	Full
Aquaser Srl	Piazzale Ostiense, 2 - Rome	3,900,000	97.86%	100.0%	Full
Acea Ambiente Srl	Piazzale Ostiense, 2 - Rome	2,224,992	100.00%	100.0%	Full
Orvieto Ambiente Srl	Piazzale Ostiense, 2 - Rome	10,010,000	100.00%	100.0%	Full
A.S. Recycling Srl	Piazzale Ostiense, 2 - Rome	1,000,000	90.00%	100.0%	Full
Berg SpA	Via delle Industrie, 38 - Frosinone	844,000	60.00%	100.0%	Full
Cavallari Srl	Via dell'Industria, 6 - Ostra (AN)	100,000	80.00%	100.0%	Full
Deco SpA	Via Vomano, 14 - Spoltore (PE)	1,404,000	100.00%	100.0%	Full
Demap Srl	Via Giotto, 13 - Beinasco (TO)	119,015	100.00%	100.0%	Full
Consorzio Servizi Ecologici del Frentano "Ecofrentano"	Strada Provinciale Pedemontana Km 10, Frazione Cerratina - Lanciano (CH)	10,329	75.00%	100.0%	Full
Ecologica Sangro SpA	Strada Provinciale Pedemontana Km 10, Frazione Contrada - Cerratina Lanciano (CH)	100,000	100.00%	100.0%	Full
Ferrocarrt Srl	Via Vanzetti, 34 - Terni	80,000	60.00%	100.0%	Full
Iseco SpA	Loc, Surpian n. 10 - Saint-Marcel (AO)	110,000	80.00%	100.0%	Full
MEG Srl	Via 11 Settembre n. 8 - San Giovanni Ilarione (VR)	10,000	60.00%	100.0%	Full
S.E.R. Plast Srl	Contrada Stampalone, Cellino Attanasio (TE)	70,000	70.00%	100.0%	Full
Tecnoservizi Srl	Via Bruno Pontecorvo, 1/B - Rome	1,000,000	70.00%	100.0%	Full
<b>Commercial Segment</b>					
Acea Energia SpA	Piazzale Ostiense, 2 - Rome	10,000,000	100.00%	100.0%	Full
Acea Energy Management Srl	Piazzale Ostiense, 2 - Rome	100,000	100.00%	100.0%	Full
Acea Innovation Srl	Piazzale Ostiense 2 - Rome	2,000,000	100.00%	100.0%	Full
Umbria Energy SpA	Via Bruno Capponi, 100 - Terni	1,000,000	100.00%	100.0%	Full
<b>Water Segment</b>					
Adistribuzioneegas Srl	Via L. Galvani, 17/A - Forlì	5,953,644	51.00%	100.0%	Full
Notaresco Gas Srl	Via Padre Frasca - Frazione Chieti Scalo Centro Dama (CH)	100,000	55.00%	100.0%	Full
Acea Ato2 SpA	Piazzale Ostiense, 2 - Rome	362,834,340	96.46%	100.0%	Full
Acea Ato5 SpA	Viale Rome - Frosinone	10,330,000	98.45%	100.0%	Full
Acque Blu Arno Basso SpA	Piazzale Ostiense, 2 - Rome	8,000,000	86.66%	100.0%	Full
Aquantia Srl	Piazzale Ostiense, 2 - Rome	500,000	65.00%	100.0%	Full
Acea Molise Srl	Piazzale Ostiense, 2 - Rome	100,000	100.00%	100.0%	Full
Gesesa SpA	Corso Garibaldi, 8 - Benevento	534,991	57.93%	100.0%	Full
GORI SpA	Via Trentola, 211 - Ercolano (NA)	44,999,971	37.05%	100.0%	Full
Sarnese Vesuviano Srl	Piazzale Ostiense, 2 - Rome	100,000	99.17%	100.0%	Full
Acque Blu Fiorentine SpA	Piazzale Ostiense, 2 - Rome	15,153,400	75.01%	100.0%	Full
ASM Terni	Via Bruno Capponi, 100 - Terni	84,752,541	45.27%	100.0%	Full
Acquedotto del Fiora SpA	Via G. Mameli, 10 - Grosseto	1,730,520	40.00%	100.0%	Full
Agile Academy Srl	Via Mameli, 10 - Grosseto	10,000	100.00%	100.0%	Full
Ombrone SpA	Piazzale Ostiense, 2 - Rome	6,500,000	99.51%	100.0%	Full
Servizi Idrici Integrati Scarl	Via I Maggio, 65 - Terni	19,536,000	43.00%	100.0%	Full
Umbriadue Servizi Idrici Scarl	Via Aldo Bartocci n. 29 - Terni	100,000	99.90%	100.0%	Full

Company name	Registered Office	Share capital (€)	Effective equity investment %	Group consolidated stake	Consolidation method
<b>Water Segment (Overseas)</b>					
Acea International SA	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	9,089,661	100.00%	100.0%	Full
Consorcio Agua Azul SA	Calle Amador Merino Reina 307 - Of. 803 Lima 27 - Perù	16,000,912	44.00%	100.0%	Full
Consorcio Acea	Calle Amador Merino Reina 307 - Lima - Perù	225,093	100.00%	100.0%	Full
Consorcio Servicio Sur	Calle Amador Merino Reyna, San Isidro - Lima - Perù	33,834	51.00%	100.0%	Full
Acea Dominicana SA	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644,937	100.00%	100.0%	Full
Consorcio Acea Lima Norte	Calle Amador Merino Reina 307 - Lima - Perù	221,273	100.00%	100.0%	Full
Consorcio Acea Lima Sur	Calle Amador Merino Reyna 307 - Lima - Perù	75,068	100.00%	100.0%	Full
Aguas de San Pedro SA	Las Palmas. 3 Avenida, 20y 27 calle - 21104 San Pedro - Honduras	6,457,345	60.65%	100.0%	Full
Acea Perù SAC	Cal. Amador Merino Reyna , 307 Miraflores - Lima - Perù	177,582	100.00%	100.0%	Full
Consorzio Acea - Acea Dominicana	Av. Las Americas - Esq. Masoneria - Ens. Ozama - Santo Domingo	67,253	100.00%	100.0%	Full
<b>Networks &amp; Smart Cities Segment</b>					
areti SpA	Piazzale Ostiense, 2 - Rome	345,000,000	100.00%	100.0%	Full
A.Cities Srl	Piazzale Ostiense, 2 - Rome	50,000	100.00%	100.0%	Full
<b>Production Segment</b>					
Ecogena Srl	Piazzale Ostiense, 2 - Rome	1,669,457	100.00%	100.0%	Full
Acea Renewable Srl	Piazzale Ostiense, 2 - Rome	10,000	100.00%	100.0%	Full
Acea Liquidation and Litigation Srl	Piazzale Ostiense, 2 - Rome	10,000	100.00%	100.0%	Full
Fergas Solar 2 Srl	Piazzale Ostiense, 2 - Rome	10,000	100.00%	100.0%	Full
Acea Renewable 2 Srl	Piazzale Ostiense, 2 - Rome	10,000	100.00%	100.0%	Full
SF Island Srl	Via Cantorriovo, 44/C - Acquapendente (VT)	10,000	100.00%	100.0%	Full
Acea Solar Srl	Piazzale Ostiense, 2 - Rome	1,000,000	100.00%	100.0%	Full
Acea Produzione SpA	Piazzale Ostiense, 2 - Rome	5,000,000	100.00%	100.0%	Full
<b>Engineering &amp; Infrastructure Projects Segment</b>					
Acea Infrastructure SpA	Via Vitorchiano, 165 - Rome	2,444,000	100.00%	100.0%	Full
SIMAM SpA	Via Cimabue, 11/2 - Senigallia (AN)	600,000	100.00%	100.0%	Full
Technologies for Water Services SpA	Via Ticino, 9 - Desenzano del Garda (BS)	11,164,000	100.00%	100.0%	Full

## Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11

Company name	Registered Office	Share capital (€)	Effective equity investment %	Group consolidated stake	Consolidation method
<b>Environment Segment</b>					
Ecomed Srl	Piazzale Ostiense, 2 - Rome	10,000	50.0%	50.0%	Equity
Picenambiente SpA	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	5,500,000	21.8%	21.8%	Equity
Picenambiente Srl	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	505,000	100.0%	21.8%	Equity
Picenambiente Energia SpA	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	200,000	100.0%	21.8%	Equity
<b>Water Segment</b>					
Umbria Distribuzione Gas SpA	Via Capponi, 100 - Terni	2,120,000	55.0%	55.0%	Equity
Aqua.iot Srl	Piazzale Ostiense, 2 - Rome	1,050,000	35.0%	35.0%	Equity
DropMI Srl	Piazzale Ostiense, 2 - Rome	1,000,000	50.0%	50.0%	Equity
Acque SpA	Via Garigliano, 1 - Empoli	9,953,116	45.0%	45.0%	Equity
Intesa aretina Scarl	Via Benigno Crespi, 57 - Milano	18,112,000	35.0%	35.0%	Equity
GEAL SpA	Viale Luporini, 1348 - Lucca	1,450,000	48.0%	48.0%	Equity
Nuove Acque SpA	Patrignone - Località Cuculo (AR)	34,450,389	46.2%	16.2%	Equity
Publiacqua SpA	Via Villamagna - Firenze	150,280,057	40.0%	40.0%	Equity
Umbra Acque SpA	Via Benucci, 162 - Ponte San Giovanni (PG)	15,549,889	40.0%	40.0%	Equity
Greenasm Srl	Via dello Stabilimento, 1 - Nera Montoro (TR)	10,000	50.0%	22.6%	Equity
<b>Production Segment</b>					
KT4 Srl	Via SS. Pietro e Paolo, 50 - Rome	110,000	100.0%	40.0%	Equity
Ambra Solare 16 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 17 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 20 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 25 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 28 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 29 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 30 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 31 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 33 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 34 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 35 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 39 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 40 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 44 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Belaria Srl	Via Luciano Manara, 15 - Milan	10,000	49.0%	19.6%	Equity
Energia SpA	Via Barberini, 28 - Rome	239,520	49.9%	49.9%	Equity
Euroline 3 Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Fergas Solar Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Acea Green Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
IFV-Energy Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
JB Solar Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity

Company name	Registered Office	Share capital (€)	Effective equity investment %	Group consolidated stake	Consolidation method
M2D Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Marmaria Solare 8 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marmaria Solare 9 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marmaria Solare 10 Srl	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marche Solar Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
PF Power of Future Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
PSL Srl	Piazzale Ostiense, 2 - Rome	15,000	100.0%	40.0%	Equity
Solaria Real Estate Srl	Piazzale Ostiense, 2 - Rome	176,085	100.0%	40.0%	Equity
Solarplant Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Acea Sun Capital Srl	Piazzale Ostiense, 2 - Rome	10,000	40.0%	40.0%	Equity
Trinovolt Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
<b>Engineering &amp; Infrastructure Projects Segment</b>					
Ingegnerie Toscane Srl	Via Francesco de Sanctis, 49 - Firenze	100,000	99.9%	44.5%	Equity

The following companies are also consolidated using the equity method:

Company name	Registered Office	Share capital (€)	Quota di partecipazione	Group consolidated stake	Consolidation method
<b>Environment Segment</b>					
Amea SpA	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33.0%	33.0%	Equity
Coema	Piazzale Ostiense, 2 - Rome	10,000	67.0%	33.5%	Equity
<b>Water Segment</b>					
Le Soluzioni Scarl	Via Garigliano, 1 - Empoli	250,678	80.8%	51.6%	Equity
Sogea SpA	Via Mercatanti, 8 - Rieti	260,000	49.0%	49.0%	Equity
Umbria Distribuzione Gas SpA	Via Bruno Capponi 100 - Terni	2,120,000	15.0%	15.0%	Equity
Bonifiche Ferraresi SpA	Via Cavicchini, 2 - Jolanda di Savoia (FE)	261,883,391	0.5%	0.5%	Equity
<b>Water Segment (Overseas)</b>					
Aguaazul Bogotá SA	Calle 82 n. 19°-34 - Bogotá - Colombia	652,361	51.0%	51.0%	Equity
<b>Production Segment</b>					
Sienergia SpA (in liquidation)	Via Fratelli Cairoli, 24 - Perugia	132,000	42.1%	42.1%	Equity
<b>Other</b>					
Marco Polo Srl (in liquidation)	Via delle Cave Ardeatine, 40 - Rome	10,000	33.0%	33.0%	Equity

## B. RECONCILIATION OF SHAREHOLDERS' EQUITY AND STATUTORY PROFIT – CONSOLIDATED

€ thousand	Profit for the year		Shareholders' equity	
	2023	2022	31/12/2023	31/12/2022
<b>Balances in statutory financial statements (Acea)</b>	<b>202,961</b>	<b>206,735</b>	<b>1,711,806</b>	<b>1,690,653</b>
Surplus of shareholders' equity in financial statements, including the related results compared to carrying values in consolidated companies	91,751	64,308	259,230	232,706
Consolidation Goodwill	(17,161)	(18,484)	274,587	247,122
Accounted for using the equity method	14,246	28,042	179,388	170,628
Other changes	2,111	(877)	(47,729)	(49,840)
<b>Balances in consolidated financial statements</b>	<b>293,908</b>	<b>279,725</b>	<b>2,377,281</b>	<b>2,291,268</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	
	Consiglio di Amministrazione	Total	11	365	1,611	2,438
	Collegio Sindacale	364	0	0	0	364

\* Non-monetary benefits are expressed at their taxable value.

### Key Managers

Total fees due to executives with strategic responsibilities for 2023 amounted to:

- salaries and bonuses € 1,163 thousand;
- non-monetary benefits € 30 thousand.

Remuneration paid to key managers is established by the Remuneration Committee based on average levels of pay in the labour market.

### Auditing Firm

In accordance with article 149 duodecies of CONSOB Issuers' Regulations, the fees accrued by the independent auditors PwC in 2023 are provided in the table below.

Type of service (€ thousand)	Parent company auditing company		Parent company auditing company network		Total	
	Group Parent company	Acea Group	Group Parent company	Acea Group	Group Parent company	Acea Group
Independent auditing of the accounts	220	1,552	0	217	220	1,769
Certification services	73	317	0	0	73	317
Tax consulting services	0	0	0	9	0	9
Other services	232	255	187	210	419	465
<b>Total fees</b>	<b>524</b>	<b>2,124</b>	<b>187</b>	<b>436</b>	<b>712</b>	<b>2,559</b>

(1) Other auditing services provided by PwC SpA to the parent company mainly refer to assistance with documentation and assessment of internal audits;

(2) Other auditing services provided by companies within the PwC network to the parent company mainly involve the issuing of comfort letters with reference to bond issues;

(3) Other auditing services provided by PwC SpA and the companies in the PwC network to subsidiaries mainly include limited auditing of sustainability reports.

## D. PUBLIC DISBURSEMENT INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, LAW 124/2017

On the basis of the transparency rules for the system of public disbursements, pursuant to article 1, paragraph 125 of Law 124/2017, the following is declared with reference to 31 December 2023:

- Acea Ato2 collected a contribution of € 23,727 thousand from the Lazio Region 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 and a contribution of € 2,226 thousand intended to combat the drinking water supply crisis in the Lazio Region with reference to 2021;
- areti collected € 8,540 thousand following the request to access the Fund for the adjustment of prices of building materials pursuant to article 1-septies, paragraph 8 of Decree Law 73 of 25 May 2021, converted with amendments by Law 106 of 23 July 2021 and as an advance (of 10%) received contributions relative to public financing envisaged in the National Recovery and Resilience Plan (NRRP) equal to € 17,427 thousand to increase the network's ability to host and integrate additional amounts generated from renewable sources and augment the capacity and power available to users to support electrification of energy consumption;
- Acea Ato5 collected € 1,318 thousand from regional financing to develop and adapt the water and sewer networks and waste water purification systems for 2021-2023, based on DGR 905/21 and additionally received € 3,769 thousand from the Ministry of Infrastructure and Sustainable Mobility for the request for access to the Fund for adjustment of the prices of building materials referred to in article 1-septies, paragraph 8, of Decree Law 73/2021;
- Acea Innovation collected a contribution from the Region of Sicily in the amount of € 120 thousand for the Campus - Sharing, Smart and Sustainable Campus project;
- GORI collected contributions from the Region of Campania for € 75,203 thousand, of which € 37,692 thousand to construct and improve the efficiency of plants and the remaining part for projects associated with the NRRP and React EU to monitor and reduce leaks. It also received contributions from the Ministry of Infrastructure and Sustainability Mobility for € 9,922 for the "Aid Decree" (Decree Law 50/2022) and from the POR Fund collected € 3,156 thousand. Finally, from the Ministry of Education and the Ministry of the University it collected a total of € 184 thousand, respectively for the Raphael Project and the Biofeedstock Project;
- Iseco benefited from the sum of € 102 thousand in the form of a tax credit, partially offsetting the costs incurred for the purchase of energy and gas as an energy-intensive company;
- During the period, Cavallari used the sum of € 43 thousand as a tax credit in partial set-off of the costs incurred for the purchase of electricity, as an energy-intensive company;
- During the period, Demap has benefited from the sum of € 64 thousand as a tax credit, partially offsetting the costs incurred for the purchase of electricity;
- During the period, BERG used the sum of € 40 thousand as a tax credit, partially offsetting the costs incurred for the purchase of electricity;
- Acquedotto del Fiora received € 2,187 thousand from the Ministry of Infrastructure and Transport for the request to access the Fund for adjustment of the prices of building materials, pursuant to article 1-septies, paragraph 8 of Decree Law 73/2021 and € 500 thousand from the NRRP contribution to complete the new aqueduct for the Mondetoglio dam, to which the Tuscan Water Authority also contributed for € 2,500 thousand. It also collected € 630 thousand from the latter to develop new purification systems and € 1,815 thousand for having overcome the water emergency of 2003. Additionally, for resolving roadway interference with pipelines, ANAS SpA received € 508 thousand, € 339 thousand for extending the water network in the Municipalities of Casole d'Elsa and Siena and, finally, collected € 23 thousand from CINEA with reference to the LIFE TURBINES project;
- Gesesa collected € 222 thousand from the Campania Region as a contribution for the Development and Cohesion Plan and € 555 thousand with reference to the POR Fund. Additionally, during the reference period it benefited from the sum of € 146 thousand as a tax credit, partially offsetting the costs incurred for the purchase of electricity.

## E. SEGMENT INFORMATION: STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

Please note the following for a better understanding of the breakdown provided in this section:

- **Environment**, responsible from an organisational point of view, for Acea Ambiente, Aquaser, Acque Industriali, Iseco, Demap, Berg, Ferrocarr, Cavallari, Deco, Meg, S.E.R. Plast, AS Recycling, Tecnoservizi, Italmacero, Orvieto Ambiente;
- **Commercial**, responsible from an organisational point of view, for Acea Energia, Aema, Umbria Energy, Acea Innovation;
- **Water (Overseas)** responsible, from an organisational point of view, for the activities carried out abroad;
- **Water**, responsible, 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 and ASM Terni;
- **Production** refers to Acea Produzione, Ecogena, Acea Liquidation and Litigation, and all the companies in the Photovoltaic sector;
- **Networks & Smart Cities** refers to areti and public lighting;
- **Engineering and Services** responsible, from an organizational point of view, for Acea Infrastructure, TWS, Ingegnerie Toscane and SIMAM.

## Balance sheet - Assets 2022

€ thousand	Environment	Commercial	Water (Overseas)
Capex	46,226	49,556	5,803
Total property, plant and equipment	340,749	4,472	35,764
Total intangible fixed assets	188,865	207,953	35,223
Subsidiaries			
Financial assets in shares			
Total non-financial assets			
Total financial assets			
Inventories	11,405	4,911	2,141
Receivables from customers	105,234	539,115	11,113
Receivables from Parent Company	359	17,844	0
Receivables from associates	15	(138)	0
Other current receivables and assets			
Total financial assets			
Total cash and cash equivalents			
Non-current assets held for sale			
<b>Total assets</b>			

## Balance sheet - Liabilities 2022

€ thousand	Environment	Commercial	Water (Overseas)
Trade payables to third parties	86,755	700,589	4,519
Trade payables to Parent Company	7,649	20,657	67
Trade payables to subsidiaries and associates	0	0	167
Other current trade liabilities			
Other current financial liabilities			
Employee severance indemnity and other defined benefit plans	11,271	3,889	545
Other provisions	73,072	12,528	126
Other non-current trade liabilities			
Other non-current financial liabilities			
Liabilities closely associated with assets held for sale			
Shareholders' Equity			
<b>Total liabilities and shareholders' equity</b>			



## Income Statement 2022

€ thousand	Environment	Commercial	Water (Overseas)
Revenues	342,367	3,159,688	95,053
Staff costs	40,592	27,085	26,701
Costs of materials and overhead	200,169	3,042,629	35,376
Net income/(expense) from commodity risk management	0	0	0
Valuation of companies using the equity method	0	0	0
<b>EBITDA</b>	<b>101,606</b>	<b>89,974</b>	<b>32,976</b>
Depreciation/amortisation and impairment losses	43,058	67,951	13,543
<b>Operating profit/(loss)</b>	<b>58,548</b>	<b>22,023</b>	<b>19,434</b>
Financial (costs)/income			
(Expenses)/Income from equity Investments	236	0	16
<b>Profit/(loss) before tax</b>			
Taxes			
<b>Net profit/(loss)</b>			



## Balance sheet - Assets 2023

€ thousand	Environment	Commercial	Water (Overseas)
Capex	38,898	50,174	5,723
Total property, plant and equipment	350,335	7,755	33,994
Total intangible fixed assets	171,161	211,126	30,674
Subsidiaries			
Financial assets in shares			
Total non-financial assets			
Total financial assets			
Inventories	12,960	5,733	2,099
Receivables from customers	116,706	419,775	12,408
Receivables from Parent Company	363	14,040	0
Receivables from associates	16	(128)	0
Other current receivables and assets			
Total financial assets			
Total cash and cash equivalents			
Non-current assets held for sale			
<b>Total assets</b>			

## Balance sheet - Liabilities 2023

€ thousand	Environment	Commercial	Water (Overseas)
Trade payables to third parties	74,377	648,329	4,496
Trade payables to Parent Company	12,211	19,408	68
Trade payables to subsidiaries and associates	(7)	4	162
Other current trade liabilities			
Other current financial liabilities			
Employee severance indemnity and other defined benefit plans	12,644	3,854	245
Other provisions	77,055	14,767	95
Other non-current trade liabilities			
Other non-current financial liabilities			
Liabilities closely associated with assets held for sale			
Shareholders' Equity			
<b>Total liabilities and shareholders' equity</b>			

Water	Production	Networks & Smart Cities	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Consolidated total
682,388	41,068	299,592	4,710	20,136	0	<b>1,142,690</b>
164,023	245,692	2,421,556	9,472	105,142	(1,111)	<b>3,336,858</b>
4,268,713	37,995	111,582	23,921	62,736	(369,572)	<b>4,548,335</b>
						<b>359,281</b>
						<b>8,029</b>
						<b>927,599</b>
						<b>12,900</b>
21,767	1,275	40,093	43,510	0	(29,595)	<b>97,843</b>
531,419	33,573	165,500	54,521	761	(164,661)	<b>1,170,002</b>
13,789	347	2,524	236	21	(10,328)	<b>20,993</b>
4,375	290	0	0	163,862	(146,211)	<b>22,205</b>
						<b>418,101</b>
						<b>487,251</b>
						<b>359,379</b>
						<b>18,288</b>
						<b>11,787,064</b>

Water	Production	Networks & Smart Cities	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Consolidated total
856,231	26,669	183,584	27,152	91,127	(170,196)	<b>1,741,770</b>
69,980	4,478	29,461	5,317	182	(136,213)	<b>4,892</b>
13,347	1,486	7,425	0	2,620	(21,227)	<b>3,811</b>
						<b>674,889</b>
						<b>922,950</b>
34,554	1,859	29,641	4,509	22,600	0	<b>109,895</b>
58,279	27,698	27,586	2,328	(7,195)	23,663	<b>224,276</b>
						<b>510,871</b>
						<b>4,770,436</b>
						<b>188</b>
						<b>2,823,084</b>
						<b>11,787,064</b>

## Income Statement 2023

€ thousand	Environment	Commercial	Water (Overseas)
Revenues	334,903	2,483,010	96,678
Staff costs	44,051	27,899	26,965
Costs of materials and overhead	205,847	2,325,838	34,010
Net income/(expense) from commodity risk management	0	0	0
Valuation of companies using the equity method	(646)	0	0
<b>EBITDA</b>	<b>84,359</b>	<b>129,273</b>	<b>35,703</b>
Depreciation/amortisation and impairment losses	58,996	70,356	14,761
<b>Operating profit/(loss)</b>	<b>25,364</b>	<b>58,918</b>	<b>20,942</b>
Financial (costs)/income			
(Expenses)/Income from equity investments	(798)	0	91
<b>Profit/(loss) before tax</b>			
Taxes			
<b>Net profit/(loss)</b>			





***Independent auditor's report***

*In accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

***Acea SpA***

***Consolidated financial statements  
as of 31 December 2023***



## **Independent auditor's report**

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of  
Acea SpA

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### **Report on the Audit of the Consolidated Financial Statements**

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#### **Opinion**

We have audited the consolidated financial statements of the Acea Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Acea SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matters**

We draw attention to notes "Goodwill" and "Service Concession Arrangements – Acea Ato 5" to the consolidated financial statements and to paragraphs "Water regulation" and "Environmental regulation" of the report on operations where the directors described:

#### **PricewaterhouseCoopers SpA**

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- With specific reference to the subsidiary Acea Ato 5 SpA, the continuation of (i) the financial imbalance arisen from the most recent tariff provisions approved by the Area Authority with the consequent confirmation of the existence of several material uncertainties that may cast significant doubts on the subsidiary's ability to continue as a going concern, as well as (ii) further uncertainties related to the ongoing tax litigation and the complex in and out of court legal dispute with the Area Authority related to the contractual penalties charged to the company for alleged non-fulfilments, the recognition of receivables related to higher operating costs incurred in the 2003-2005 period (as per the settlement agreement of 27 February 2007) and the determination of the concession fees;
- the complex regulatory measures, with particular reference to what lies behind the approval process of water and waste tariffs.

Moreover, we draw attention to notes "Receivables due from the Parent Company - Roma Capitale" and "Related Party Transactions – Acea Group and Roma Capitale" to the consolidated financial statements, as well as to paragraph "Relations with Roma Capitale" of the Report on Operations, where the directors described the relations with Roma Capitale and in particular the updates related to the discussions on the recognition of the Administration's payable to Acea/areti with reference to the public lighting service.

Our opinion is not qualified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key Audit Matters**

#### **Auditing procedures performed in response to key audit matters**

##### **Determination of revenue from sales and services and receivables for invoices to be issued**

*Note 1 "Revenue from sales and services" and note 26 "Trade receivables" to the consolidated financial statements*

The Group recognised in the consolidated financial statements as of 31 December 2023 receivables from users for invoices to be issued for an amount equal to Euro 561 million compared to revenue from sales and services amounting to Euro 4,430 million.

The Group recognises revenue from sales and services when control of the good is actually transferred or when a service is rendered in

The audit procedures we performed consisted in understanding, assessing and validating the operation of relevant controls implemented by management as part of the revenue cycle, with particular, but not exclusive, reference to the update of the customer database, the recognition of meter readings, consumption estimates, the calculation of tariffs and the valuation of invoices and receipts.

Moreover, we performed the following specific validity tests for each type of revenue.



accordance with the requirements of IFRS 15 “Revenue from contracts with customers”.

In particular:

- i) revenues from the sale and transport of electricity and gas are recognised at the time the service is supplied or provided, even if they are not invoiced, and are determined by adding appropriate estimates on the volumes supplied/transported to revenues that are calculated on the basis of pre-established meter reading calendars;
- ii) revenues from distribution of electricity take into account the tariffs and the restriction on revenue established by the Italian Regulatory Authority for Energy, Networks and the Environment (“ARERA”). Moreover, if the admission of investments in tariffs that establishes the operator’s right to payment is virtually certain, the corresponding revenues are recognised as determined by the ARERA Resolution 654/2015 (the so-called “regulatory lag”);
- iii) revenues from integrated water service are determined on the basis of the estimated consumption for the period and of the tariffs and of the operator’s Guaranteed Revenue Constraint (GRC) provided for in the tariff plan prepared in accordance with the Water Pricing Method applied for the calculation of the 2020-2023 tariffs and approved by the competent authorities. Furthermore, the Group recognises under revenues for the year adjustments for the so-called pass-through items, as well as any adjustment related to costs pertaining to the Integrated Water Service incurred for the occurrence of exceptional events (i.e. water and environmental emergencies), if the preliminary investigation for their recognition has given positive results.

The methods to determine allocations for invoices to be issued are based on the use of

i) Revenues from the sale and transport of electricity and gas

- We compared the electricity and gas quantities sold included in the billing system with the data communicated by the distributors and the quantities purchased, in order to establish the reasonableness of the estimated quantities sold still to be billed;
- We verified the correct valuation of invoices to issue based on the estimated quantities sold but not yet invoiced and the tariffs in force in the period under analysis.

ii) Revenues from electricity distribution

- We compared the quantities distributed included in the billing system with the quantities supplied to the grid communicated by the dispatcher net of expected grid losses, in order to ascertain the reasonableness of the estimated quantities distributed not yet invoiced;
- We tested the correct valuation of invoices to issue on the basis of the estimated distributed quantities still to be invoiced and of the tariffs in force in the period under analysis;
- We verified the correct calculation of receivables/payables for the electricity equalisation to the extent of the difference between sales revenues invoiced/to be invoiced to customers and the regulatory revenues attributable to the year and established by the ARERA;
- We verified the methods adopted by management to determine the accruals for the “regulatory lag”.

iii) Revenues from the integrated water service



complex algorithms and include significant estimates. Therefore, we paid particular attention to the risk of wrong calculation of revenues from sales and services and of the related receivables from users for invoices to be issued.

- We reconciled revenues from the integrated water service with the GRC adjusted to reflect the adjustments to the pass-through items and those related to the costs incurred in consequence of exceptional events occurred;
- We verified the correct determination of receivables for invoices to be issued for tariff adjustments to an extent equal to the difference between revenues for bills issued /to be issued and the adjusted GRC.

Finally, we verified the adequacy and completeness of the disclosures provided by the directors in the notes to the consolidated financial statements in relation to the above-described matters.

#### **Investments and disinvestments of non-current assets and impairment test**

*Note 14 "Property, plant and equipment", note 16 "Goodwill", note 17 "Concessions and rights on infrastructure" and note 18 "Intangible fixed assets" to the consolidated financial statements*

The Group recognised in the consolidated financial statements as of 31 December 2023 non-current assets equal to Euro 7,885 million, of which Euro 3,335 million related to tangible assets and Euro 4,455 million related to intangible assets (including concessions and goodwill). The Group investments in the period totalled Euro 1,143 million, of which Euro 374 million related to tangible assets and Euro 769 million related to intangible assets (including concessions and goodwill). In this respect, we highlight that for regulated activities (in particular the integrated water service and the electricity distribution), the tariffs and, accordingly, the Group's revenues are directly influenced by the amount of the invested capital and therefore by changes in non-current assets. As a result, the overestimate or underestimate of the abovementioned non-current assets could increase or decrease the

We performed our compliance procedures in order to comprehend, evaluate and validate the internal control system with reference to the corporate processes related to the management of non-current assets.

Our validity tests were focused on the analysis of the changes in non-current assets during the financial year, verifying that they were reconciled with the fixed asset register, with the supporting documentation about a sample of investments and divestments during the year, especially in the integrated water service and in the electricity distribution segments.

With reference to these segments, we verified if the requirements for the capitalization of internal and external costs provided for by IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" had been complied with, we checked the existence of the services capitalized, that is if the service or goods being verified had been actually rendered or delivered/installed and correctly recognised.



tariffs applied to final users under the performance of the integrated water service and the transport of electricity. Annually, the Group, on the basis of its internal procedures, performs the impairment test pursuant to IAS 36 “*Impairment of assets*” using the Discounted Cash Flow method to determine the recoverable amount of assets. The impairment test is based on a two-level approach. A first level concerns the estimate of the recoverable amount of the Group’s industrial plants and a second level relates to the estimate of the recoverable amount of the CGUs that include goodwill. In particular, goodwill is tested for impairment at least annually and with the same frequency, in compliance with a specific internal policy, the impairment test is carried out on the Group’s industrial plants, also without any impairment indicators. The recoverability assessment was carried out on the basis of the cash flows under the 2024-2028 Business Plan of the Group approved by the Board of Directors on 5 March 2024.

With reference to FY2023 the Group’s management availed itself of an external expert for the performance of the impairment test.

Considering the numerous changes occurred during the year in the assets of the regulated activities and the complexity of estimating the recoverable value of the above-mentioned assets, which are based on evaluation assumptions affected by economic, financial and market conditions that are difficult to predict, as part of our auditing we devoted special attention to these financial statement areas.

With reference to the impairment test, we performed our audit procedures in order to:

- i) assess the consistency of the estimate method used by the Group with the provisions of IAS 36 and the valuation practice;
- ii) verify the process of identification of the Cash Generating Units (CGUs), based on the current organisational structure;
- iii) verify the appropriateness of the types of cash flows used and their consistency with the Group’s Business Plan;
- iv) verify the reasonableness of the main assumptions used by management to perform the impairment test and related sensitivity analyses on all the CGUs that include goodwill;
- v) verify the reasonableness of the main assumptions used by management to perform the impairment test with reference to the CGU “Acea Ato5” in relation to the uncertainties connected thereto; and
- vi) evaluate the independence, technical capabilities and related objectivity of the external expert engaged by the management for the performance of the impairment test, as well as the methods used by him.

As part of our auditing, we were also supported by our PwC network experts in valuations.

Finally, we verified the adequacy and completeness of the disclosures provided by the directors in the notes to the consolidated financial statements in relation to the above-described matters.



### ***Determination of the provision for doubtful accounts – trade receivables***

*Note 26 “Trade receivables” of the consolidated financial statements.*

The Group recognised in the consolidated financial statements as of 31 December 2023 a provision for doubtful trade accounts for an amount equal to Euro 628 million.

At each reporting date the Group estimates the irrecoverable amount of trade receivables based on complex calculation models which rely upon the requirements in the accounting standard IFRS 9 “Financial Instruments”.

The estimate of the recoverability of trade receivables is characterised by specific complexities related to the high number of customers and to the fragmentary nature of the amounts. Furthermore, the evaluations are affected by different socio-economic variables related to the different categories of customers, in addition to international geo-political factors. Therefore, as part of our audit activities we paid particular attention to the risk of a wrong quantification of the estimate under examination.

We performed our audit procedures in order to verify the correctness of the reports generated by the information systems and used by the directors in order to determine the Expected Credit Losses that can be attributed to the balance of receivables from specific customers or customer clusters. We also tested the reasonableness of the assumptions underlying the calculation model.

Through inquiries of the credit managers of the Group and of individual companies, we evaluated, on a sample basis, certain specific positions also by analysing the lawyers’ replies to the requests for information, by examining the guarantees given by the various customers and by assessing any other piece of information gathered after the reporting date.

Moreover, we verified the consistency of the method used by the Group with the provisions of IFRS 9 and the accuracy of the mathematical calculation for the determination of the expected credit losses.

Finally, we verified the adequacy and completeness of the disclosures provided by the directors in the notes to the consolidated financial statements in relation to the above-described matters.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements***

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Acea SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the



group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014***

On 27 April 2017 the shareholders of Acea SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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#### ***Report on Compliance with other Laws and Regulations***

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##### ***Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815***

The directors of Acea SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2023, to be included in the annual report.



We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2023 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98***

The directors of Acea SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Acea Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Acea Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Acea Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

***Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016***

The directors of Acea SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.



Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Rome, 21 March 2024

PricewaterhouseCoopers SpA

*Signed by*

Luigi Necci  
(Partner)

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

# CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS

(in accordance with art. 154-bis of Legislative Decree 58/98)

(Translation from the original Italian text)

1. The undersigned, Fabrizio Palermo, as Chief Executive Officer, and Sabrina Di Bartolomeo, as Executive Responsible for Financial Reporting of the company Acea S.p.A., taking also account of provisions envisaged by Art. 154-bis, paragraphs 3 and 4, of the Legislative Decree no. 58 of 24 February 1998, hereby certify:
  - the consistency to the business characteristics and
  - the effective application of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2023.
2. To this purpose, no significant issues were recorded.
3. It is also certified that:
  - 3.1 the consolidated financial statements:
    - a) were drawn up in compliance the applicable international accounting standards recognised in European Community in accordance with EC Regulation 1606/2002 of the European Parliament and the Council, of 19 July 2002,
    - b) are consistent with the underlying accounting books and records,
    - c) provide a true and correct view of the operating results and financial position of the issuer and the overall of companies included in the consolidation,
  - 3.2 the Report on Operations includes a reliable analysis of the operational performance and result, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 05 March 2024

signed by: Fabrizio Palermo, The CEO

signed by: Sabrina Di Bartolomeo, The Executive Responsible for Financial Reporting

*This report has been translated into the English language solely for the convenience of international readers*