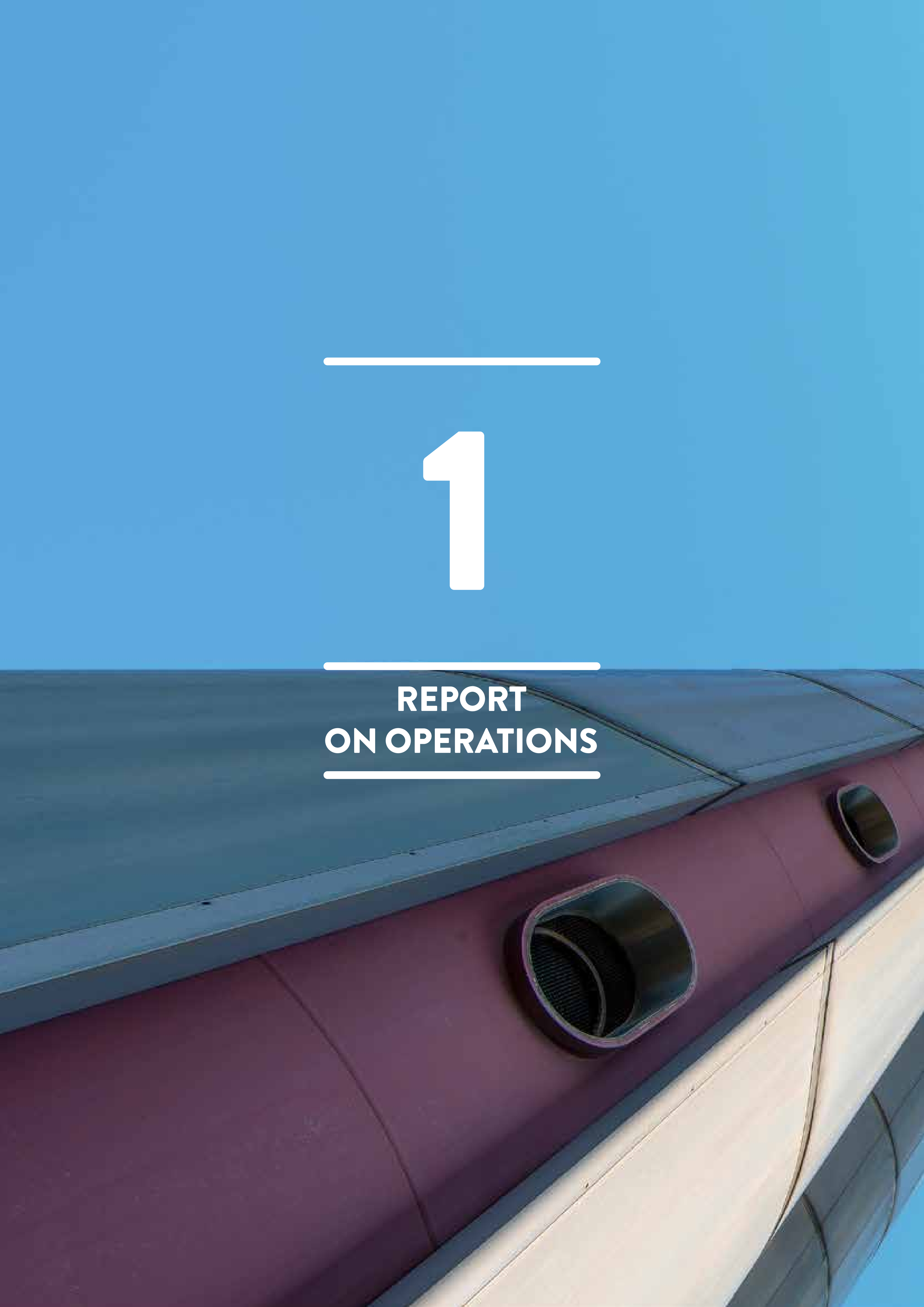
1

REPORT ON OPERATIONS




10
MILLION INHABITANTS SERVED
TOP OPERATOR IN ITALY FOR WATER SERVICES

Corporate bodies

BOARD OF DIRECTORS

Barbara Marinali	Chairperson
Fabrizio Palermo	Chief Executive Officer
Antonella Rosa Bianchessi	Director
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Antonino Cusimano	Director
Elisabetta Maggini	Director
Luisa Melara	Director
Angelo Piazza	Director
Alessandro Picardi	Director
Vincenza Patrizia Rutigliano	Director
Nathalie Tocci	Director
Yves Rannou*	Director

BOARD OF STATUTORY AUDITORS

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

EXECUTIVE RESPONSIBLE

Pier Francesco Ragni**

* appointed by the Shareholders' Meeting on 12 April 2024, replacing Francesca Menabuoni
** appointed by the Board of Directors on 31 August 2024

Financial highlights

RESULT NET OF NON-RECURRING ITEMS (€MLN)

EBITDA

€ 1,515 ▲ +11.1%

NET PROFIT/(LOSS) OF THE GROUP

€ 330 ▲ +18.5%

RESULT AS AT 31 DECEMBER 2024 (€MLN)

CONSOLIDATED NET REVENUES

€ 4,270 ▼ -7.8%

EBIT

€ 703 ▲ +14.8%

EBITDA

€ 1,557 ▲ +11.9%

NET PROFIT/(LOSS) OF THE GROUP

€ 332 ▲ +12.8%

NET FINANCIAL DEBT

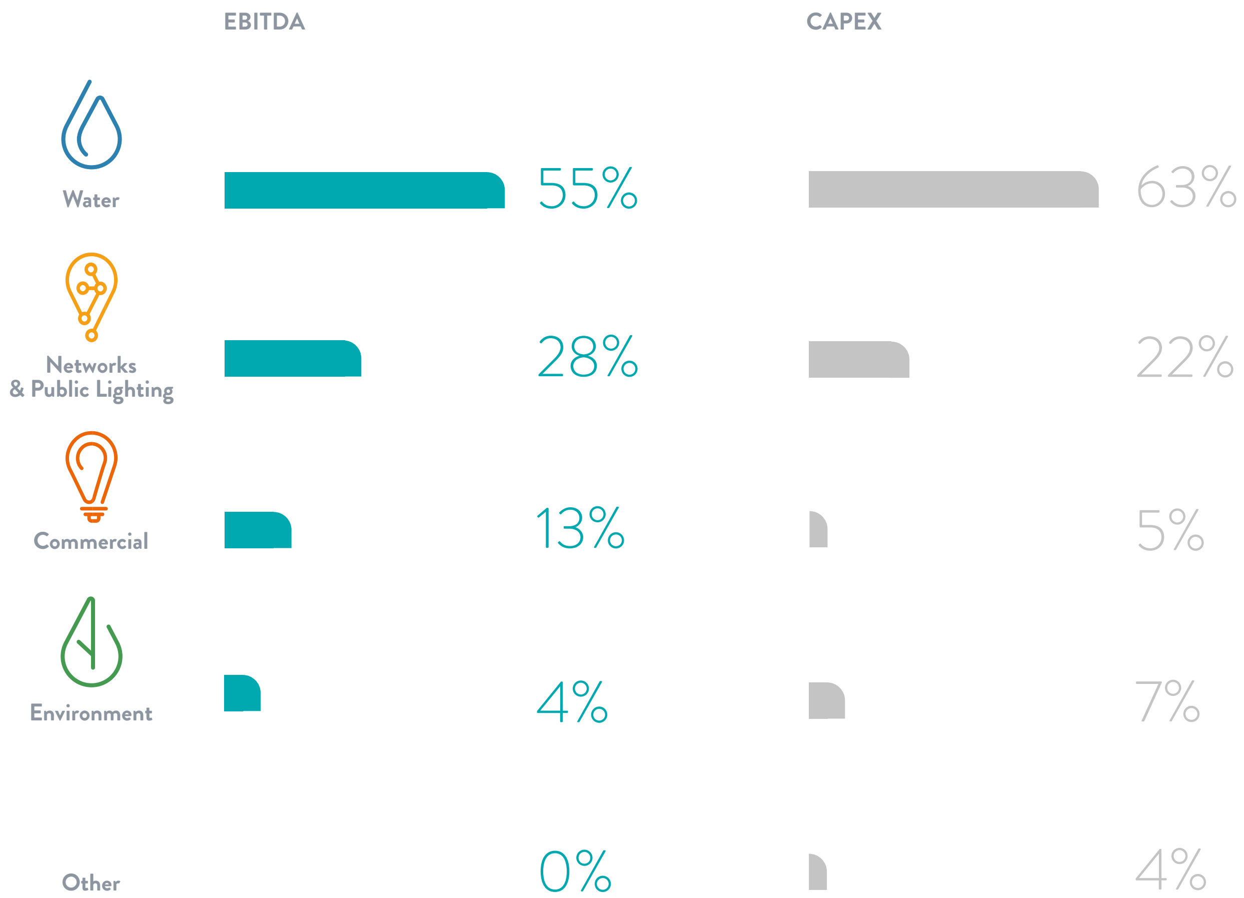
€ 4,954 ▲ +2.2%

CAPEX*

€ 1,439 ▲ +25.9%

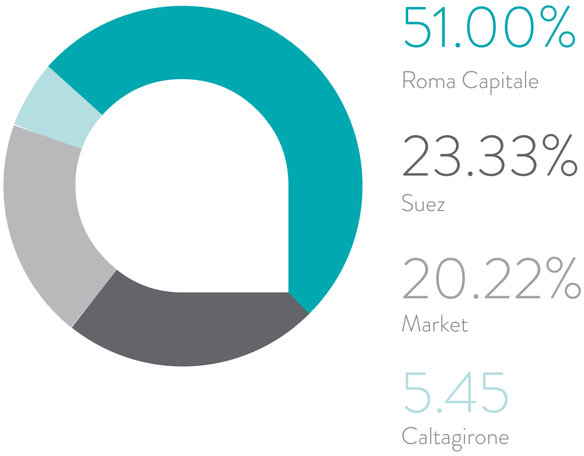
* gross of financed investments and contributions on tenders.

CONTRIBUTION TO THE CONSOLIDATED FIGURE



Acea organisational model

Acea is one of the leading Italian industrial groups and has been listed on the stock exchange since 1999. The Group has adopted an organisational structure and operating model that supports its strategic guidelines, founded on growth in the water market through infrastructure development, geographic expansion, strategic partnerships, 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. The macrosectors in which Acea works are broken down into the industrial segments listed below:



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

WATER

The Acea Group is the top Italian operator in the water sector serving 10 million people: it manages the integrated water service in Rome and Frosinone and in the relative provinces, as well as in other areas of Lazio, in Tuscany, Umbria, Campania, Molise and Liguria. The Group is also in Abruzzo, Molise and Campania, as it has entered the methane distribution market in the Municipality of Pescara, the Province of L'Aquila, the Provinces of Campobasso and Isernia and the Province of Salerno. Finally, the area also includes the ASM Terni Group, which is active not only in the water sector, but also in waste collection and disposal and electricity distribution. The Group operates across the entire value chain, from water collection and distribution to its purification and reuse.
The area also includes the companies that manage water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy. It has a strong presence in Honduras and Peru, reaching a population of approximately 10 million. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

NETWORKS & PUBLIC LIGHTING

The Acea Group is one of the main national operators, distributing about 10 TWh of electricity and managing 1.6 million PODs in the Rome area (data from 2024). Additionally, the Group manages public and artistic lighting in the Capital with over 250 thousand lighting points. The Acea Group is involved in energy efficiency projects and the development of new technologies, including network partitioning for dynamic management, 2G smart meter control over PODs, and extensive demand response via AI and IoT platform, additionally, the Group is developing smart public lighting projects.

ENVIRONMENT

The Acea Group is one of the leading national players with around 2.2 million tonnes of waste (2024 data) processed each year, including those handled. The Group operates throughout the entire waste treatment chain, primarily focusing on segments with higher margins. Among the various treatment and disposal plants operated in eight regions there is the main waste-to-energy plant and the largest anaerobic digestion and composting plant in the Lazio Region and the largest mechanical/biological treatment plant in the Abruzzo Region. The Group focuses on developing business investments in waste to energy and waste to recycling, areas considered to have high potential. It also invests in waste recovery and recycling in the plastic, paper, and metal sectors, as well as in producing high-quality compost. This aligns with the strategic objective of consolidating its presence in the entire cycle by maximising circularity and focusing on reusing resources.

PRODUCTION

The Acea Group is one of the main national operators in the field of generation from renewable sources (hydroelectric and photovoltaic) and is engaged in energy efficiency and *energy solution* projects in the business segment, particularly focused on finding innovative approaches in the management of production *asset* and the implementation of new production capacity that sustains internal consumption and reduces the Group's carbon footprint, decreasing CO2 emissions to meet SBTi targets. In this regard, the Group aims to capitalise on opportunities for developing solar pipelines, including through partnerships with financial institutions.

COMMERCIAL

The Acea Group is one of the leading Italian players in the sale of electricity and offers innovative and flexible solutions for the supply of electricity and natural gas with the objective of consolidating its positioning as a dual fuel operator. It operates on the market segments of medium-sized enterprises and households to improve the quality of the services offered with particular regard to web and social channels. It supervises the Group's energy management policies.

ENGINEERING & INFRASTRUCTURE PROJECTS

The Acea Group is a specialised centre of excellence renowned for its cutting-edge know how in designing, constructing, and managing integrated water systems: from sourcing springs to managing aqueducts, distribution networks, sewage systems, and purification facilities. It develops applied research projects aimed at technological innovation in the water, environmental and energy sectors. Laboratory and engineering consultancy services are of particular importance. The Acea Group is also engaged in the design and creation of plants for the environment and for the treatment of water and waste.

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

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

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

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

Summary of results

Income statement data

€ million	2024	2023	Change	% Change
Consolidated net revenue	**4,269.9**	**4,629.2**	**(359.4)**	**(7.8%)**
Consolidated operating costs	**2,728.7**	**3,252.7**	**(524.0)**	**(16.1%)**
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	15.7	14.4	1.3	9.0%
EBITDA	**1,556.8**	**1,390.9**	**166.0**	**11.9%**
Operating profit/(loss)	**702.7**	**612.3**	**90.4**	**14.8%**
Net profit/(loss)	**372.5**	**327.4**	**45.0**	**13.7%**
Profit/(Loss) due to third parties	*40.8*	*33.5*	*7.3*	*21.8%*
Net profit/(loss) attributable to the Group	**331.6**	**293.9**	**37.7**	**12.8%**

Financial position data

€ million	31/12/2024	31/12/2023	Change	% Change
Net invested capital	7,829.2	7,669.8	159.3	2.1%
Net financial debt	(4,953.6)	(4,846.8)	(106.8)	2.2%
Consolidated Shareholders' Equity	**(2,875.6)**	**(2,823.1)**	**(52.5)**	**1.9%**

€ million	31/12/2024	31/12/2023	Variazi one	% Change
Net Financial Position	(4,917.8)	(4,833.8)	(84.0)	1.7%

EBITDA

€ million	31/12/2024	31/12/2023	Change	% Change
Water	823.8	743.9	79.8	10.7%
Water (Overseas)	35.2	35.7	(0.5)	(1.4%)
Network and public lighting	433.7	375.4	58.3	15.5%
Environment	67.9	84.4	(16.4)	(19.5%)
Commercial	197.6	129.3	68.3	52.9%
Production	40.5	53.9	(13.3)	(24.8%)
Engineering & Infrastructure Projects	11.0	9.9	1.1	11.0%
Corporate	(52.9)	(41.6)	(11.3)	27.2%
Total EBITDA	**1,556.8**	**1,390.9**	**166.0**	**11.9%**

Investments

€ million	31/12/2024	31/12/2023	Change	% Change
Water	895.4	682.4	213.0	31.2%
Water (Overseas)	8.5	5.7	2.8	49.1%
Network and public lighting	315.7	299.6	16.2	5.4%
Environment	100.3	38.9	61.5	158.0%
Commercial	67.5	50.2	17.3	34.4%
Production	25.8	41.1	(15.3)	(37.1%)
Engineering & Infrastructure Projects	5.2	4.7	0.4	9.3%
Corporate	20.4	20.1	0.2	1.2%
Total Investments	**1,438.9**	**1,142.7**	**296.2**	**25.9%**

* The value of investments in 2024 includes the value of advances on tenders for E99.8 million.

Summary of results: economic performance

Income statement data

€ million	2024	2023	Change	% Change
Revenue from sales and services	4,050.2	4,410.1	(359.9)	(8.2%)
Other revenue and income	219.6	219.1	0.5	0.2%
Costs of materials and overhead	2,400.2	2,918.3	(518.1)	(17.8%)
Staff costs	328.5	334.5	(6.0)	(1.8%)
Net income/(expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit/(Loss) from non-financial equity investments	15.7	14.4	1.3	9.0%
EBITDA	**1,556.8**	**1,390.9**	**166.0**	**11.9%**
Amortisation, depreciation, provisions and impairment charges	854.2	778.5	75.6	9.7%
Operating profit/(loss)	**702.7**	**612.3**	**90.4**	**14.8%**
Financial operations	(144.5)	(136.5)	(8.0)	5.8%
Equity investments	(5.7)	(0.6)	(5.1)	n.s.
Profit/(loss) before tax	**552.4**	**475.2**	**77.2**	**16.3%**
Income tax	180.0	147.8	32.2	21.8%
Net profit/(loss)	**372.5**	**327.4**	**45.0**	**13.7%**
Profit/(Loss) due to third parties	***40.8***	*33.5*	*7.3*	*21.8%*
Net profit/(loss) attributable to the Group	**331.6**	**293.9**	**37.7**	**12.8%**

As at 31 December 2024, **revenue from sales and services** amounted to €4,050.2 million, a decrease of €359.9 million (-8.2%) compared to the previous year. The decrease is attributable to the following offsetting effects:

- lower revenue from electricity sales and services (-€338.8 million) affected by higher unit prices in 2023 (NSP change -15%), alongside lower sales volumes;
- lower revenue from sustainable development (-€151.6 million), as a result of new scenarios linked to changes to the Superbonus incentive, as a consequence of the closure of construction projects initiated and completed in the previous financial year (-€144.7 million). The remaining reduction regards revenue from value-added services (sales, installation and customer support in the smart services sector) with a drop of €7.4 million owing to the suspension of boiler and air-conditioner sales business, following the Government's decision to remove the possibility of invoice discounts and credit transfers as of early 2024;
- lower revenue from street sweeping and collection of ASM Terni (-€12.8 million), a result of the transfer of end customer invoicing activities in 2024 from the Municipalities managed by CNS – Cosp Tecno Service to the latter;
- lower revenue from the public lighting contract with the Municipality of Rome (-€8.1 million), due to fewer unscheduled maintenance works;
- higher revenue from the Integrated Water Service (+€85.8 million), mainly attributable to Acea Ato2 (+€68.5 million) and GORI (+€35.6 million), partly offset by the deconsolidation of Acquedotto del Fiora (-€31.1 million). In addition to the organic growth driven mainly by investments and the estimate of adjustments for pass-through items (electricity, wholesale water, etc.), these revenues were also influenced by the 2024-2029 tariff update following the introduction of the Water Tariff Method for the 4th regulatory cycle (MTI-4);
- higher revenue from gas sales (+€60.2 million), mainly due to higher sales volumes (+9.6%);
- higher revenue from electricity incentives (+€8.5 million), mainly attributable to the scheduling of GRIN incentives as well as the non-recognition in 2023 of incentives for Salisano and Orte due to the high price reported in 2022.

Other revenue shows an increase of €0.5 million (0.2%) compared to the previous year. The change is mainly attributable to the following offsetting effects: **i)** higher revenue from non-recurring gains (+€38.0 million), partly arising from Acea Ato2 (+€16.2 million) largely due to the realignment between the tariff adjustments recognised in the financial statements up to 2023 and the adjustments approved, and the recognition of inflation on the 2018-2021 and 2023 adjustments and partly recognised against allocations of energy items from previous years (+€18.4 million) at Acea Energia; **ii)** lower other revenue (-€51.9 million) as a result of the recognition in 2023 of the effects associated with the application of the incentive for Technical and Contractual Quality of the Integrated Water Service for the years 2020-2021 (Resolution 477/2023) which saw the companies consolidated on a line-by-line basis receive a bonus totalling €26.1 million, and lower revenue from GORI (-€10.2), mainly due to lower energy tax credits and a reduction in bonuses related to actions to increase the resilience of the electricity distribution service at Areti (-€4.1 million); **iii)** lower compensation from claims and penalties for €8.9.million, mainly due to the increase in CMOR indemnity claims on the free energy market (-€4.2 million) and partly due to transactions finalised with certain Areti suppliers in 2023; **iv)** higher revenue from grants (+€14.6 million) mainly to GORI (+€12.0 million) and largely involving the REACT-EU grant from the European Union granted in 2024 for investments already made in previous years, as well as to Areti (+€1.8 million) for greater releases of capital grants in relation to the grants received under Legislative Decree 50/2022 (referred to as the "Aid Decree"); **v)** higher IFRIC 12 margin revenue (+€9.2 million) mainly as a result of higher investments and the update to WACC.

External costs decreased overall by €518.1 million (- 17.8%) compared to 31 December 2023. The change is mainly due to the reduction in costs related to the procurement of electricity and gas on the free market and on the gradually protected market (-€380.8 million), which is in line with the revenue figures. The change is also partly attributable to the lower costs for services and contract work (-€146.2 million), largely due to the decrease in costs for energy efficiency works as a result of the completion of the majority of contracts for energy efficiency works on apartments and private residences, and lower costs related to ASM Terni's collection and sweeping service (-€13.1 million) for the reasons described above for the respective revenues.

Labour costs decreased by €6.0 million (- 1.8%) compared to the previous year, mainly influenced by the release of the liability for tariff subsidies for retired staff, following the agreement reached between the Group and the trade unions on 13 June 2024 which replaces this institution for former employees of the Group against payment of a one-off economic value.
The change in labour costs net of the aforementioned release shows an increase for €15.7 million net of higher capitalised costs (€4.4 million, deriving from the increase in the remuneration components and the adjustment of the national collective labour contracts, and partly by the different composition of the workforce.
The average number of employees stood at 9,223, down by 1,126 compared to last year, mainly as a result of the end of the three-year contract for the management of the Lima drinking water pumping stations operated by Consorcio Acea (- 904 employees).

€ million	2024	2023	Change	% Change
Personnel costs including capitalised costs	530.4	532.0	(1.6)	(0.3%)
Costs capitalised	(201.9)	(197.5)	(4.4)	2.2%
Staff costs	**328.5**	**334.5**	**(6.0)**	**(1.8%)**

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

€ million	2024	2023	Change	% Change
EBITDA	170.6	156.5	14.1	9.0%
Amortisation, depreciation, provisions and impairment charges	133.2	128.5	4.7	3.7%
Financial operations	(10.6)	(7.8)	(2.9)	36.8%
Equity investments	(0.0)	0.0	(0.0)	n.s.
Income tax	11.1	5.8	5.2	90.0%
Income from equity investments of a non-financial nature	**15.7**	**14.4**	**1.3**	**9.0%**

Income from equity investments from these companies rose by €1.3 million, as a combined effect of higher income arising from the companies in the photovoltaic sector (+€7.4 million), Umbra Acque (+€2.1 million) and Acque (+€1.0 million) partly offset by the devaluation of the company DropMI in liquidation (-€5.5 million) for the losses made in relation to unrealised projects in relation to smart metering and the lower contribution by Publiacqua (-€5.6 million) as a result of lower revenues from the integrated water service (Capex and FoNI component) and higher amortisation and depreciation. The result of Acquedotto del Fiora consolidated using the equity method in the final quarter (+€0.9 million) also contributed.

The **Gross Operating Income (EBITDA)** rose from €1,390.9 million at 31 December 2023 to €1,556.8 million at 31 December 2024, recording an increase of €166.0 million or 11.9%. EBIDTA net of non-recurring items for 2024[1] (+€42.2 million) and 2023[2] (+€28.0 million) grew by 11.1% (+€151.7 million).

1 One-off events in 2024 are mainly attributable to extraordinary items on energy instalments and non-recurring tariffs (+€61.1 million, of which €34.7 million related to the Acqua Italia business mainly attributable to recovery of inflation adjustments from previous years), the release of the fund for tariff subsidies for retired staff (+€17.3 million), the Environment business unit (-€8.7 million) predominantly influenced by extraordinary events related to plants, the writedown of the investment in DropMi in liquidation (-€5.5 million), and the profit/loss of Acquedotto del Fiora (-€20.0 million) neutralised following deconsolidation.

2 The one-off events in 2023 are attributable to the technical quality bonus for water companies (+€28.5 million), to extraordinary items on energy instalments (+€5.4 million), to capital gains on the sale of an SIMAM plant (+€3.2 million) and to the writedown of plants subject to revamping works (-€9.1 million).

The change is therefore due to the following offsetting factors:

- higher electricity distribution network margins mainly as a result of the increase in regulated tariffs (+€70.0 million), predominantly due to the effect of the positive changes to WACC, the deflator, and the increase to the value of the RAB, partly offset by the lower revenue deriving from the resilience plan (-€4.9 million), higher operating costs (+€6.7 million) mainly linked to staff costs, asset disposal costs (-€4.0 million) and lower margins on the public lighting service in the Municipality of Rome (-€1.5 million) due to fewer unscheduled maintenance works;
- higher margins arising from the growth in water tariff revenues related to non-pass-through items (+€107.0 million) mainly attributable to Acea Ato2 (+€66.2 million) and GORI (+€25.1 million) as a result of the organic growth driven mainly by investments, as well as the 2024-2029 tariff update following the introduction of the Water Tariff Method for the 4th regulatory cycle (MTI-4). This increase is offset by higher staff costs for €9.0 million attributable to contract renewals and the different composition of the workforce;
- lower margins from hydroelectric production (-€17.3 million), impacted by the price effect for €6.7 million (-€23/MWh) and lower quantities for €10.6 million (- 118 GWh), partly as a result of lower rainfall;
- increase in the margin on energy and gas (+€70.7 million), mainly due to higher margins on the free market due both to higher profit margins and higher quantities sold;
- lower margins on energy efficiency activities (-€15.7 million), as a result of new scenarios linked to changes to the Superbonus incentives as a consequence of the end of construction projects initiated and completed in the previous financial year;
- lower margins on WTE (-€9.1 million) due partly to the energy scenario mainly related to the San Vittore plant (-€15.1 million; -€70/Mwh), partly offset by the higher volumes processed and higher delivery costs;
- lower margin in the Corporate segment (-€11.3 million), essentially attributable to the increase in external costs for consultancies and technical/administrative services, advertising costs, sponsorships and software licences, partly offset by lower costs for electricity consumption and surveillance services.

EBIT amounted to €702,7 million and increased by €90.4 million compared to the previous year. Below are details of the items influencing EBIT.

€ million	2024	2023	Change	% Change
Depreciation/amortisation and impairment losses	708.9	651.8	57.1	8.8%
Net write-downs (write-backs) of trade receivables	96.9	86.5	10.4	12.0%
Provisions and releases for risks and charges	48.4	40.2	8.1	20.2%
Amortisation, depreciation, impairment and provisions	**854.2**	**778.5**	**75.6**	**9.7%**

The increase in **amortisation and reductions in value** (+€57.1 million) is mainly linked to the natural growth in amortisation from regulated activities, for the most part in the "Water" (+€27.6 million) and "Networks & Public Lighting" (+€9.3 million) segments, as a result of the higher investments and the entry into service of assets under construction. The increase was also partly attributable to growth in amortisation and depreciation related to commissioning costs for the acquisition of new Acea Energia customers (+€5.6 million) and the increase in impairments for approximately €18.3 million, following the results of impairment tests and partly due to the writedown of assets under construction.

Net write-downs (write-backs) of trade receivables increased compared to the previous year (+€10.4 million) in terms of impact on consolidated revenue (2.27% vs 1.87%). This result is mainly attributable to an increase in the hedging of the stock of water receivables, in line with the trend of the related ageing, and to the increased writedowns applied on a prudential basis to some cases which influenced the dynamics.

Provisions and releases for risk and charges increased compared to the previous year (+€8.1 million) due to the following offsetting effects: **i)** provision for the payment of the one-off fee linked to the aforementioned agreement between the Group and trade unions in relation to the tariff subsidies for retired staff (+€6.0 million), offset by the lower provisions for redundancies (-€5.9 million); **ii)** provision for TWS regarding the claim for damages by Irisacqua following the termination for breach of contract of the contract awarded to RTI, of which TWS was a part (+€6.1 million); **iii)** estimated penalty following the outcome of the proceedings by the Personal Data Protection Authority with regard to Acea Energia (+€5.0 million); **iv)** higher provisions by *areti* for processing and stamp fees for public lighting licences, penalties relative to Resolution 604/2021, and public lighting penalties (+€3.1 million); **v)** lower provisions in relation to disputes over eco-bonuses recognised in 2023 (-€3.2 million); **vi)** lower provisions for Acea Ato2 mainly due to the provision recognised in 2023 related to a payment injunction by the Lazio Region with reference to a request for payment of higher concession fees relating to the period prior to 2011 (-€5.6 million).

Financial management shows net expenses of €144.5 million, up compared to the value as at 31 December 2023 (+€8.0 million), due to the combined effect of: **i)** higher financial charges (+€11.6 million) due to higher interest rates and increased average debt for the period. Specifically, there were higher financial charges on short and medium-long term debt (+€14.3 million) mainly relating to the parent company, and higher commissions on an increased number of Areti credit transfers (+€10.2 million) compared to the previous year; this increase was offset by a general reduction across the other items, particularly lower interest on bond loans (-€6.3 million) mainly due to the settlement of the bond loan repaid by the parent company in July, offset by the interest on the bond loan issued in early 2023; **ii)** higher financial income (+€3.6 million) deriving from the recognition of income from energy efficiency tax credits (+€3.5 million) and the increase in interest income from customers (+€5.4 million), mainly attributable to the increase in market rates, partly offset by the reduction in interest accrued on short-term deposits by the parent company (-€5.6 million) as a result of the reduction in the amount of short-term deposits seen in the final quarter of 2024 coinciding with the repayment of the bond loan maturing in July.

Income and expense from equity investments show net expenses of €5.7 million and primarily comprise the capital losses from the sale of the equity investment in Berg (€3.3 million) and from the application of IFRS5 relative to the prospective sale of three photovoltaic systems to the Equitix fund (€3.7 million).

Estimated tax expenses amounted to €180.0 million compared to €147.8 million in the previous year. The increase was mainly due from the combined effect of higher pre-tax profit and higher tax rate. The tax rate at 31 December 2024 was 32.6% (31.1% at 31 December 2023).

The **net profit attributable to the Group** was €331.6 million, and showed an increase of €37.7 million compared to the previous year (+12.8%). Profit net of non-recurring items for 2024 (+€1.7 million) and 2023 (+€15.4 million) grew by 18.5% (+€51.4 million).

Summary of results: trends in financial position and cash flows

Financial position data

€ million	31/12/2024	31/12/2023	Change	% Change
Non-current assets and liabilities	8,813.4	8,366.1	447.4	5.3%
Net working capital	(984.2)	(696.2)	(288.0)	41.4%
Net invested capital	7,829.2	7,669.8	159.3	2.1%
Net financial debt	(4,953.6)	(4,846.8)	(106.8)	2.2%
Total Shareholders' Equity	**(2,875.6)**	**(2,823.1)**	**(52.5)**	**1.9%**

NON-CURRENT ASSETS AND LIABILITIES

With respect to 31 December 2023, non-current assets and liabilities increased by €447.4 million (+ 5.3 %), below is a breakdown of the item:

€ million	31/12/2024	31/12/2023	Change	% Change
Tangible/intangible fixed assets	8,124.0	7,885.2	238.8	3.0%
Equity investments	496.1	367.3	128.8	35.1%
Other non-current assets	1,291.8	958.8	333.0	34.7%
Employee severance indemnity and other defined-benefit plans	(77.6)	(109.9)	32.3	(29.4%)
Provisions for risks and charges	(234.1)	(224.3)	(9.8)	4.4%
Other non-current liabilities	(786.7)	(511.1)	(275.6)	53.9%
Non-current Assets and Liabilities	**8,813.4**	**8,366.1**	**447.4**	**5.3%**

The increase in **fixed assets** (+€238.8 million) mainly derives from the increase in investments, which stand at €1,438.9 million, partially offset by: **i)** amortisation/depreciation and writedowns totalling €708.9 million; **ii)** disposals and disinvestments (€13.5 million); **iii)** the change made to the scope of consolidation following the change to the consolidation method of Acquedotto di Fiora (-€298.1 million) and the sale of Berg (-€12.4 million); and **iv)** the reclassification to assets held for sale of the assets falling within the scope of the sale of the "HV Network" to Terna and of the photovoltaic systems sold to the Equitix Fund (for more details, refer to the section on the application of IFRS5).
The change in investments compared to the previous year shows an increase of €296.2 million, mainly recorded in the regulated activities and partly offset by lower investments for the construction of photovoltaic systems in the "Production" segment. The breakdown by industrial segment is provided below:

Investments

€ million	31/12/2024	31/12/2023	Change	% Change
Water	895.4	682.4	213.0	31.2%
Water (Overseas)	8.5	5.7	2.8	49.1%
Network and public lighting	315.7	299.6	16.2	5.4%
Environment	100.3	38.9	61.5	158.0%
Commercial	67.5	50.2	17.3	34.4%
Production	25.8	41.1	(15.3)	(37.1%)
Engineering & Infrastructure Projects	5.2	4.7	0.4	9.3%
Corporate	20.4	20.1	0.2	1.2%
Total Investments	**1,438.9**	**1,142.7**	**296.2**	**25.9%**

Equity investments increased by €128.8 million compared to 31 December 2023. The change is mainly determined by the change to the scope of consolidation following the aforementioned change to the consolidation method of the company Acquedotto del Fiora (+€79.5 million) and the acquisition of the equity investment in Rivieracqua (+€32.6 million). The remaining variation is attributable to the valuation during the period (+€17.3 million) net of OCI changes (-€1.4 million), the decrease for the distribution of dividends (-€6.3 million) and other changes predominantly linked to the recognition of earn-outs related to the photovoltaic equity investments in the Powertis Group (+€3.5 million).

The stock of **employee severance indemnity and other defined benefit plans** reported a decrease of €32.3 million, mainly due to the decrease in the provisions for tariff subsidies for retired staff (-€17.7 million), the isopension fund (-€10.0 million) and employee severance indemnity (-€5.1 million). With reference to tariff subsidies, the Acea Group and the trade unions signed a Draft Agreement on 13 June 2024, by virtue of which the tariff subsidies for former employees of the Group were extinguished from 1 July 2024. To replace said institution, a one-off payment was envisaged, quantified on the basis of the age of those eligible at the date of 30 June 2024. Signing the Draft Agreement led to the elimination of the accrued social security obligation recognised in the financial statements (totalling €17.3 million) and the simultaneous provision for risks and charges for an amount equal to the estimated one-off benefit to be paid to retired staff as definitive write-off of the tariff subsidies existing previously (totalling €6.0 million).
The discounting rate of these liabilities went from 3.17% at 31 December 2023 to 3.38% at 31 December 2024.

Provisions for risks and charges increased by €9.8 million with respect to the end of the previous year, mainly due to provisions net of releases of excess funds (€48.3 million) and uses (€29.3 million). The breakdown by nature of the provisions and the changes during the period are shown below:

€ million	31/12/2023	Uses	Provisions	Release for excess provisions	Reclassifications/ Other changes	31/12/2024
Legal	13.0	(3.4)	9.9	(1.0)	(2.8)	15.7
Taxes	5.0	(0.1)	1.7	(1.1)	0.0	5.6
Regulatory risks	36.0	(1.8)	16.5	(0.2)	(2.0)	48.4
Investees	12.8	0.0	0.0	(1.8)	(1.1)	9.9
Contributory risks	3.7	0.0	0.7	(0.0)	0.0	4.4
Insurance deductibles	11.0	(3.4)	1.9	(0.0)	0.0	9.6
Other risks and charges	39.0	(3.7)	12.4	(1.0)	(7.7)	38.9
Total provision for risks	**120.5**	**(12.5)**	**43.1**	**(5.1)**	**(13.6)**	**132.5**
Early retirements and redundancies	11.4	(9.4)	4.1	0.0	(0.0)	6.1
Post mortem	72.4	(0.4)	0.0	0.0	1.3	73.3
Provision for expenses payable to others	19.9	(7.0)	8.2	(2.0)	3.1	22.2
Provisions for reinstatement expenses	0.1	0.0	0.0	0.0	(0.1)	0.0
Total provisions for expenses	**103.8**	**(16.8)**	**12.3**	**(2.0)**	**4.3**	**101.6**
Total provisions for risks and charges	**224.3**	**(29.3)**	**55.4**	**(7.1)**	**(9.2)**	**234.1**

Other non-current assets increased by €333.0 million, mainly due to **i)** the reclassification to assets held for sale of the assets relative to the sale to Terna of the HV distribution networks and substations (+€141.3 million) and the assets falling within the scope of the second close and of the Pipeline subject to the agreement with Equitix (in relation to three related plants) for the prospective sale of the photovoltaic systems (+€21.7 million); **ii)** the increase in receivables for tariff adjustments (+€82.4 million); **iii)** the reclassification of tax credits due after the next financial year, accrued as a result of energy efficiency works, paid by customers to Acea Innovation (+€105.3 million), and the reclassification of the long-term portion of the tax credits accrued in the *cassetto fiscale* (tax box) following energy efficiency works and available for use as offsetting as of 2026 by Acea Energia or Acea (+€15.6 million); and **iv)** the reclassification to long-term of the life insurance policies and of an investment fund of Ecologica Sangro (+€16.0 million). This increase is partly mitigated by the reduction in long-term receivables for regulatory accounting (-€65.5 million) following increased disposals of receivables compared to the previous year. The increase in **other non-current liabilities** (+€275.6 million) refers in large part **i)** to higher grants relative to plants (+€167.3 million) due to the collection of grants received for NRRP projects by GORI, Acea Ato2 and Areti; **ii)** to Acea Ato2, in relation to the 10% advance on the public financing allocated by the National Recovery and Resilience Plan (NRRP), resulting from Ministerial Decree 517 of 16 December 2021 of the Ministry of Infrastructure and Sustainable Mobility, which calls for projects on potable water and/or irrigation supply systems to optimise and complete water infrastructure for the derivation, storage and supply of the resource, with the aim of improving climate change resilience, improving the security of existing infrastructure, and reducing water waste (+€103.5 million).

NET WORKING CAPITAL

The change in net working capital compared to 31 December 2023 results from the combined effect of the increase in current receivables (+€185.6 million), the decrease in current payables (-€122.0 million), the increase in other current assets (+€45.7 million), and the increase in other current liabilities (+€50.9 million).

€ million	31/12/2024	31/12/2023	Change	% Change
Current receivables	**1,027.6**	**1,213.2**	**(185.6)**	**(15.3%)**
- of which end users/customers	***975.3***	*1,170.0*	*(194.7)*	*(16.6%)*
- of which Roma Capitale	***22.2***	*21.0*	*1.2*	*5.7%*
- of which from associates	***30.2***	*22.2*	*7.9*	*35.8%*
Inventories	**122.6**	**97.8**	**24.7**	**25.3%**
Other current assets	**463.8**	**418.1**	**45.7**	**10.9%**
Current payables	**(1,872.5)**	**(1,750.5)**	**(122.0)**	**7.0%**
- of which Suppliers	***(1,855.5)***	*(1,741.8)*	*(113.8)*	*6.5%*
- of which Roma Capitale	***(14.0)***	*(4.9)*	*(9.1)*	*186.6%*
- of which from associates	***(2.9)***	*(3.8)*	*0.9*	*(24.2%)*
Other current liabilities	**(725.8)**	**(674.9)**	**(50.9)**	**7.5%**
Net working capital	**(984.2)**	**(696.2)**	**(288.0)**	**41.4%**

Receivables from service users and customers, net of the provision for doubtful debts, came to €975.3 million, down compared to 31 December 2023 (-€194.7 million), as a result of the effect of the decrease recorded in the Commercial segment (-€132.9 million) mainly attributable to Acea Innovation due to suspension of works due to energy efficiency measures, and in the Water segment (-€92.4 million), partially offset by the increase in the Networks and Public Lighting (+€23.1 million) and Environment (+€12.9 million) segments.
The provision for doubtful debts amounted to €626.0 million, an increase of €2.1 million compared to 31 December 2023 (€628.1 million). Receivables totalling €1,393.7 million were transferred without recourse during 2024, of which €208.2 million to the Public Administration.

RELATIONS WITH ROMA CAPITALE

As regards **relations with Roma Capitale**, the net balance at 31 June 2024 was €22.3 million payable by the Group (balance receivable of €17.2 million at 31 December 2023). Below is a breakdown of the situation with Roma Capitale:

Receivables due from Roma Capitale

€ million	31/12/2024	31/12/2023	Change
Utility receivables	18.4	17.6	0.8
Provisions for impairment	(1.7)	(1.8)	0.0
Total receivables from users	**16.6**	**15.8**	**0.8**
Receivables for water works and services	3.8	3.8	0.0
Receivables for water works and services to be invoiced	1.3	0.9	0.3
Provisions for impairment	(2.4)	(2.2)	(0.3)
Receivables for electrical works and services	2.5	4.5	(2.0)
Receivables works and services - to be billed	0.7	0.4	0.3
Provisions for impairment	(0.3)	(0.3)	0.0
Total receivables for works	**5.6**	**7.2**	**(1.6)**
Total trade receivables	**22.2**	**23.0**	**(0.8)**
Financial receivables for Public Lighting services billed	155.8	139.1	16.7
Provisions for impairment	(58.0)	(58.0)	0.0
Financial receivables for Public Lighting services to be billed	46.2	46.9	(0.7)
Provisions for impairment	(24.2)	(13.7)	(10.5)
M/L term financial receivables for Public Lighting services	0.4	1.6	(1.2)
Total Public Lighting receivables	**120.2**	**115.9**	**4.3**
Total receivables	**142.4**	**138.9**	**3.5**

Payables due to Roma Capitale

€ million	31/12/2024	31/12/2023	Change
Electricity surtax payable	(5.5)	(5.5)	(0.0)
Concession fees payable	(12.6)	0.0	(12.6)
Other payables	(5.7)	(8.3)	2.7
Dividend payables	(96.3)	(107.9)	11.5
Total payables	**(120.1)**	**(121.7)**	**1.6**
Net balance receivables payables	**22.3**	**17.2**	**5.1**

Trade and financial receivables recorded an overall increase of €3.5 million compared to the previous year, mainly due to accrual in the period and collections/offsetting.
The main changes in the year are as follows:

- accrual of Acea Ato2 receivables for the supply of water for €53.0 million;
- accrual of receivables for the Public Lighting service for €38.8 million;
- collection/offsetting of receivables mainly for Acea ATO2 utilities for €52.0 million;
- collection/offsetting of Acea receivables relating to the Public Lighting service for €34.5 million;
- collection/offsetting for €2.2 million related to the receivable recognised in relation to Equitalia for the tax on the occupation of public land for the year 2015 by Areti as per the ruling of the Court of Rome which recognised and authorised this operation.

Payables decreased by €1.6 million compared to the previous year.
The main changes during the period are as follows:

- higher payables due to the recognition of Acea dividends for 2023 for €95.6 million;
- higher payables due to the recognition of the Acea Ato2 concession fee for 2024 for €25.3 million;
- payment of Acea stock dividends for a total of €107.1 million, of which 82.3 million due in 2023;
- payment to offset the 2024 concession fee of Acea Ato2 for €12.7 million;
- Acea Ato2 payment related to the Tiburtina Memorandum of Understanding pertaining to road expansion work for €1.5 million.

It should also be noted that recurring payables recognised in 2024 were paid during the year: **i)** by Areti for Cosap and road excavation licences for a total of €17.6 million; **ii)** by Acea Ato2 for dividends for €3.0 million.
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. Therefore, also during 2021, while awaiting the conclusion and finalisation of these aspects, Acea regularly 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.
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 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 (2024), 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.
All administrative activities required to finalise the transaction are still under way. It is noted that the transaction covers multiple activities performed, referring to the operation under concession of the public lighting service in the capital and developed over several years, which are definitively formalised in the settlement agreement, with detailed administrative reconstruction and with a "tombstone" effect on the previous relations covered in said agreement, capable of preventing such disputes and controversies.

Current payables rose due to the increase in the stock of trade payables (€113.8 million). This effect mainly derives from the increase recognised to Acea ATO2 (+€144.9 million), Areti (+€55.2 million), GORI (+€62.8 million) and Acea Ambiente (+€21.3 million), reflecting the dynamics of the context in which the companies operate which is influenced by market trends and strategies taken to optimise working capital. Furthermore, this variation is partially offset by the decrease recognised to Acea Energia (-€89.3 million) relative to payables for the purchase of electricity and gas, which are mainly impacted by the price effect, and to Acea Innovation (-€56.8 million) for payables to contractors for energy efficiency and electric mobility works. The impact on this item of the change to the scope of consolidation was less than €46.8 million.

Other Current Assets and Liabilities recorded a decrease in assets of €45.7 million and an increase in liabilities of €50.9 million, compared to the previous year. Specifically, **other assets** increased mainly due to **i)** higher receivables relative to GORI (+€63.1 million), from Entities for the granting of plant contributions relating to works financed and realised in 2024, and to Acea Ambiente (+€19.7 million), relative to the sale of the equity investment in the subsidiary Berg and the receivables associated with advances related to activities for the preparation of the "technical and economic feasibility plan" and the design phase of the waste-to-energy plant in Rome (hereinafter "WTE plant in Rome"); **ii)** higher receivables from the Energy and Environmental Services Fund (+€26.4 million), partially offset by **iii)** lower tax credits relative to Acea Innovation (-€23.3 million) and Acea Energia (-€19.5 million) and **iv)** the decrease in "active derivative instruments on commodities" relative to Acea Energia (-€22.3) due to both the change to the fair value measurement at year-end and the change in the quantities hedged.
Current liabilities increased due to **i)** the increase in payables to the Equalisation Fund relative to Areti and ASM Terni (+€41.3 million) due to the change to the legislative framework regarding the Social Bonus and the reintroduction of general system charges; **ii)** increased payables to IRES (+ 20.6 million); and **iii)** increased liabilities deriving from the valuation of "Passive derivative instruments on commodities" relative to Acea Energia (+€8.9 million). These changes were partly offset by lower concession fees payable (-€12.1 million) relative to the water companies and the reduction in "Other payables" relative to Acea Ambiente following the repayment of the debts in 2023 for the integration of the price of the equity investment in Deco and the former Cirsu Technology Hub (-€10.4 million).

SHAREHOLDERS' EQUITY

The shareholders' equity amounted to €2,875.6 million. The changes seen, totalling €52.5 million, are analytically presented in the relevant table and essentially derive from profits accruing in 2024, distribution of dividends and the change in cash flow hedge reserves, as well as those formed by actuarial gains and losses.

Net financial debt

Group **debt** recorded an overall increase of €106.8 million, going from €4,846.8 million at the end of 2023 to €4,953.6 million at 31 December 2024. The deconsolidation of Acquedotto del Fiora resulted in a positive contribution of €61.6 million.

€ million	31/12/2024	31/12/2023	Change	% Change
A) Cash	513.5	359.4	154.1	42.9%
B) Cash equivalents	0.0	0.0	0.0	n.s.
C) Other current financial assets	186.8	487.3	(300.4)	(61.7%)
D) Liquidity (A + B + C)	**700.3**	**846.6**	**(146.4)**	**(17.3%)**
E) Current financial debt	(155.7)	(176.1)	20.4	(11.6%)
F) Current portion of non-current financial debt	(602.9)	(746.8)	143.9	(19.3%)
G) Current financial debt (E + F)	**(758.6)**	**(923.0)**	**164.3**	**(17.8%)**
H) Net current financial debt (G + D)	**(58.3)**	**(76.3)**	**18.0**	**(23.6%)**
I) Non-current financial debt	(4,895.3)	(4,770.4)	(124.8)	2.6%
J) Debt instruments	0.0	0.0	0.0	n.s.
K) Trade payables and other non-current payables	0.0	0.0	0.0	n.s.
L) Non-current financial debt (I + J + K)	**(4,895.3)**	**(4,770.4)**	**(124.8)**	**2.6%**
Total net financial debt (H + L)	**(4,953.6)**	**(4,846.8)**	**(106.8)**	**2.2%**

Non-current financial debt increased by €124.8 million compared with the end of the 2023 financial year. This change derives from the increase in medium/long-term loans of €580.1 million, partly offset by the decrease in bonds of €455.2 million, as shown in the table below:

€ million	31/12/2024	31/12/2023	Change	% Change
Bonds	3,484.0	3,939.2	(455.2)	(11.6%)
Medium/long-term borrowings	1,332.8	752.7	580.1	77.1%
IFRS 16 financial payables	78.5	78.6	(0.1)	(0.1%)
Non-current financial debt	**4,895.3**	**4,770.4**	**124.8**	**2.6%**

Bonds amounting to €3,484.0 million as at 31 December 2024 decreased by a total of €455.2 million due to the effect of the reclassification from the long-term to the short-term position of €161.3 million of the Private Placement bond, which is fully subscribed by a single investor (AFLAC) and matures in March 2025, and of the 2021 Green Bond for €300 million maturing in September 2025.

Medium/long-term loans amounting to €1,332.8 million recorded an overall increase of €580.1 million due to Corporate (+€723 million) partly offset by Areti (-€29.0 million), GORI (-€11.0 million) and Servizio Idrico Integrato (-€4.2 million). The changes to Corporate are partly due to the disbursements of the €435 million loan granted by the European Investment Bank (EIB), which will help to improve the coverage and quality of the integrated water service in the area operated by Acea Ato2, and partly to the disbursements of the €200 million loan granted by the EIB, guaranteed in the amount of 70% by SACE, and the €120 million loan with Cassa Depositi e Prestiti (CDP), which are intended to modernise and expand the electricity network in the Municipalities of Rome and Formello in the period between 2024 and 2027.

The **fair value** of GORI hedging derivatives was positive for €2.8 million (positive for €4.2 million at 31 December 2023); the fair value of Integrated Water Services was positive for €0.6 million (positive €1.0 million as at 31 December 2023), and that of Adistribuzionegas was positive for €0.2 million. Positive fair values are found under "Non-current financial assets" and are not considered in the balance of correlated loans.

The **short-term** component was negative for €58.3 million, with an improvement compared to the end of 2023 of €18.0 million. The change can be mainly attributed to the parent company for €22.6 million, generated by a reduction in liquidity of -€127.0 million linked to the reduction in short-term deposits (€280.0 million), offset by higher bank and postal deposits for €151.0 million and the €143.0 million increase generated by the reclassification to short-term of the Private Placement (AFLAC) (+€162.0 million), the 2021 Green Bond maturing in September 2025 (+€300.0 million) as stated previously, offset by the repayment of the bond loan which matured in July 2024 (-€607.0 million).

Note that financial debt includes €96.3 million in payables to Roma Capitale for dividends resolved to be distributed and does not include other payables of around €7.8 million relating to share purchase options of the companies already held.
At 31 December 2024, the Parent Company had committed credit lines of €700.0 million and uncommitted lines of €585.0 million. No guarantees were granted in obtaining these lines.

It must be noted that the long-term Ratings assigned to Acea by the International Ratings Agencies were:
- Fitch BBB+;
- Moody’s Baa2.

Reference context

PERFORMANCE OF THE FINANCIAL MARKETS AND THE ACEA STOCK

In 2024, the **world economy** showed significant resistance, with GDP expected to grow by about 1% in the Eurozone and about 3% in the US, despite the fact that – even after the rate cuts implemented in June by the ECB and in September by the FED – the monetary policies of the main central banks remain broadly restrictive.
However, due precisely to the economy's continued resistance and the re-emergence of tensions surrounding energy commodities, inflation – and core inflation in particular – remains generally above the targets set by the central banks (3.2% for the US core CPI in December, and 2.7% for the Eurozone), despite decelerating compared to 2023, thus reducing the scope for monetary easing in 2025.

As a result of the resilience of the economy, the rise in energy commodity prices towards the end of the year, and the outcome of the US presidential elections, with Trump's victory opening the door to more expansionary fiscal policies, **bond yields** showed a general increase during 2024, especially US yields (10y Treasury +69 bps, in the area of 4.6%). On the other hand, the less dynamic economy and the prospect of the introduction by the new US administration of customs duties resulted in a smaller increase for German yields (+34 bps for the 10y Bund, at around 2.4%). Italian yields, on the other hand, closed with a generalised decline (10y BTP -17 bps, at 3.5%), benefiting from a significant contraction in peripheral spreads induced both by the aforementioned resilience of the economy and by the rate cuts initiated in June by the ECB.

In this context, characterised by expectations of a "soft landing" and supported by the monetary easing initiated by the main central banks, **global equities** have reached all-time highs. When adjusted for the payment and reinvestment of dividends (Total Shareholder Return), the Euro Stoxx increased by 10.2%, compared to the +25.0% recorded by the S&P 500, with the US benchmark benefiting from exposure to certain stocks in the technology sector (Nvidia, in particular, almost tripled in value), driven by developments related to artificial intelligence.
The **sector dynamics** of Eurozone stock indices reflected the remarkable resilience of the economy, in a context of bond yields that remain at their highest levels in over 10 years. Consequently, the banking segment was one of the best performers with a rise of 32%, while bond-proxy and defensive sectors generally ranked on the opposite side. Specifically, the utilities sector showed a rise of only 2.2%, impacted not only by the evolution of bond yields, but also by the changed outlook for the development of renewables in the US following Trump's election.
In terms of the **national stock indices,** on the other hand, the Spanish Ibex 35 and the FTSE MIB outperformed the general Eurozone index with rises of 19.4% and 18.9% respectively, mainly drive by exposure to the banking sector. Meanwhile, the French CAC 40 (unchanged) was affected by doubts connected to the fragmented political framework that emerged following the French legislative elections at the end of June/beginning of July.
Acea significantly outperformed the Eurozone sector index and the FTSE MIB, with a **rise of 42.9%**, mainly driven by the update to the Business Plan, the improved outlook issued by Fitch, which went from "negative" to "stable", and solid performance in the nine months, with improvements to the annual EBITDA guidance and D/EBITDA ratio.
The closing price of Acea as at 30 December 2024 (last stock exchange session of the year) was €18.68, corresponding to a market capitalisation of €3,979 million. The daily closing prices fluctuated between a minimum of €13.55 on 26 February and a maximum of €18.92 on 16 December, the latter setting a new record high for the ex-dividend and reinvestment.
On the **currency** side, the EUR/USD fell by 6%, the decline occurring almost entirely in 4Q2024 as a result of Trump's election, with the US likely to adopt expansionary fiscal policies and tariffs against Eurozone imports.

	TSR 31/12/2024 (compared to 27/12/24)
Acea	**+42.9%**
FTSE MIB	+18.9%

(Source: Bloomberg, rebased to 100 at 27/12/2024)
Changes adjusted for dividend detachment (Total Shareholder Return)

ENERGY MARKET

Relative to the domestic electricity balance, electricity demand in 2024 totalled 312 TWh, (source: Terna), up by +2% with respect to 2023. However, by removing the contribution of the extra day in February 2024, the increase falls to +1.7%.
Energy production, net of self-consumption and consumption by pumping (30.9 GWh, +6.2%) came to 230.1 TWh, up by +2% with respect to 2023, and covered 74% of demand, while imports covered 16% (51 TWh, -0.6%). Despite the increase in demand, thermoelectric production (123.6 GWh, -7.6%) was partly impacted by renewables compared to 2023, especially the strong contribution of hydroelectric production (51.6 TWh, +31.2%) in the first half of the year in particular, with the highest production volumes seen in the last ten years. Photovoltaic production also increased compared to 2023 (27.6 TWh, +16.1%), while wind (22 TWh) and geothermal (5.3 GWh) production both decreased compared to the previous year (-5.8% and -1.5% respectively).
The National Single Price (NSP) in 2024 saw an average value of €108.52/MWh, down by -15% compared to 2023, with only the fourth quarter of 2024 showing an average value of €127.51/MWh, +3% compared to the fourth quarter of 2023, and +7% with respect to the third quarter of 2024). In the last quarter, in fact, electricity prices absorbed a significant rise in gas prices, in parallel with increased reliance on more expensive thermoelectric production, in order to cope with an increase in demand due to the weather and a partial decline in renewable energy (especially wind power).
Other European stock markets also recorded significant annual decreases compared to 2023, with France and Scandinavia recording the greatest reduction (-40% and -36% respectively), followed by Spain (-28%) and Germany (-18%).
With regards to the national balance of natural gas, the total withdrawn in 2024 was 61.7 billion scm (source: Snam Rete Gas), down by 2% compared to 2023. Excluding the distorting effect of the extra day in February 2024, the gap increases to -2.3%.
In particular, distribution, including residential and SME, recorded a consumption of 27.2 billion scm (+2.3% compared to one year ago), the thermoelectric segment requested 20.9 billion scm of gas (-0.8%), while demand for gas in the industrial segment came to 11.6 billion scm (+1.5%).
Storage remained close to the maximum levels of the previous year (79% as at 31 December 2024 compared with 81% as at 31 December 2023), with slightly higher delivery volumes between the first and last quarter (8.5 smc were delivered, +6.5%) and an injection in line with 2023 (8.3 smc were injected, -0.3%).
Parallel to demand trends, there was a downwards trend across all supply sources: imports from gas pipelines (44 billion smc, -0.7%), LNG imports (14.6 billion smc, -9.9%) and domestic production (2.8 billion smc, -1.5%).

European gas prices rose significantly in the fourth quarter for both geopolitical and non-geopolitical reasons. While tensions in the Middle East calmed somewhat, there was a renewed focus on Ukraine, with a series of military escalations between Russia and Ukraine, coupled with the increasingly likely prospect of a definitive halt after 50 years to the passage of Russian gas through Ukraine, which effectively came to pass at the end of 2024.
Although this does not pose an imminent risk to the security of the European gas system, the balance between supply and demand has become even more fragile, forcing Europe to increase its reliance on LNG imports and, at the same time, tackle possible increases in demand, as already seen in November and December, with the excessively cold temperatures of the past two years leading to a large-scale depletion of European stockpiles (-14% as at 31 December 2024 compared to a year ago).
The average value of the TTF in 2024 was 36.32 c€/smc (-16% compared to 2023), with only the fourth quarter recording an average of 45.33 c€/smc, up by +6% compared to the fourth quarter of 2023 and up +21% compared to the third quarter of 2024. The PSV in 2024 recorded an average value of 38.46 c€/smc (-14% compared to the previous year) and 47.11 c€/smc only in the fourth quarter of 2024 (+9% compared to the fourth quarter of 2023 and +16% compared to the third quarter of 2023).
The PSV-TTF differential in 2024 recorded an average of +2.14 c€/scm, trending up by +0.4 c€/scm compared to the average value in 2023.

TARIFFS FOR TRANSPORT SERVICES

2024 was the first year of the new regulatory period (ROSS), lasting eight years (2024-2031) divided into two sub-periods.
The regulations are included in four Integrated Texts: "Integrated Text of provisions of the Authority for providing electricity transmission and distribution services (TIT)", Annex A to Resolution 616/2023/R/eel, the "Integrated Text of provisions of the Authority for providing the electricity metering service (TIME)"; Annex B to Resolution 616/2023/R/eel, the "Integrated Text on provisions of the Authority on the economic conditions for providing connection services (TIC)", Annex C to Resolution 616/2023/R/eel, published on 29 December 2023, and the "Integrated Text on regulations for spending and service objectives (ROSS) for regulated infrastructure services in the electricity and gas sectors for the 2024-2031 period (TIROSS)", annex to Resolution 163/2023/R/com published on 20 April 2023.
For the distribution service, ARERA confirmed unbundling of the tariff applied to end customers (the so-called compulsory tariff) from the reference tariff for determination of the constraint on revenue permitted to each company (the reference tariff).
On 7 May 2024, ARERA communicated via certified email the provisional reference tariff for the electricity distribution and metering services for the year 2024, subsequently approved with Resolution 206/2024/R/eel of 28 May 2024.
The compulsory tariffs for the year 2025 were published with Resolution 585/2024/R/eel for the electricity distribution and metering services for domestic and non-domestic customers.
In the new regulatory period (2024-2027), the ROSS-base criteria apply with reference to the distribution and metering activities, except for the recognition of the capital costs of the 2G smart metering systems, which will continue to be recognised as per the provisions of the PMS2.
The cost recognised for tariff purposes includes:
(i) the remuneration and amortisation of investments made up to the cut-off date (year 2023);
(ii) the fast money portion (opex);
(iii) the slow money portion (RAB) on which the remuneration of the invested capital and amortisation are calculated;

(iv) the incompressible costs recognised “on top” (such as tax expenses);
(v) greater efficiency recoveries achieved in the previous regulatory period were left to the distribution companies in the four subsequent years, with gradually declining rates (50% the first year, 37.5% the second, 25% the third and 12.5% the fourth).
(vi) efficiency recoveries achieved in the new regulatory period (determined by the comparison between the baseline of operating costs and the effective operating costs of each year). Efficiencies in the new regulatory period are left to the DSO based on the incentive scheme selected (SBP low potential or SAP high potential). The incentive is selected at the start of the regulatory period and remains valid for that period.

Total costs incurred by the company are divided between the Slow money portion and the Fast money portion based on a capitalisation rate defined by ARERA by company.

Based on the ROSS provisions, ARERA recognises in year t the remuneration of invested capital relating to the assets that went into operation in year t-1 and the related portion of amortisation. It should be noted that the investments made until the year 2023 will continue to be recognised in continuation with the criteria, so the amortisation and depreciation of such assets will continue to be recognised with a lag of two years.

In the new sub-period, ARERA established that the reference tariffs are defined jointly for the distribution and metering services, are expressed in euro per withdrawal point served, with no differentiation for contract types.

ARERA published Resolution 513/2024/R/com, thus providing for the updating of the relevant parameters used to determine the rate of return on capital subject to review for the sub-period 2025-2027, pursuant to the TIWACC (Appendix A of Resolution 614/2021/R/com), and of the beta asset parameter, with reference to the electricity and gas infrastructure services, establishing a rate of return on invested capital of 5.6% for electricity distribution and metering services for 2025.

The flat rate connection contributions of each company and the contributions collected by EU bodies (such as the NRRP contributions) will continue to be deducted directly from the invested capital of the company, considering them as equal to MV/LV assets. However, with Resolution 617/2023/R/eel of 27 December 2023, ARERA changed the incentives for obtaining public contributions. The bonus is equal to 10% (instead of the previous 8.6%) of the public contributions collected during the previous year and is ascertained and determined annually by the Authority by 31 October of each year, from 2025 to 2028. Distribution companies must provide the list of public contributions collected by 31 March of the year following the year to which the contribution refers. Bonuses are paid in three equal amounts, unless otherwise ordered and justified by the Authority at the time the economic items are determined, for reasons of liquidity or the overall impact on the tariff.

On 29 November 2023, ARERA requested the information needed to determine the capitalisation rate, the baseline for 2024 operating costs, presentation of the application for the Z-factor and the incentive selected (SBP v.s SAP). On 22 December 2023, in a certified email, *a*reti sent the Authority the requested information, deciding not to present the application to activate the Z-factor, as incremental costs associated with the energy transition were not planned for 2024, and opting for the low-potential scheme (x-factor of zero and efficiencies retained at 100% in the first year and 50% in the three subsequent years). The application for the Z-factor is valid for one year, is requested on an estimate basis and is subject to final verification. The possibility of requesting recognition of the Y-factor parameter for unforeseeable and exceptional events and/or changes in the regulatory framework is also envisaged, and can be activated ex post for changes equal to at least 0.5% of the fast money quota for the year of reference.

The distribution and metering reference tariff is updated on the basis of total effective expenditure of each distributor (operating expenditure and capital expenditure). The updating criterion envisages that:

- the baseline for operating costs (used as a comparison with the effective costs to determine the efficiency quota achieved in the year) is updated annually on the basis of the average annual rate of change in the consumer prices for households of manual workers and office workers from year t-1 to year t reported by ISTAT, using ROSS criteria. The baseline for operating costs in 2024 is equal to the 2022 effective operating costs (COE), appropriately revalued for 2023 and 2024, based on the inflation rates published in Resolution 616/2023, equal to 6% and 1.9% respectively.
- for the purpose of revaluing the net fixed assets related to assets in operation, investments in progress, and the net value of contributions, the rate of change of the deflator is considered, calculated considering the change in the average of the four quarters of year t-1 with respect to the four quarters of year t-2.

As regards marketing, ARERA confirmed a single reference tariff that reflects both the costs for managing the network service and marketing costs (single all-inclusive company tariff for the distribution and marketing service).

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

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

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

The purpose of equalising the revenues of the distribution service is to equalise the revenues deriving from the comparison between the revenues billed to users through the compulsory tariff and the distributor’s allowed revenues, calculated through the company’s tariff of reference. For the distributor companies subject to ROSS criteria, advance payment mechanisms are envisaged in relation to the equalisation of the distribution service revenues and in relation to the equalisation of the transmission costs.

Participation in the advance payment mechanism for the equalisation of the distribution service revenues is optional, according to methods defined by CSEA. The advances, with reference to the tariff for year t, are set at 90% of the value of the amount of the equalisation balance estimated on the basis of the provisional reference tariff for year t and are disbursed in three bimonthly instalments starting from the end of June of year t. The balance is expected 60 days from the date of publication of the definitive reference tariffs.

With Resolution 616/2023, as already defined in the previous period, ARERA confirmed that the equalisation of the revenues from distribution would be reduced by an amount equal to 50% of the net revenues from the use of the electrical infrastructure for pur-

poses additional to the electric service, recorded at the end of year n-2 should the aforementioned net revenue exceed 0.5% of total recognised revenue.
The equalisation of the transmission costs has the objective of passing the distributor in terms of the cost recognised to Terna for the transmission service (CTR) with what was paid by the end customer based on the compulsory transmission tariff (TRAS). Participation in the advance payment mechanism for the costs of the transmission service is mandatory. With reference to the tariff for year t, the advances are set at 80% of the value of the equalisation amount defined in relation to the tariff for year t-1 and are disbursed in year t in six bimonthly instalments. The balance is expected by 31 December of year t+1.

NETWORK LOSSES

The Authority published resolution 117/2022/R/eel, which fine-tuned the regulations for adjusting electricity losses on transmission and distribution grids for 2022-2023, confirming the desire anticipated in DCO 602/2021/R/eel of establishing a process to improve the efficiency of commercial losses but, however, making them more precautionary, with a 4% reduction for 2022 and 2023, bringing the percentages to:

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

A price control mechanism is introduced; this is to be used to determine the loss delta in each of the two years and, for only 2022, it provides for a guarantee clause to protect distributor companies which recognises an equalisation equal to the maximum between zero and the result that would be obtained using the conventional percentage loss factors applied for the three years 2019-2021, if the total economic result equal to the difference between the equalisation balance and the revenues obtained from the tariff regulation of the reactive energy pursuant to paragraph 24.2 of the TIT is positive (net debt position).
The Authority also extends the mechanism for recognising "non-recoverable" fraudulent withdrawals also to the years 2022 and 2023. The conventional percentage standard loss factor to be applied to the electricity withdrawn at the withdrawal points on the low voltage grids is finally set, starting from 1 January 2023, at 10%.
With resolution 336/2023/R/eel, the Authority began the procedure to reform the electricity and network loss settlement regulations, followed by the consultation document 377/2023/R/eel containing the Authority's guidelines on moving beyond the load profiling regulations and "residual" electricity supply methods, with the deadline for submitting comments set for 25 September 2023.
The consultation document outlines the following scenario:

- by 31 July 2024, the regulatory framework for the new settlement and network loss rules will be established, pursuing the following objectives:
  - going beyond the current load profiling methods and redefining the methods to determine and obtain "residual" energy;
  - unifying metering data functional to the settlement and regulating of network losses and simplifying disclosure obligations;
  - revising the current loss equalisation mechanism with a view to defining regulations which better adhere to the actual performance of individual companies;
  - prompt determination and assessment of physical and economic items for dispatching, with a consequent reduction in financial charges borne by various system actors and guarantees.
- by 31 December 2025, the schedule and methods for integrating that envisaged in the new regulations with the IWS are expected to be determined.

The Authority published resolution 584/2023, which extended to 2024 the regulations in force in 2023, in particular:

- the rules on equalisation of network losses envisaged pursuant to the TIV for the 2022-2023 two-year period;
- the conventional loss factors for equalisation purposes established in the TIV for 2023;
- the conventional loss factors applied for 2023 to electricity issued and withdrawn pursuant to the TIS.

With specific reference to marginal situations, the mechanism for restoration of such losses was confirmed for 2024, with the application to be presented in May 2025 with reference to 2022-2024.
the Authority published resolution 535/24 which amends/supplements the current regulations on load profiling and network losses to guarantee the correct application of existing regulations in 2025, pending the application of the new guidelines in 2026.

CONTINUITY OF THE SERVICE

With the Integrated Text on output-based regulation in force from 1 January 2020, the Authority introduced the possibility for the DSOs to present regulatory experiments to improve the service quality in particularly critical contexts. A specific feature of these experiments is the suspension of the penalties for the experimental period and their non-retroactive application if the target levels for the indicators of number and duration of interruptions without notice, set by the current regulations, are achieved.
In this context, *areti* presented its proposal, outlining a process for improving the technical quality indicators different from that defined by the ordinary regulation. This proposal was approved by the Authority with Determination 20/2020 of 20 November 2020. The measure postpones to 2024 the calculation of the bonuses and penalties for the entire four-year period 2020-2023 and provides for the activation of an additional bonus mechanism if the target proposed at 2023 is achieved and the effective annual levels achieved are better than those proposed in the experimentation. The total bonus obtained cannot be more than that achievable in the ordinary regulation and in the case that the improvement commitment indicated is not achieved, *areti* will have to pay any penalties it would have received during the four year period in the absence of the derogation.
The Authority published resolution 485/2023, which defined the bonuses and penalties related to service continuity for 2022. Areti does not appear on the list since it is part of a regulatory trial and was therefore assessed in 2024 at the end of the 2020-2023 four-year trial period.
The Authority published resolution 588/2024, which determines the items relative to regulatory trials on the continuity of the energy distribution service for the 2020-2023 period, according to which as at 31 December 2024, Areti was liable to pay a fine of €6.4 million for failure to reach the targeted levels. This fine was paid in full in January 2025.
The Authority published determination 2/2024 – DINE, which approved the technical instructions for recording and documenting interruptions to the electricity distribution service for the 2024-2027 regulatory period.

DEVELOPMENT AND RESILIENCE PLAN

In the Development Plan, distributors are held to include a specific section containing the resilience plan, which includes network projects intended to increase the resilience of the electrical system with respect to severe and persistent weather events.
The Resilience Plan 2020-2022 was approved with resolution 500/2020/R/eel, including the final figures for projects completed in 2019: for these projects, with resolution 563/2020/R/eel the Company was recognised a bonus of around €3.1 million.
With resolution 536/2021 the Authority approved the 2021-2023 plan and with resolution 537/2021/R/EEL determined the bonuses and penalties relating to the electricity distribution network resilience increase interventions concluded in 2020 (for *a*reti, the 2020 resilience bonus adds up to €5.3 million, which CSEA paid to the Company at the end of 2021).
The Authority has published 121/2022/R/eel which calls for a new process to prepare development plans. In particular, for 2022 it suspended the 30 June deadline set for the preparation of distribution network development plans, while awaiting subsequent definition of more suitable scheduling, to take into account the new provisions introduced in article 23, paragraph 5 of Legislative Decree 210/21 and to allow for plan preparation to duly take into account the scenario information made available by Snam and Terna in July 2022. The deadline of 30 June was confirmed for sending the updated Resilience Plan pursuant to article 78.3 of the TIQF.
The Authority published resolution 722/2022/R/eel in which it established bonuses relative to projects to improve the resilience of the electricity distribution network completed in 2021, which for Areti amounted to €8,588,073.13 (received by Areti on 13/01/2023).
Distributors with at least 100,000 withdrawal points present the Development Plan for their network annually by 30 June.
After the suspension of this requirement for 2022, the Authority developed the idea of an evolution in the content of the Development Plans, also implementing the EU guidelines on promoting renewable energy. Therefore, it published consultation document 173/2023/R/eel which outlines guidelines to identify performance priorities and indicators for more selective development of investments in electricity distribution networks and for the progressive introduction of provisions for the consultation and preparation of distribution network development plans.
With DCO 173/2023, postponing the due date for the presentation of the Development Plans, the Authority proposed new content and methodology for the preparation of the 2023 Plans to the distributors.
Subsequently, the Authority published resolution 296/2023 in which it defined the schedule for the preparation and public consultation of distribution network development plans, as well as introducing certain initial requirements for preparation of the same, while awaiting additional provisions. In particular, distributors with more than 100,000 end customers must present the Authority with a 2023 development plan by 30 September 2023, simultaneously beginning a public consultation period of at least 30 days, as *a*reti did on 2/9/2023, publishing the document on its website. Following the consultation, each distribution company will present its development plan to the Authority by 30 November 2023, possibly updated based on that resulting from the consultation, together with the comments received and their responses, indicating any changes made. Starting in 2025, each distribution company with at least 100,000 end customers will present the outline of their Development Plan to the Authority by 31 March of each odd year and, at the same time, will launch a public consultation on the outline of their Development Plan, lasting at least 42 days. Following the consultation, the company will present its Development Plan to the Authority by 30 June of each odd year, possibly updated based on that resulting from the consultation, together with the comments received and their responses, indicating any changes made.
The Authority published resolution 422/2023, which establishes the bonuses for projects to improve the resilience of the electricity distribution network completed in 2022. The net amount of the resilience bonus for 2022, totalling €5,635,481.55, was disbursed by CSEA to Areti on 13 November 2023.
With resolution 617/2023, which followed DCO 173/2023, the Authority adopted the integrated text of the output-based regulations of the electricity distribution service 2024-2027 (TIQD) and the regulations on commercial quality of the distribution and metering services (TIQC 2024), also establishing the new bonus mechanism for benefits associated with network development measures, which provides for:

- new bonus-only incentive mechanism provides that, for 2024, at the request of the distributor company to be submitted by 28 February 2024, with a limit on the amount of eligible investments equal to 15% of the investment spending expected for 2024 in the development plan for 2023 (measures already included in the resilience bonus mechanism are excluded from this mechanism); the envisaged bonus is equal to two years' expected (gross) benefit, for the 2025-2027 period; for 2025, at the request of the distributor company to be submitted by 30 June 2025, with any limits on expected eligible investment spending yet to be set;
- final calculations by 31 March of each year starting from 2026 with reference to 31 December of the previous year (in odd years, the reporting is carried out during transmission of the draft development plan preceding the related public consultation) with determination of the bonuses by the Authority by 30 September, possibly in several annual instalments up to a maximum of three instalments;
- extension of the benefit categories eligible for bonuses, with several first-time application provisions, without prejudice to further changes in the features of the future incentive mechanism, or methodological changes pending discussions with the distributor companies.

The Authority, following up on consultation 239/2024/R/com concerning the guidelines on minimum requirements for preparing development plans for the transmission, transport and distribution of electricity and for defining hypothetical scenarios for development plans of distribution networks, published resolution 392/2024/R/eel on the Provisions on scenarios for the development plans of energy networks. The most significant changes introduced include: a new deadline for scenario documents; a new activity to collect information from current and potential network users; a process for a very long-term discussion on the evolution of the energy system.

"2G DIGITAL METER" PROJECT

With reference to the PMS2 presented by Areti, ARERA approved Resolution 293/2020/R/eel, establishing the date of commencement of the PMS2 as 1 January 2020 and recognising the investments related to Areti's 2G smart metering system to the specific capital cost recognition scheme, starting from the same date. Given the recent global context, characterised by concerns linked to the pandemic and the war in Ukraine, it is not possible to guarantee the continuity of supply necessary to meet the forecasts set out in the plan. Consequently, with the certified email dated 15 June 2022, Areti informed the Authority of concerns regarding the shortage of 2G meters, which was determining a slowdown in the implementation of the large-scale replacement plan, as well as the lack of a clear idea of the number of 2G meters that the supplier would be able to guarantee and a shortage of information required to update to PMS2 pursuant to art. 6.2 of resolution 306/2019.

With **resolution 601/2022/R/eel**, the Authority introduced transitional amendments to the provisions on the commissioning of LV 2G electricity meters set out in resolution 306/2019/R/EEL, as well as provisions regarding the information to end customers set out in resolution 105/2021/R/eel. The most pertinent aspects of the provision regard the suspension for 2022 of the penalties for delays with respect to the forecasts for implementing the service and non-compliance with expected performance levels, and the freezing of the effects deriving from the planned and actual numbers of 2G metres for 2022, from the calculation of the percentage progress of the plan, for the purpose of the cumulative progress checks under PMS2 in subsequent years.

Finally, the Authority published **resolution 724/22** which updates the 2G Directives for the 2023-2025 three-year period, providing for the extension to four years of the performance monitoring period of 2G smart metering systems, with penalties applicable only from 1 January of the fifth year of the PMS2. The same provision also introduced a bonus mechanism in cases where the cumulative number of 2G meters to replace 1G meters exceeds 105%, to be applied if the acceleration is achieved through the use of public subsidies of any kind.

In March 2023, Areti received the Preliminary Findings Report from the Authority, which concerns the sum of capital expenditure in 2021 for investments in 2G smart metering systems (central systems and concentrator + metering systems). These values are used to determine the final reference tariff for 2022.

TRANSMISSION, DISTRIBUTION AND DISPATCHING OF ELECTRICITY WITHDRAWN FOR SUBSEQUENT FEEDING INTO THE GRID

The Authority published Resolution 109/2021/R/eel - which follows up on Consultation Document 345/2019 - in which it defines the procedures for providing the transmission, distribution and dispatching service in the case of electricity withdrawn for consumption relating to ancillary generation services, and in the case of electricity withdrawn and subsequently fed back into the grid from the storage system. The priority objective of the resolution is to standardise regulations for the transmission, distribution dispatching services for electricity withdrawn for subsequent feeding back into the grid and extend the aforementioned regulation to more complex cases, where the withdrawal of electricity via the same connection point is not only intended for storage systems and/or ancillary generation services, but also additional loads separate to these. The resolution stipulated that as from 1 January 2022 on request of the producer, electricity withdrawn for the subsequent feeding into the grid will be handled as negative electricity fed in for the purposes of accessing transport, distribution and dispatching services.

ARERA published Resolution 560/2021/R/EEL with which it postponed to 1 January 2023, rather than 1 January 2022, application of the rules on transmission, distribution and dispatching services for electrochemical storage pursuant to Resolution 109/2021/R/EEL, after presentation of the relative application by the producer or entity requesting connection to the network operator, based on the model established in resolution DMEA 5/2022.

The Authority published resolution 472/22, supplementing the regulation introduced by resolution 109/21 on auxiliary services and storage systems, defining its guidelines on:

- determining penalties in cases in which 110% of the power declared in the certified appraisal for auxiliary services and/or storage systems is exceeded;
- redetermining the duration of the time interval to quantify electricity withdrawn, functional to allowing subsequent issuing to the network using a division ratio;
- defining the procedure to replace metering equipment for hourly registration of electricity metering data.

The Authority published resolution **142/2023/R/eel** which updates the TIS and TIME so that vendors, on one hand, and distributing companies and Terna, on the other, can properly value electricity withdrawn from system configurations that access the new regulations introduced with resolution 109/2021/R/eel. To that end, with this resolution the Authority governed methods used to send data about electricity withdrawn to power auxiliary generation services and electricity withdrawn and subsequently re-issued to the network by storage systems and net energy withdrawn.

With resolution **596/2023/R/eel**, considering the critical issues detected, in order to complete the procedure for accessing the regulations envisaged by resolution 109/2021/R/eel (with particular reference to the activities associated with GAUDÌ registration and authorisation of production units (UP) and/or auxiliary service production units (UPSA)), the Authority established:

a. the extension by one year (until the end of 2024) of the regulations currently envisaged by Article 16 of the TIT 2020-2023;
b. the creation at Terna of a technical panel, convened at least monthly, attended by interested stakeholders, in order to discuss critical operating issues;
c. monthly reports sent by Terna to ARERA on the proceedings of the technical panel and the solutions identified, in addition to the update status of the GAUDÌ system and, at aggregate level, the progress status of cases presented by the operators.

With resolution 585/2024/R/eel the Authority supplemented and amended resolution 109/2021, better defining the procedures for providing the transmission, distribution and dispatching service in the case of electricity withdrawn for consumption relating to ancillary generation services, and in the case of electricity withdrawn and subsequently fed back into the grid from the storage system.

COLLECTIVE SELF-CONSUMPTION AND RENEWABLE ENERGY COMMUNITIES

With the resolution of 30 January 2024 the Authority published a provision amending the Consolidated Widespread Self-Consumption Act (TIAD) and approving the Technical Rules for the widespread self-consumption service prepared by Gestore dei Servizi Energetici S.p.A (GSE).

ELECTRIC MOBILITY

With resolution **541/2020/R/eel**, supplemented by Resolution 160/2021/R/eel, the Authority launched national experimentation destined for LV customers, aimed at facilitating the installation of e-car rechargers in private areas.
Acceptance is voluntary and free and access is subordinated to observance of a number of conditions:

- the customer must be at LV with contractually committed power of not more than 4.5 kW and not less than 2 kW;
- the POD must be fitted with a 1G o 2G remotely-managed meter. In this second case, any multi-hour bands set by the vendor must enable identification of the withdrawals made in night, weekend and holiday bands;
- a recharging device must be electrically connected to the meter; this device must at least be capable of:
  - measuring and recording the active recharging power and transmitting this figure to an external subject (e.g. an aggregator);
  - reducing/increasing or reinstating the maximum recharging power.
- customers must give their consent to checks and controls also in their homes and are required to communicate promptly any change to the system or contract that occurs during the experimentation.

Application of the experiments, initially envisaged as from 1 July 2020 through 31 December 2023, was extended to 31 December 2024 with resolution **634/2023/R/eel**, which represents the first result of consultation 540/2023/R/eel. The resolution provides for three measures deemed urgent on electric mobility: a gradual review of the BTVE (low-voltage electric vehicle) regulations from 2025, the confirmation to continue with trial 541/2020, and to establish technical panels.
With Determination 2/2024, ARERA's aim was to coordinate the activities linked to the topics of decarbonisation of consumption/electric mobility and the development of the hydrogen and renewable gas supply chain. In particular, ARERA envisaged that, with regard to the topics of decarbonisation of consumption/electric mobility, the following activities would take place:

- establishment of electric mobility focus groups envisaged by resolution 634/2023/R/eel;
- including through collaboration with research centres external to the Authority, the collection and analysis of useful data for updating and/or integrating the investigations already initiated regarding the evolution of technologies and the markets of significance to the electric mobility sector;
- participation in any technical panels established by other Public Administrations pertaining to electric mobility topics;
- support for the preparation of draft measures envisaged by resolution 634/2023/R/eel;
- preparation of reporting schemes such as those required by the AFIR Regulation;
- presentation of an interim summary report of activities performed to the Division Director;

With resolution **352/2021/R/eel**, the Authority launched a trial of the most appropriate regulatory solutions for the procurement of local ancillary services provided by distribution operators, for the associated remuneration. The trial takes into account the definitions and general principles already found in the European regulatory framework and also serves to gather information that may be useful in the European debate. In this regulatory context, *areti* developed the RomeFlex project (Reshaping Operational Methods to run grid FLEXibility), which makes it possible to create a local flexibility market in several areas of the City of Rome territory. To this end, on 22 December 2022 *areti* launched a public consultation (ending 31 January 2023) of the Regulation Scheme according to which the RomeFlex project proposal would be conducted.
With resolution 372/2023/R/eel, the Authority approved the pilot project for the provision of local ancillary services proposed by the company *areti* for 2024, in the context of the process governed by resolution 352/2021/R/eel, as well as the documentation proposed by the GME and required for this purpose.
With Resolution **420/2023**, the Authority approved the fees proposed by the GME, set out by Article 7 of the Local Flexibility Market Regulations approved with resolution 372/2023/R/eel. The GME will continue to play the role of central counterparty on the electricity markets, including the local flexibility market. The values approved were set so as to encourage operator participation and the growth of liquidity on the LFM in its initial stages (first stage: selection of resources in which only the futures market will be operative, corresponding to the period from January to April 2024).
The Authority published Resolution **121/2024/R/eel**, which approved the requested amendments to the RomeFlex project, namely the introduction of the spot market and remodulation of the remuneration of services between capacity and energy. With resolution 121/2024, the Authority reiterated the *areti* 2024 budget of €5 million for services to the BSPs, specifying that: "...the fees paid by *areti* to the GME for transactions carried out on the LFM will be included among the costs for the remuneration of flexibility resources paid, pursuant to resolution 372/2023/R/eel, by the Fund for exceptional events, resilience and other special projects set out by Article 10, paragraph 10.1, letter l) of the TIPPi."

THE ITALIAN WASTE MANAGEMENT MARKET

The current situation of production and treatment capacity for waste in the traditional operational areas of the Acea Group and in the neighbouring areas shows a high "potential demand" for waste management (disposal in landfills, waste-to-energy, composting and biogas production, sludge and liquid waste treatment, recycling of mixed materials and production of Secondary Raw Materials). This is facilitated by a national regulatory framework that provides incentives and by the regulatory support of European directives on the recovery of materials and energy, as well as by the implementation of the European Union's policy guidelines on the circular economy (closing the loop), which are being implemented in Italy by virtue of a delegated law that has given the government the obligation to update environmental legislation adapting it to the new EU standards.
Opportunities for developing the sector are therefore highlighted, also facilitated by the availability of new technologies (for example in composting) and by possible forms of industrial integration with other operators.
Finally, the expansion of the potential for disposal/recovery of sewerage sludge – in the context of value added environmental services (sludge treatment, compost) – could lead to the completion of the integration with the Water business, in view of a complete management in-house of the entire supply chain.

WATER REGULATION

With **resolution 639/2023/R/idr** of 28 December 2023, the Authority defined the water tariff method for the fourth regulatory period 2024 – 2029 (MTI-4). The adoption of MTI-4 is part of the procedure begun with resolution 64/2023/R/idr (which also indicated the value of the average cost for the electricity supply sector for 2022, equal to €0.2855/kWh) and was followed by two consultations (DCO 442/2023/R/idr and DCO 543/2023/R/idr). With Communication dated 12 March 2024, ARERA also established the average cost for the electricity supply sector for 2023, equal to €0.2436/kWh. Again for MTI-4, the Authority confirmed the methodological approach adopted in the previous regulatory periods, with the aim of guaranteeing stability and continuity in the regulatory framework. Below are the aspects of greatest impact in the new method:

- extension of the regulatory period duration from four to six years, with two biennial updates of established tariffs (by 30 April 2026 and 30 April 2028) with a possible infra-period adjustment based on a justified request from the Area Governing Body (EGA) due to extraordinary circumstances;
- update of the parameters underlying the regulatory scheme matrix with a consequent increase in the maximum allowable values (primarily due to inflation) falling between 5.95% (Framework II, previously equal to 3.7%) and 9.95% (Framework VI, previously equal to 8.5%);
- financial and tax charges for the Integrated Water Service Operator: the Authority confirmed substantial alignment with the values for other regulated sectors, defining an overall value of 6.13% (4.8% in MTI-3);
- electricity costs: recognition within the tariff of the cost to acquire electricity incurred during the year (a-2), also valorising self-production and the operator's efforts to limit consumption without changing systems and scope; this value is to be seen as the maximum ceiling as a lower value can, in any case, be quantified, in order to at least partially anticipate the effects of the possible downward trend in the cost of electricity. At the time of adjustment, the Method envisages (with the exception of 2024 and 2025, for which the mechanism based on "average sector cost" is confirmed) a reference benchmark relative to a theoretical acquisition mix (for 2026: 70% variable price and 30% fixed; for subsequent years, an update to the weights is envisaged if needed). MTI-4 includes a deductible of 15% in addition to the benchmark (after exceeding that value any additional costs are borne by the operator), while cost efficiencies are divided between the operator and system (50% sharing). In the adjustments (RCaltro component relative to recovery of differences between the constraint of revenue and outlays incurred), amounts relative to the full recovery of electricity costs incurred in 2022 are covered, conditionally;
- adjustments: confirming, in line with previous regulatory periods, the possibility that the EGA and other relevant entities may present applications to exceed the tariff limit, the Authority emphasises that this choice may also be motivated by the need to recover adjustments relative to previous years and already approved by the same relevant entity or the Authority, in order to support the completion of necessary infrastructure. When approving the application, ARERA carries out a specific investigation intended to ascertain, beyond the validity of the data supplied and the efficiency of the metering service, congruence between the size of previous adjustments allowed for recovery and the resources required to achieve the necessary infrastructure. To limit the amount of allowable costs postponed to future period, the possibility to recover adjustments in years after 2029 is, as a rule, limited to solely cases in which this deferral is motivated by the need to respect the established limit on annual growth in the tariff multiplier. Nonetheless, it is envisaged that the EGA may present, in agreement with the operator, an application for deferral accompanied by a plan which clearly specifies the years in which it intends to carry out the recovery. Also in the light of the results of validation activity, it was decided to postpone to a subsequent provision the definition of operating methods to recover differences between:
  - the data communicated with reference to odd years and the values identified after the fact with reference to volumes invoiced and electricity consumption;
  - operating costs and adjustments quantified for the establishment of tariffs relative to 2023 assuming a null inflation rate and that derived from the update of the rate, equal to 4.5%;
- adjustment of allowable operating costs: the Authority envisages the inclusion of additional costs relative to the start of the new regulations, the expansion of the scope of activities carried out (management of rainwater where the EGA exercises the ability to include this activity within the Integrated Water Service), as well as additional costs incurred to adjust to the new technical quality objectives;
- incentives to promote energy and environmental sustainability: these measures assign a bonus in the case objectives are achieved, identified with reference to two new indicators:
  - RIU – Portion of purified volumes which could be reused but are not destined for this purpose;
  - ENE – quantity of electricity acquired (for which a lower target - 5% - has been adopted with reference to that initially proposed).

These mechanisms will be applied starting in 2025, considering, among other things, the situation of each operator in 2023.

With **consultation document 245/2024/R/idr,** published on 21 June 2024, the Authority presented the general framework elements and the guidelines for defining the basic schemes of calls for tender. Definition of the minimum content of the calls for tender is, for the Authority, an essential element for completing the regulations required to carry out the new assignment procedures, since they seek to guarantee uniformity in the criteria and methods to be used in public procedures to assign management and in those to assign to a mixed ownership company, limited to the aspects concerning the selection of the private partner (Art. 17, Italian Legislative Decree no.175/2016).

In line with the overarching legislation (Italian Legislative Decree 201/2022), the approach set out in the document is based on the parameters already adopted on a permanent basis in the context of regulation – of tariffs and technical and contractual quality – which are qualified as parameters for improving management to be pursued through competitive pressure. The deadline for submission of comments was 24 July 2024. The definitive document has not yet been published.

With reference to the social water bonus, note the following provisions:

- **determination 7/DICU/2024,** which approved the communications to be sent to users not granted the social water, electricity and gas bonus;
- **resolution 430/2024/R/idr which** simplifies and amends the disclosure obligations of operators and governing bodies on the social and supplementary bonus. Specifically, as of 2026, inte-

grated water service operators will be required to report data and summary information on the payment of the subsidy, as well as the data and information contained in the register, to the competent governing bodies only;

The new tariff method for the fourth regulatory period is supported by the following two documents:

- **resolution 358/2024/R/idr,** with which the Authority launched the proceeding for the *ex officio* determination of water service tariffs, pursuant to resolution 639/2023, as well as the acquisition of additional data relative to cases of exclusion from the tariff update**.** As the prompt implementation of MTI-4 represents, as noted by the Authority, a fundamental step to safeguard to economic and financial balance of the managed services and, specifically, to promote the implementation of an effective water supply security optimisation strategy, the Regulatory has deemed it opportune to vest the Tariffs and User Fees Directorate (DTAC) with the following two mandates:
  - to issue a formal notice to those who fall under the cases of automatic tariff determination pursuant to section 5.8 of resolution 639/2023, requesting that the said parties send the necessary information, within thirty days, upon penalty of the application of the theta of 0.9 for the duration of the case;
  - to issue a formal notice to the governing bodies "in the case of non-fulfilment of the obligation to update the tariff arrangement as requested by the operator";
- **resolution 570/2024/R/idr,** with which the Authority identified the theoretical acquisition mix for the definition of the benchmark cost of electricity for the purpose of calculating the adjustments for 2027, in accordance with the provisions of the Tariff Method. This established that the mix would be formed of 90% variable price acquisitions and 10% fixed price acquisitions. The weightings for the coming years shall be defined in subsequent provisions.

In the context of a procedure carried out at the same time as the tariff method, with **resolution 637/2023/R/idr** the Authority adopted the update to the Integrated Water Service Technical Quality regulations (RQTI). The provision provides that, starting in 2024, quality objectives (both technical and contractual) will be consistently evaluated in a cumulative manner on a biennial basis.
Consequently, for the purposes of applying the bonus (and/or penalty) factors, the level reached cumulatively for each of the macro-indicators applied at the end of odd years will be an element of assessment. Both for technical and contractual quality there is a ceiling for the bonus, equal to 15% of the value of the Guaranteed Revenue Constraint (GRC).
By 30 April of each year, and using the operating methods to be established in subsequent provisions, the EGA must send the Authority an archive containing the file for RQTI data collection and monitoring, with annexed support documentation. As of 2026 (and then biennially), this archive must be verified by a pool of EGAs, subsequently defined by the Authority, which includes the entity locally responsible for that considered. If the archive is not certified, even partially, this must be justified and can constitute cause for exclusion from the incentive mechanism for any macro-indicators interested. Additionally, the operator can be excluded from the tariff update in the case of delays or problems in achieving the prerequisites established in the RQTI.

Among the main changes in the update to technical quality, beyond determining a number of assessment classes which are the same for all macro-indicators (with adjustment of the various levels and associated objectives) and certain specifications for each macro-indicator, a new macro-indicator has been added - "M0 - Water Resilience", with which the Regulator has set the objective of evaluating the ability of the water system to handle the frequent stresses the water resource suffers, both in terms of the local area operated and at a higher levels. In fact, M0 consists of two simple indicators:

- M0a (Water resilience at the level of integrated water service management), defined as the ratio between integrated water service consumption, including network losses, and water availability for the same operator,
- M0b (Water resilience at a higher level) which identifies the ratio between consumption for all uses, including network losses, and overall water availability in the area considered.

In February 2024, with **resolution 26/2024/R/idr** the Authority launched a process to define the new technical quality macro-indicator "M0 - Water resilience", establishing specific focus groups with interested stakeholders to share technical information on how the indicator will be calculated and the planning of measures to tackle the effects of climate change and guarantee the resilience of the water system. Following consultation DCO 474/2024/R/idr, on 27 December 2024 the Authority published **resolution 595/2024/R/idr** which initiated the start of the trial period to monitor and collect the data used to construct the water resilience macro-indicator. The purpose of the indicator is to introduce a systematic and effective monitoring process for the complex supply system in order to meet water demand forecasts, including for non-civil uses. The provision therefore regulates the methods used to calculate the M0b "water resilience at a higher level" indicator, as well as the methods to collect the data used to construct it during the trial and monitoring periods. The reference time frame for the measured quantities, the regional scope and the record-keeping obligations, shared between the operator and the governing bodies, were also defined, to enter into force on 1 January 2025. With regard to the application of the incentivisation mechanism (bonuses and penalties), the resolution establishes that "advanced and excellence" levels (Stages III, IV and V) shall be assessed starting from the 2026-2027 assessment period, without prejudice to the data measurement obligations. As already provided for in the consultation phase, the governing bodies may petition for the non-application of the incentivisation mechanism in the case of a missing prerequisite (excessive data gaps or data that do not meet the objectives of the RQTI). ARERA nonetheless intends to continue discussions with all relevant stakeholders on the conclusive definition of the M0.

With **resolutions 37/2024/R/idr and 39/2024/R/idr** the Authority began the procedure to assess the bonuses and penalties to be assigned to the operators in relation to the contractual and technical quality for the 2022-2023 two-year period. These processes will be structured into two phases:

- identification of the management set for which a complete set of information is possessed;
- assignment of penalties associated with stages I and II for all management entities that did not send the data by the deadlines.

The adoption of the relevant methodological notes and the determination of the revenue portion of the UI2 component destined for bonuses are postponed for subsequent provisions.

In relation to the exceptional weather events seen from 2 November 2023 onwards, ARERA, with resolution 50/2024/R/Com, confirmed more generally the interventions set out by resolution

519/2023/R/Com (Urgent provisions on electricity, gas and integrated water services in favour of the population in the areas impacted by the exceptional weather events on and after 2 November 2023) and, similarly to the provisions set out in favour of the population in Emilia-Romagna, established that the duration of the suspension of the payment terms for invoices issued or to be issued would be six months (from 2 November 2023 to 2 May 2024). The measure also provided for instalment schedules for the amounts suspended with said resolution 519/2023/R/Com, over a minimum period of 12 months, without the application of interest.

As regards Consumer Protection, following the relevant consultation, **resolution 371/2024/R/com** implemented measures to adapt the services provided to customers by the Office to new energy market dynamics, as well as to refine and further streamline the procedural and operational rules that apply to regulated services.

ELECTRICAL REGULATION

Biennial limitation

Article 1, paragraphs 4-10 of the 2018 Budget Law, introduced a two-year limitation on electricity supply contracts, initially establishing that end users were not eligible for this in the case of the failed or erroneous recording of consumption data, attributable to users. Paragraph 295 of Article 1 of the 2020 Budget Law eliminated this specification, establishing that the biennial limitation was also applicable in the case of confirmed responsibility on the part of the customer, and introducing objective liability in respect of the electricity chain operator, and in particular, the distributor, in its capacity as metering service operator, even without any liability or inefficiency in terms of its service provision. With Resolution 184/2020/R/com, ARERA transposed the provisions of the 2020 Budget Law with reference to the case of exclusion from the biennial limitation in cases of failed or erroneous recording of the electricity metering data, arising from the confirmed responsibility of the end customer. On 27 July 2020, areti and Acea Energia submitted an appeal to the Regional Administrative Court to have Resolution 184/2020/R/com cancelled. The appeal was accepted with the consequent cancellation of the resolution on the basis that the interpretation of the 2020 Budget Law had only referred to the duration of the limitation (two years instead of five years), without excluding the applicability of the general civil code regulations regarding limitation.
With Resolution 603/2021, the Authority amended Resolution 569/2018/R/com on the billing of consumption dating back more than two years as a result of DCO 457/21, in order to comply with 14 June 2021 Rulings 1441, 1444 and 1449 of the Lombardy Regional Administrative Court. With this resolution, the Authority confirmed the distributor's obligation to notify the seller, via certified email (PEC) – contemporaneously with the metering or adjustment data referring to consumption dating back to a period more than two years back – the indication of the presumed existence or non-existence of causes hindering the accrual of the limitation period pursuant to the primary and general reference legislation. It also confirmed that the seller's information obligations vis-à-vis the end customer should be separated depending on whether or not there are any amounts on the invoice for which the limitation is contested. The Authority has also provided for a transitional phase, pending the implementation of the flows between the various entities in the chain and the IWT, which provides for the same information to be transmitted between the parties in a non-automated manner but with a defined time frame.
Following on from DCO 386/2021, the Authority published Resolution **604/2021/R/com**, which provides for:

- an annual compensation mechanism for the greater protection operator or the dispatching user associated with a withdrawal point, making it possible also to recover in the successive annual session any amounts not recovered in the reference annual session;
- a mechanism to make distribution companies liable, whereby from 2023 all electricity distribution companies will be required to pay a penalty to CSEA each year for recalculations invoiced in the previous year due to non-collection of actual readings or adjustments of actual metering amounts previously utilised, for the portion prior to 24 months of the date on which the data was made available.

With a precautionary ordinance, the Regional Administrative Court suspended ARERA resolution 603/2021 with reference to article 6.4, that is the transitory regulations that require distributors to respond within 7 days. The public hearing on the merits has been set for 1 December 2022.
With ordinance 4568/2022 of 13 October 2022, the Court of Bologna clarified that SME and large companies are excluded from the category of entities to which the biennial limitations apply for electricity and gas bills.
On 2 January 2023, the Regional Administrative Court published the rulings through which it granted the appeals of Italgas and 2i Rete Gas on the biennial statute of limitations, annulling Articles 5 ("Distributor communication obligations") and 6.4 ("Transitional norms") of Annex A to resolution 603/2021 and Article 9 of resolution 604/2021. The Regional Administrative Court judgement highlighted that "*the law does not grant ARERA the power to impact upon the general rules regarding limitation, so it cannot introduce different grounds for suspension of the limitation, nor can it amend on this point the distribution of the burden of proof, nor alter the content of the various relations existing, respectively, between distributor and seller and between seller and end customer, assigning to the distributor the task of ascertaining and qualifying legally facts intended to impact upon the regime of the limitation in the relation of which it is not a part*". As a result, the Regional Administrative Court reiterated the illegitimacy of the rule set out by Art. 5, since it places disclosure obligations on the distributor which involve the ascertainment of facts, as well as the performance of qualifications and legal assessments, which change without legal basis the statutory regime of the limitation. The metering service does not involve specific operations intended to identify prohibitive conditions to the effective start of the limitation, pursuant to Art. 2935 of the Italian Civil Code, namely de facto situations reflecting "wilful misconduct of the creditor", relevant pursuant to Art. 2941, no. 8 of the Italian Civil Code. Equally, the TIVG (Integrated Text on Retail Sale of Gas) does not burden the distributor with the qualification and legal assessment activities necessary to ascertain the existence of these situations. It is only Art. 5 of the resolution that requires the distributor to indicate whether prohibitive conditions exist, providing the seller with this information. According to the Regional Administrative Court, that which is established by ARERA in Art. 6.4 of the resolution is also illegitimate since it imposes upon the distributor the obligation to provide the seller within 7 working days from receipt of the communication of the plea of limitation raised by a customer with the information within its remit relating to "the existence of documented prohibitive conditions to granting the plea., the Regional

Administrative Court reiterates the illegitimacy of the provisions of Art. 9 of resolution no. 604/2021, which extended the provisions of Articles 5 and 6.4 of the resolution to end customers not falling within the scope of application of Art. 2 of the same resolution, namely it extended the regime set out by the aforesaid Articles 5 and 6.4 also to those who do not fall within the scope of so-called customers deemed worthy of stronger protection.
On 9 March 2023, with resolution 86/2023/C/com "Appeal of judgements no. 35 and no. 36 of 2 January 2023 of the Lombardy Regional Administrative Court, First Section, of partial annulment of Authority resolutions 603/2021/R/com and 604/2021/R/com", the Authority decided to appeal to the Council of State against the judgements issued by the Lombardy Regional Administrative Court with reference to the cancellation of communication requirements imposed on distributors in relation to the biennial statute of limitations on utility bills pursuant to Articles 5 ("Distributor communication obligations") and 6.4 ("Transitional norms") of Annex A to resolution 603/2021 and Article 9 of resolution 604/2021. The Authority believes there is good reason to appeal the referenced Lombardy Regional Administrative Court judgements given that these are based on an erroneous interpretation of the relevant events and laws.
On 29 December 2023, the Council of State rejected the appeals filed by the Authority against the rulings of the Regional Administrative Court of Lombardy relating to resolution 603/2021/R/com and 604/2021/R/com.
The annulled provisions required the distributor to indicate to the seller, its counterparty, during communication of metering data or adjustment of the same referring to consumption dating back more than two years, any existence or lack thereof – and, if so, the related details – of grounds that would allow for the assumption that the limitation of the right of receivables pursuant to primary legislation had not expired.
On this point, the Council of State agreed with the Lombardy Regional Administrative Court, and so confirmed the illegitimacy of such provisions, underlining that the special rules on biennial limitation (Law 205/2017) did not assign the Authority "the task of ensuring the circulation, between companies in the supply chain, of information essential for enforcing their mutual claims, nor preventing the onset of disputes between those companies, nor overseeing compliance in their mutual commercial relations with the principles of correctness and good faith, and however important these objectives and, consequently, the commendable intention underlying the resolutions challenged may be, the legislation in question could not provide an opportunity to adopt measures – which would be binding for the recipients – that were not envisaged and not strictly functional to pursuing the specific public interests assigned by the same law to the Authority".
The rulings highlighted that between distributor, seller and end customer, "two distinct business relationships existed, the one linking the seller to the end customer, and the one between the distributor and the seller. It is not a triangular relation [...] rather there are many distinct relationships, deriving from different business credentials characterised by a different regulation, so it is within each of these that the statutory norms on limitation must apply". Therefore, even if the metering activity performed by the distributor could become significant for the supply contract between seller and end customer, this does not authorise ARERA to burden the distributor with reporting and qualifying facts "impacting on the limitation in the different relationship existing between the seller and the end customer": these activities "must fall to the seller as creditor in the relationship with the end customer".

In light of these rulings, on 1 March 2024 ARERA published an explanation in which it communicated that it did not believe it was necessary for further change to the regulations contained in resolutions 603/2021 and 604/2021, since these rules are self-sufficient and fully operational, even in the absence of the specific provisions annulled by the administrative court.
The Authority noted that:

- in order to comply with the obligations set out by 603/2021, regarding the information to be provided to the end customer with reference to whether or not the biennial limitation is expired, the seller must proceed only on the basis of the factual information at its disposal, and no longer has to wait for additional elements from the distributor;
- for the purposes of admission to the compensation mechanism, the seller may participate with reference to those amounts for which it must in turn have challenged the limitation to the distributor, without the latter having disputed a prohibitive condition to the expiration of the same pursuant to the Italian Civil Code. It shall be the responsibility of the distributor to prove the existence of such prohibitive conditions, such as that of Art. 2941, no. 8 of the Italian Civil Code;

The Authority also referred to the communication of 13 December 2021 (not annulled by the administrative court), which specified that the distributor may not limit itself to include, as a prohibitive condition to the expiration of the limitation on its receivable from its user, the mere fact of having complied with the Authority's regulations on mandatory reading attempts.
Following abrogation of paragraph 5, Art. 1 of Law 205/2017 (which excluded the biennial limitation in case of "ascertained responsibility of the end customer"), the biennial term of the limitation envisaged in paragraph 4 of the same article operates without further exemptions with respect to the general regulation of the institution, so even when the failure to read the metering data by the distributor (albeit in compliance with the Authority's regulations on mandatory reading attempts) depends on alleged responsibilities of the end customer (who, for example, was not present at the time when the distributor's staff attended to take the reading of an inaccessible or non-remotely read meter). The Authority considers that such conclusion is also confirmed in the rulings of the Lombardy Regional Administrative Court and of the Council of State mentioned above, which specified that the end customer is not the debtor of the distributor, but of the seller, with the consequence that any conduct of the end customer that prevents the distributor from correctly recording the metering data cannot be of relevance for the purposes of the aforesaid Art. 2941, no. 8 of the Italian Civil Code, which uses as reference (only) the conduct of the debtor, i.e. of the seller (and therefore not of the customer).
Subsequent to the clarification issued by ARERA on 1 March 2024 and in implementation of the provisions set out in resolution 604/2021/R/com, ARERA, with determination 5/2024-DIME, approved the Cassa per i Servizi Energetici e Ambientali (CSEA) handbook, which defines the methods for the implementation of the compensation mechanism of the amounts related to the two-year statue of limitations and the implementation of the measures for the incentive of the reduction of the multi-year adjustments for the electricity sector to be borne by the distributors.
With circulars 46, 67, 68 and 69 issued in 2024, CSEA thus defined, in detail, the operating methods and time frames for the mechanism which, in its initial implementation, requires that claims for the compensation of amounts for which the retailer invokes the statue of limitations because the distributor fails to prove the exis-

tence of one of the causes preventing it from being reached, must be filed by 31 March 2025.

Social Bonus

In implementation of the provisions of the 2023 Budget Law regarding the graduation of the bonus in relation to the various ISEE thresholds and annual consumption, with resolution 622/2023/R/com, ARERA revised the methods for updating the social bonuses so as to ensure a 30% reduction in electricity spending and 15% in gas spending.

With effect from the 1st January 2024, with reference to the electricity sector, ARERA therefore updated the quantification of the (economic and physical) bonus, on an annual basis, linking it to the best available estimate of the average spending and introduced, limited to the first quarter of 2024, an extraordinary contribution, paid alongside the electricity bonus, to limit the increases due to price variations.

With resolution 599/2024/R/com issued at the end of 2024, ARERA updated the amounts of the bonus (both economic and physical) for 2025.

Provisions in favour of groups impacted by the exceptional weather events starting on 1 May 2023

Following the exceptional weather events in May 2023 in Emilia-Romagna, ARERA urgently arranged, with resolution 216/2023/R/com, suspension of payment for invoices issued or to be issued with due dates from 1 May 2023 on and consequently regulations for suspension due to arrears, also in the case of arrears occurring prior to the same date of 1 May 2023.

With the subsequent resolution 267/2023/R/com, ARERA better specified that the period of suspension for users located in the impacted areas (annex 1 to Decree Law 61/23) is equal to 4 months, from 1 May 2023 to 31 August 2023, and called for automatic establishment of 12 instalment payments for these amounts.

In support of sellers, ARERA established an advance mechanism for the amounts with suspended payment; this mechanism can only be accessed in the case of demonstrated financial problems, or if the suspension involves users that account for over 3% of total sales with reference to the first 4 months of 2023.

With subsequent resolution 390/2023/R/com, ARERA called for the extension until 31 October 2023 of the suspension of the terms of payment in favour of those in Emilia-Romagna. In contrast to the previous suspension, automatically applied, to obtain the extension the end customer needed to make an explicit request.

With resolution 565/2023/R/com (integrated with resolution 10/2024/R/com) ARERA governed tariff subsidies to apply to consumption subject to suspension; customers must ask their vendor to apply the subsidies by 30 June 2024.

Due to the urgency of the matter, albeit in the absence of prior consultation, ARERA, after nevertheless gathering feedback from all stakeholders, published resolution 10/2024/R/com, which integrated and clarified the previously approved regulation; in particular, ARERA identified 30 June 2024 as the deadline for requesting the subsidies and postponed until 31 October 2024 (from the previous 31 March) the deadline for issuing invoices that account for the amounts suspended until 31 October 2023 and any subsidies.

Provisions in favour of groups impacted by the exceptional weather events starting on 2 November 2023

Following the exceptional weather events in Tuscany starting on 2 November 2023, with resolution 519/2023/com, ARERA ordered the suspension of the terms of payment for invoices issued or to be issued with a due date of 2 November 2023 or later, without application of the suspension due to arrears rules for utilities located in the sites identified by the Commissioner delegated to the emergency.

With subsequent resolution 50/2024/R/com, ARERA supplemented the previous regulation by specifying that the period of suspension of the payment terms was 6 (six) months effective from 2 November 2023 until 2 May 2024. The same resolution also stated that, within two months from the end of said suspension, the seller must communicate the value of the payments subject to suspension and automatically make them payable by instalments, with instalments no less than €20 for a period of 12 months.

Gradual Protection Service for non-vulnerable domestic customers

With resolution 362/2023/R/eel and s.m.i., as amended, the Authority adopted provisions for the regulation and assignment methods for the Gradual Protection Service which can be accessed by non-vulnerable domestic customers (hereafter, GPS for non-vulnerable domestic customers or GPS) without a supplier as of the date the Greater Protection Service is removed. The end of the aforementioned service was planned, pursuant to Law 124 of 4 August 2017, as amended, by 1 April 2024, as the operators who won the tenders to assign the service began operating the GPS.

Decree Law 181/2023 ("Energy Security Decree") postponed the auctions for the Gradual Protection Service for non-vulnerable domestic customers to 10 January 2024. ARERA, with resolution 580/2023, implemented that envisaged in article 14 of the Energy Security Decree Law, postponing the date on which the auctions were held to 10 January 2024. Based on this, Acquirente Unico published as quickly as possible the updated Tender Regulations with the new expiration dates.

In essence, resolution 362/2023/R/eel and s.m.i., as amended, establishes that:

- "vulnerable" domestic customers will remain in the greater protection service for a transitional period, postponing to subsequent Authority provisions actions functional to their removal from this category;
- the tender procedure will be carried out with a single turn-based closed envelope auction system, giving participants the possibility to indicate the maximum number of areas they commit to serving. A maximum limit is set for the assignment of areas to each participant, defined based on the number of customers served as at 30 June 2023, in addition to a 30% ceiling envisaged in the Ministerial Decree of 17 May 2023, to mitigate the additional risk that an operator may be awarded a number of withdrawal points out of proportion to its initial customer base. Therefore, each participant can be awarded a maximum number of areas equal to the lesser of the value communicated

by Acquirente Unico and 7, corresponding to 30% of the total number of areas in the auction. A cap on the price offered is envisaged, which is not revealed to the participants. No floor is established. In the case that there are combinations of areas which could potentially be assigned to two or more operators which give the same result in terms of the minimum price for providing the service, digital drawing of lots will be utilised to assign the areas to the relevant participants.

As provided for in Annex B to Resolution 362/2023, on 26 September 2023 the Regulation and the related annexes governing the competitive procedures for assigning the gradual protection service was published on Acquirente Unico's website. By 5 October 2023 Acea Energia presented an application for participation and on 9 October 2023 Acquirente Unico made available the pre-procedure information. One month prior to the auction, Acquirente Unico made available to tender procedure participants additional information that greater protection operators must send to the AU. This additional information refers to the number of withdrawal points held by non-vulnerable domestic customers served under greater protection in April 2023 which utilise (1) an automatic payment method, (2) the utility bill in digital format.
With reference to Greater Protection Operators:

- during the period from September 2023 and June 2024, a separate page must be included with at least two utility bills, with the second sent to the customer between April and June 2024, with standardised text determined by the Authority, which differs for vulnerable and non-vulnerable customers;
- in derogation of the Consolidated Law on Invoicing, the final bill must be sent within ten weeks of the supply ending.

With resolution 576/2023, the Authority defined a system to verify update requirements - applying to greater protection operators - with reference to the data in the Official Central Registry (OCR), of the Integrated Information System Operator, relative to customers served, with possible penalties borne by the operators themselves as the entities responsible for the accuracy of this information, in the case that for each withdrawal point subject to transfer in the GPS, the data needed for invoicing and contacting the end customer in the OCR is different from that used by the greater protection operator after an adequate improvement process, which was completed in May.
Free market vendors, with reference solely to domestic end customers, must include:

- in all bills issued between December 2023 and June 2024, a text defined by the Authority on the rights of vulnerable customers and the conditions that apply to them, in the specific area reserved for statements from the Authority;
- starting from 1 January 2025, in at least one bill per year, a text defined by the Authority on the rights of vulnerable customers and the conditions that apply to them, in the specific area reserved for statements.

Lastly, the Authority specified that the time frames for carrying out the tender procedures were conditional upon the results of the ongoing assessments of the methods for implementing the provisions set out by Decree Law 48/23 on the social clause of call centre operators, including those for collecting and providing tender participants with information about the staff affected by such clause, which is necessary for the purposes of operators formulating their economic bids.
By 5 October 2023 Acea Energia presented an application for participation in the tender procedure and by 10 November 2023 Acquirente Unico made available the pre-procedure information.
The auctions were to have been held on 11 December 2023 but Art. 14 of the Energy Security Decree Law postponed the date until 10 January 2024. ARERA, with resolution 580/2023, implemented that envisaged in article 14 of the Decree Law. Energy Security Decree Law, postponing the date on which the auctions were held to 10 January 2024. For this reason, it appointed Acquirente Unico to publish the updated Tender Regulations with the new deadlines as soon as possible. The new deadlines should be set so as to ensure the same minimum time frames between the various activities instrumental to assigning the service by auction and currently envisaged by said Regulations. Lastly, the Authority postponed the following to another resolution:

- additional regulatory initiatives that become necessary to adjust the current regulations set out by resolution 362/2023/R/eel to the new date for carrying out the tender procedures, including the necessary amendments to the information texts of the second communication that must be sent to domestic customers served under greater protection by the related operators, starting from 2024, and the time frames for sending such texts;
- the assessment of the review of the current deadline for activating the GPS, including according to the information initiatives envisaged by Decree Law 181/23, guaranteeing their communication, with sufficient notice before 10 January 2024, to the participants of the tender procedures.

Following resolution 580/2023, AU published the updated Tender Regulations as well as the calendar of tender procedures.
As previously announced in resolution 580/2023, with resolution 600/2023 "Revision of activation schedules for the gradual protection service of non-vulnerable domestic customers in the electricity sector pursuant to Law 124 of 4 August 2017; Amendments to the Authority's resolution 362/2023/R/eel and relative annexes A, B, C and D", the Authority revised the date for activation of the GPS, postponing it to 1 July 2024. This was due to the need:

- to ensure end customers have a sufficient period of time to inform themselves, with respect to price protection, through the specific informational campaigns which, pursuant to Decree Law 181/23, must be carried out by MASE, for a period not to exceed twelve months;
- to carry out preparatory activities for the GPS (which also include actions to implement the provisions in the cited Decree Law with reference to the automatic transfer of direct debit authorisations for bills issued by the GPS operator, to be completed by 31 May 2024);
- to limit as much as possible the period between the assignment and activation of the GPS, to contain changes between the known conditions at the time of participation in the tender procedures (in terms of non-vulnerable end customers in greater protection) and the effective conditions at the time the service is activated.

On the other hand, the date on which the service assignment period will end remained unchanged, on 31 March 2027, consistent with that established in the Ministerial Decree of 17 May 2023 which states that, as from 1 April 2027, the GPS will serve solely as the service of last resort for all small customers, such as small companies, micro enterprises and non-vulnerable domestic customers.
As a result of the above, the Authority reviewed the dates shown in the texts of the communications as well as the time frames for sending the utility bills containing the communications for both Greater Protection Operators and Free Market Sellers; in particular, the Greater Protection Operator must include the information set out by resolution 362/2023, updated with the date of 1 July 2024, in the bills sent between April and June 2024.
On 6 February 2024, Acquirente Unico therefore published the outcomes of the tender procedure to identify the operators of the Gradual Protection Service for non-vulnerable domestic customers for the period between 1 July 2024 and 31 March 2027. The 26 territorial areas went to Enel Energia (7 areas), Hera Comm (7 areas), Edison Energia (4 areas), Illumia (3 areas), Iren Mercato (2 areas), A2A Energia (2 areas) and Eon (1 area).
Only on three areas was the contract price positive, while on the remaining areas the contract price was negative. The Municipality of Rome went to Enel Energia with a price of – €27.7066/POD/year.
On 29 March 2024, resolution 101/2024/R/eel was published, "Supplements to the disclosure obligations of operators of the Greater Protection Service towards domestic customers in relation to the provisions set out by Article 14, paragraphs 5 and 5-bis, of Decree Law no. 181 of 9 December 2023".
Art. 14, paragraphs 5 and 5-bis of the law converting Decree Law 181/23 establishes the automatic transfer of the active bank direct debit of non-vulnerable domestic customers from the Greater Protection operators to the Gradual Protection Service operators for non-vulnerable domestic customers or to the Vulnerability Service operators according to terms and conditions that will be defined within 60 days from the conclusion of the tender and in any case no later than 31 May 2024, by ARERA in agreement with the Bank of Italy and having consulted the MASE. In particular, paragraph 5-bis states that Greater Protection Service operators must provide the Gradual Protection and Vulnerability Services operators with all the information necessary to proceed with the direct debit from the payment account or from the payment instrument of the domestic customer. Operators of the aforementioned services (Gradual Protection or Vulnerability) must also inform their respective customers regarding the takeover of the position as authorised creditor of the direct debit in advance of the first direct debit payment. Without prejudice to the domestic customer's right to revoke the direct debit authorisation, the provisions of Legislative Decree 11/2010 implementing Directive 2007/64/EC on payment services in the internal market shall apply.
Awaiting implementation of the provisions of Article 14, paragraphs 5 and 5-bis, the Authority supplemented the information set out in Annex C to resolution 362/2023/R/eel that the Greater Protection operators must send to their non-vulnerable domestic customers between April and June 2024, with information regarding the automatic transfer of the direct debit from the payment account or from the payment instrument of the domestic customer established by Decree Law 181/23.
Lastly, after holding meetings with the Bank of Italy, the Italian Data Protection Authority and with the operators, ARERA published resolution 217/2024/R/eel in order to implement the automatic renewal of the direct debit authorisation in case of domestic end customers who return to the Gradual Protection Service. The resolution identified the data subject to transfer between the Greater Protection Service and Gradual Protection Service operators and the technical methods for the secure transfer of such information. The data transfer was established between 1 and 8 July 2024 and the renewal of the direct debt authorisation would take place on 2 September 2024 in order to allow the Greater Protection Service operator to collect the latest invoices issued for the service via direct debit.

Identification of vulnerable customers in the electricity market

With resolution **383/2023/R/eel**, the Authority defined the methods for identifying vulnerable customers, who will not be involved in the auctions for the Gradual Protection Service.
In particular, by the end of each month, starting in September 2023, the IWS identifies as vulnerable:

- end customers who receive a social bonus for economic problems during the current or previous year;
- end customers who receive a social bonus for physical problems during the month in progress;
- end customers who have a withdrawal point which cannot be disconnected;
- end customers over 75 years old.

By 10 September 2023, the IWS made the information able to greater protection operators with reference to their customers and made the information available for consultation.

Communications by the Greater Protection Operator:

- alongside the information envisaged by resolution 362/2023 (to be included in at least two utility bills in the period between September 2023 and March 2024), it must inform the customers identified as non-vulnerable of the possibility to identify as vulnerable if they are individuals with a disability pursuant to Article 3 of Law 104/92 or live with people with serious health conditions that require the use of medical equipment. Identification can be carried out using Form 1 attached to this resolution;
- from April 2024, when contracting with a new customer for a transfer or new activation, it verifies the vulnerability requirements using Form 2 attached to this resolution or other self-certification;
- when contracting due to change in supplier, it verifies the vulnerability requirements using Form 2 attached to this resolution or other self-certification.

Communications from Gradual Protection Operator (from 1 April 2024):

- when contracting with a new end customer, for a transfer or new activation, it informs the customer that in the presence of at least one of the vulnerability requirements, said customer is entitled to the Greater Protection service and not the Gradual Protection Service, and that the customer must contact the Greater Protection Service operator of reference, contact details for which can be found on the ARERA site;
- pending definitive assignment of the service or in cases of activation of the service of last resort by SII, in the Service activation communication, informs the customer of the need to identify as vulnerable using Form 3 attached to the resolution or other self-certification;
- information about customer vulnerability must be transferred to SII using the methods defined by it.

Beyond the National Single Price

Art. 13 of Legislative Decree 210/2021 set out the conditions and criteria for a gradual transition to zonal pricing defined based on market trends, without prejudice to the calculation by the GME of a reference price for electricity traded on the wholesale market in line with the NPS (*Prezzo Unico Nazionale* - National Single Price). In February 2024, article 13 of Legislative Decree 210/21 was amended by Decree Law 181/23, converted with amendments into Law 11/24: therein, the legislature mandated the Minister for the Environment and Energy Security to establish, by means of a decree issued by the same, the conditions and criteria for the application, as of 1 January 2025, of zonal pricing on the wholesale electricity market and guidelines for the definition by the Authority of a transitional equalisation mechanism, to compensate for any difference between zonal prices and a reference price calculated by the GME in continuity with the calculation of the NSP.

The Minister implemented this provision with the Decree of 18 April 2024, which established:

- as of 1 January 2025, the valuation at zonal prices of electricity purchase offers on the day-ahead market;
- for the purposes of regulating the electricity market, the calculation by GME of a reference price for electricity traded on the day-ahead market, as the weighted average of the zonal prices for the quantities purchased in respect of zonal portfolios in each zone;
- the definition by the Authority of a transitional equalisation mechanism, to compensate for any difference between zonal prices and the reference price calculated by the GME, along with the relative hedging methods; this mechanism will be active until at least 31 December 2025;
- the definition by the Authority of the terms and methods for transitioning away from the equalisation mechanism;
- the definition by the Authority of the methods used by GME to calculate the reference price in order to transition away from the equalisation mechanism, with the provision by the Integrated Information System of the relative information flows on withdrawal data required for this purpose.

Subsequently, the Authority published DCO 194/2024/R/eel, which outlined the methods for leaving the National Single Price behind starting from 1 January 2025, in line with the provisions of the MASE decree of 18 April 2024 that established the application of zonal prices also to demand and the definition by ARERA, for a transitional period, of an equalisation component to compensate for any difference between zonal price and NSP. In the DCO, following an excursus on the current role of the PUN on both the retail and wholesale markets, two alternative hypotheses were set out for 2025, postponing the identification of the complete solution until subsequent evaluations and consultations are held (from 2026 and with at least 12 months' notice). The first hypothesis considered replacing the NSP with the new GME Index NSP (calculated much in the same way as the current NSP, namely as a weighted average of the zonal prices) which would not lead to significant impacts on either the retail or wholesale markets, nor on the mechanism of guarantees. The second hypothesis considered the introduction of a new equalisation component managed by Terna. This hypothesis would require a change to the current regulation for standard market services (Greater Protection Service, Gradual Protection Services and Safeguard Service) and for variable price Placet offers. In both cases, however, the Authority noted that the replacement of the NSP with a new reference index (NSP GME Index) does not fall within the retailers' discretion as it is instead dictated by legislative and regulatory developments. Therefore, the Authority considered it sufficient for the retailers to inform the customers concerned of the contractual changes in the first bill in which these were applied.
At the end of July 2024, the Authority published resolution 304/2024/R/eel providing that, as of 1 January 2025, the transitional phase away from the National Single Price would begin, maintaining a reference price (the GME Index NSP) calculated in the same way as the current NSP but with an equalisation mechanism that considers zonal prices. In this regard, the Authority confirmed the first hypothesis presented during DCO 194/2024 which provided for the application of a compensation component on energy purchased on the Day-Ahead Market. This hypothesis was selected due to its limited impact on the current market structure.

Tariff regulation

With resolution no. 206-2024, the Authority approved the values of the provisional reference tariffs for 2024 for the electricity distribution and metering service. The provisional tariff for the distribution service for Areti is €419,867,005.
The value of the fixed assets and the related provision for depreciation and the net value of public and private contributions of assets in operation are managed in continuation with the current regulatory criteria and are reassessed based on the annual average change in the deflator of gross fixed investments, reported by ISTAT, excluding quotas of depreciation and disposals.
The value of the T(res) component of the Tariff for the metering service is 213.31 expressed in euro cents per year per effective metering point, to cover the residual non-amortised cost of the electromechanical meters replaced with electronic meters.

ENVIRONMENTAL REGULATION

With resolution 443/19 of 31 October 2019, ARERA approved the first tariff method for the integrated waste management service for the years 2018-2021. The Waste Tariff Method (WTM) defines the new rules for the TARI fees to be applied to users in 2020-2021, the criteria for the costs recognised in the current two-year period 2018-2019 and the reporting obligations.
As in other sectors subject to regulation, the WTM refers to ex-post data referring to certain accounting sources (financial statements) for the year Y-2 and applied to year Y (including indications of adjustments that permeate the entire algebraic structure of the method) and no longer to forecast data.
In the new method, ARERA applies a hybrid approach, borrowed from other service regulations, characterised by a different treatment of capital costs and operating costs. Namely:

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

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

In this first definition of the WTM, ARERA maintained the algebraic structure of the method established by Italian Presidential Decree 158/1999, providing for the inclusion of further additional components for the determination of the fees, as follows:

- Limit to the overall growth of tariff revenues, with the introduction of a limit factor for annual variation that also takes into account efficiency gains and productivity recovery;
- asymmetrical configuration characterised by a tariff matrix that in the valuation and calculations of the individual cost components, considers the following elements: 1) service improvement objectives established at a local level; 2) possible extension to the operational perimeter;
- Sharing factor in relation to revenues from the sale of material and energy from waste (between 0.3 and 0.6), and in relation to CONAI revenues (between 0.1 and 0.4);
- introduction of an adjustment component for variable and fixed costs, defined as the difference between the revenues defined by ARERA for the variable and/or fixed cost components for year Y-2 and the tariff revenues calculated for the year Y-2;
- introduction of two different rates of return on net invested capital (WACC) for the service of the integrated waste cycle and a differentiated rate of return for the enhancement of current assets: 6.3% for the years 2020-2021; increase of 1% to cover the costs arising from the time lag between the year of recognition of investments (Y-2) and the year of tariff recognition (Y).

With Integrated Text TITR – 444/2019/R/rif – Provisions on transparency in the management of urban and similar waste, this text defines the provisions on transparency of the management of urban and similar waste for the regulatory period 1 April 2020 - 31 December 2023. The scope of the intervention includes the minimum information to be made available by the integrated cycle manager through websites, the minimum information to be included in collection documents (payment notice or bill) and individual communications to users concerning significant changes in operations.

With resolution **363/2021/R/rif**, the Authority approved the new **Waste Tariff Method MTR-2)** for the years 2022-2025. The method also establishes criteria for access tariffs for treatment plants owned by operators not integrated into the upstream activities of the supply chain, which apply solely to the "minimum plants" defined by the relevant entities in the context of area planning. On the other hand, plants not classified as "minimum" (known as "additional") are subject solely to the regulations on transparency in operating information. According to the adopted method, the managers of the minimum plants must prepare the Economic Financial Plan (EFP) for 2022-2025 in line with the indications found in the aforementioned MTR-2 and, pursuant to article 7 of resolution 363/2021/R/rif, send them to the relevant bodies for validation; these latter then send them to ARERA for verification of regulatory consistency with the documents and subsequent approval of the tariffs.
Resolution **459/2021/R/rif** subsequently completed the tariff regulatory framework defined for the MTR-2, containing the values of parameters to determine capital use costs (i.e. planned inflation rate and the vector expressing the deflator for gross fixed investments for the MTR-2 period of application), as well as resolution **68/2022/R/rif** which established, for managers providing processing activities in a non-integrated form, a WACC value of 6%.
With Determination **01/DRIF/2022** of 22 April 2022, on the other hand, ARERA approved the basic schemes for the documents making up the tariff proposal that managers of "minimum" plants submit to the relevant bodies, consisting of the EGATO or the Region.
In 2022, following the sector scheduling documents published by the relevant bodies, in application of the ARERA regulations pursuant to resolution 363/2021/R/rif, Acea Ambiente and the Group companies involved implemented preparatory activities to comply with regulatory activities for plants classified as "minimum" and, subsequently, sent the documents required under Determination 01/DRIF/2022.
On 24 and 27 February, decisions **486/2023** and **501/2023** were respectively published, and on 6 March 2023, decision **557/2023**, with which the Regional Administrative Court of Lombardy, Milan, First Section, **in part annulled resolution 363/2021/R/rif**. Specifically, the Regional Administrative Court found that ARERA's identification of "minimum" plants fell outside of the government's area of responsibility, consequently granting Regions powers not due to them and inverting the proper direction of the scheduling process.
On 7 March 2023, ARERA published resolution **91/2023/C/rif** providing information on its appeal made to the Council of State, requesting precautionary suspension of the decisions of the Regional Administrative Court of Lombardy, in that in the Authority's opinion, "*the referenced decisions [...] are based on an erroneous interpretation of the relevant factual and legal elements*". The Council of State rejected this precautionary suspension request.
While awaiting the Council of State's decision on the merits, with consultation document **275/2023/R/rif**, in the context of the procedure begun with resolution 62/2023/R/rif, the Authority provided guidance for the 2024-2025 two-year update for the waste tariff method (MTR-2). In particular, the Authority confirmed its desire to not submit to the referenced Lombardy Regional Administrative Court decisions and proposed updates to the main economic parameters, above all the inflation rate.
Upon completion of the aforementioned procedures, in July 2023 ARERA published the following provisions:

- Resolution **385/2023/R/rif** "Basic service contract scheme to govern relations between awarding entities and urban waste management service operators" which follows (most recently) the guidelines presented with the cited DCO 262/2023/R/rif;
- Resolution **386/2023/R/rif** "Establishment of equalisation systems in the urban waste sector" which takes up the proposals formulated in DCO 611/2022/R/rif without confirming the introduction of the equalisation instrument linked to the waste hierarchy for that going to plans (postponed to the next regulatory period);
- Resolution **387/2023/R/rif** "Monitoring and transparency obligations for efficiency in separated waste and urban waste treatment plants", which introduced initial regulations for quality for plants, with reference to both technical aspects (in particular management of processing waste) and contractual/commercial aspects (management of complaints and written requests from users, monitoring of service interruptions) with respect to which the Company adopted specific compliance measures in terms of collecting and recording information and making adjustments to contracts and its website; while establishing initial monitoring and reporting obligations, the provision did not introduce service standards correlated to bonus and penalty mechanisms, which had been announced in DCO 214/2023/R/rif;
- Resolution **389/2023/R/rif** "Two year update (2024-2025) of the waste tariff method (MTR-2)" with which, in line with the proposals in DCO 275/2023/R/rif, confirms and updates (with particular reference to economic parameters and internal infla-

tion rates) the general structure for defining plant access tariffs pursuant to resolution 363/2021/R/rif, specifically the update of the tariff for 2024-2025 (based on updated data relative to 2022-2023) by 30 April 2024. With resolution 465/2023/R/rif ARERA subsequently confirmed the provisions inserted in line with Council of State ruling 7196/23, on the deduction of the tariff recognised for integrated management of costs/revenue attributable to precleaning, preselection or preprocessing of plastic packaging coming from separated waste.

During December 2023, the **Council of State Second Section Rulings 10548, 10550, 10734, and 10775,** rejected the ARERA appeal and confirming the reasoning already expressed by the Regional Administrative Court of Lombardy, which found the classification of plants envisaged in the MTR-2 to be illegitimate, in that the material fell under the areas of planning falling to the government.
With resolution **7/2024/R/rif and 72/2024/R/rif,** ARERA took action to comply with these rulings, confirming the tariff adjustment for "minimum" plants starting from 2024-2025 (as updated by resolutions 389/2023/R/rif and 7/2024/R/rif with reference to time references and the new investment remuneration rate – WACC – which rose from 6% to 6.6%). Confirmation of the structure for "minimum" plants now is based on the criteria identified in the meantime in the PNGR (Ministerial Decree 257 of 24 June 2022).
Additionally, with resolution **27/2024/R/rif** ARERA began the procedure to define directives for accounting and administrative separation in the urban waste sector, with the objective of applying the regulations starting in the next regulatory period, in 2026.
Lastly, with Determination no. 2 of 16 April 2024, ARERA approved the basic schemes for the documents making up the tariff proposal for the 2024-2025 two-year period and the operating methods for the related transmission to the Authority. It also provided clarifications on aspects of application of the tariff regulation on access to treatment plants, pursuant to resolutions 363/2021/r/rif, 7/2024/r/rif and 72/2024/r/rif.

SCENARIO OF REFERENCE FOR ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) ASPECTS

Sustainable development

2024 was characterised by various initiatives carried out by the European Union, which, in a political context influenced by the end of the legislative cycle, consolidated the strategic and legislative framework of reference marked by the pursuit of shared sustainability objectives set out by the Green Deal. In this regard, the European Commission recently proposed a €100 billion investment to support the production of clean technologies in the EU, as part of the Clean Industrial Deal. This investment aims, in particular, to strengthen the competitiveness of very energy-intensive industries by helping them to confront the high costs and stringent regulatory requirements of the global market. Furthermore, the Commission is also launching a collaboration with the European Investment Bank to develop guarantee schemes able to reduce long-term contract costs for renewable energy and support electricity grid producers. The creation of an EU Centre for Critical Raw Materials has also been proposed, aimed at securing the metals and minerals required to tackle the energy transition.
As already established, the Corporate Sustainability Reporting Directive (CSRD) came into force on 1 January 2024, representing a substantial overhaul for corporate sustainable reporting, expanding the number of entities involved, and introducing new reporting standards for ESG (environmental, social, governance) aspects. The CSRD reinforces the correlation between financial and non-financial statements, establishing more stringent obligations in terms of data transparency and verifiability, with the aim of improving the sustainability and resilience of the European market. In this context, the adoption of EU Regulation 2023/2772, which establishes specific criteria for the disclosure of sustainability information, also assumes relevance.
On the other hand, in the context of the action plan for zero air, water and soil pollution, we find the proposals for directives regarding urban wastewater treatment and the protection of surface and ground water, in full synergy and coherence with the recent review of the drinking water directive. Approval of the Nature Restoration Law was also significant. It aims to restore, by 2030 and by establishing specific legally binding objectives and obligations, the natural quality of various ecosystems, from forests and marine ecosystems to agricultural and urban areas. Based on the new rules, Member States must prepare and present national restoration plans to the Commission.
In line with these developments, on 5 March 2024 Acea presented its new 2024-2028 Business Plan, entitled "Green Diligent Growth", in which all aspects of sustainable development (environment, social and governance), from the objectives assumed as part of the SBTi and the new human rights policy, to the commitment to promote sustainability performance along the supply chain and develop ESG financing, will play an enabling role in its mission as operator of sustainable infrastructure (for more information, please refer to paragraph "The strategy of sustainability").

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

The regulatory context of the Acea Group is wide-ranging and articulated according to the specificity of the businesses managed and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations.
In the water sector, we note the significant entry into force on 26 June 2023 of Regulation (EU) 2020/741 on minimum requirements for water reuse and the related Commission Delegated Regulation (EU) 2024/1765, which came into force on 10 July and sets out technical specifications for the reuse of water for agricultural use, as well as Directive (EU) 2024/3019 of the European Parliament and of the Council of 27 November 2024, concerning the treatment of urban waste water. Through this Directive, new regulations were adopted for more efficient water treatment and covering more agglomerations and pollutants.
In relation to Italian legislation, we note Decree Law 89/2024 (Infrastructure DL), which also made specific changes to the resurfacing project of the upper section of the Peschiera aqueduct, providing for further public financing.
There was also the Cohesion Decree Law (DL 60/2024 converted by Law 95/24) on the use of the resources of 2021-2027 European cohesion policies, with the main goal of accelerating the actions of programmes in strategic sectors such as the water sector and the creation of the Steering Committee for the Italian Development and Cohesion Fund (FSC).
With the new plan of measures in the water sector (PNISSI), the MIT gave the green light for 418 projects worth €12 billion. The DPCM PNISSI, published in the Official Journal on 27 December 2024, provides for the adoption of the PNISSI for the planning of infrastructure and safety projects in the water sector. The plan also includes several measures adopted to fund the aforementioned

works, such as those included in the Extraordinary Reservoir Plan and the Excerpt concerning the water pipelines section.
Furthermore, with Agriculture Decree Law 63/2024, converted by Law 101/2024 (Art. 11), urgent measures were provided to counter water scarcity as well as to fund initial urgent intervention. In a similar vein, on 31 December 2024 Decree Law "NRRP Emergencies" entered into force, introducing urgent measures to combat water shortages and to optimise and update water infrastructure. On 16 December, the law covering the Environment Decree Law was published, which included provisions concerning environmental protection, the simplification of authorisation procedures, and the circular economy.

Various measures were relevant for promoting the use of renewables, such as:

- the Suitable Areas Ministerial Decree (Environment MD of 21 June 2024), which governs the identification of suitable surfaces and areas for the installation of renewable plants to achieve the objectives set by the NIECP and the "Fit for 55" package, including in light of REPowerEU in line with the principle of technological neutrality;
- the FER2 Ministerial Decree (MD 19 June 2024) on the production of electricity from innovative renewable energy source (FER) plants or with high generation costs via an incentive system;
- the CER Decree (MASE Decree no. 414 of 7 December 2023) which introduced new incentives to support energy from renewable sources produced under self-consumption arrangements;
- Legislative Decree "Riordino FER", concerning the reorganisation of renewable energy – Published in the Official Journal on 12 December and entered into force on 30 December 2024. The provision regulates the authorisation processes for the construction of renewable energy plants, specifically permit-exempt works, the simplified authorisation procedure (PAS), and the single authorisation (AU) mechanism. Furthermore, following parliamentary review, specific legislation was introduced for acceleration zones, regulating the authorisation procedures applicable to plants located in these areas and establishing a safeguarding clause. MASE Ministerial Decree "Admission to the Energy-Intensive Easing Scheme" – Published on 27 November 2024 and entered into the force the following day, this Decree establishes the terms and methods for presenting applications for admission of a sector or subsector into the easing scheme for energy-intensive sectors. Specifically, it provides that applications may be submitted to the Demand and Energy Efficiency Directorate of MASE by the following entities: A company that meets the consumption requirements and which, according to ARERA's criteria, operates in one of the sectors or subsectors not included in Annex 1 to the EC Guidelines on State Aid for Energy; Trade associations representing sectors or subsectors not included in the same annex; MASE Ministerial Decree "Renewables Installation Resources and Regions" – signed on 4 December, published on the MASE website on 12 February and entered into force the following day. Implementing act of art. 4 of Decree Law 181/2023 (the "Energy Security Decree Law") provides for the allocation of a share of the proceeds from ETS auctions to finance a fund aimed at supporting environmental and regional compensation and balancing projects, to be distributed among the regions for the adoption of measures to promote decarbonisation, sustainable development, and the acceleration and digitisation of authorisation procedures for renewable energy projects.

In Europe, the following legislative acts are of particular relevance:

- Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024, amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design;
- Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024, amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union's electricity market design.

As regards the environment, please note the update of the EoW rules of the Ministry of the Environment regarding the termination of the waste classification of inert construction and demolition waste, as well as the update of the EU Protocol for the management of construction and demolition waste. At a domestic level, the new rules governing the emission trading system are also worthy of note. In terms of EU legislation, we also highlight Regulation 2024/1991 on "nature restoration", which introduces a series of targets for Member States to restore degraded terrestrial, marine, urban, forest and agricultural habitats to good condition. It should also be noted that infringement proceedings have been initiated against Italy for the incorrect transposition of Directive 2018/851/EU on waste, with regard to extended producer responsibility, ensuring high quality recycling, separate collection of hazardous waste, and the implementation of an electronic traceability system.

Climate change

Sensitivity to the evolution of climate change and its effects on the businesses managed is a well-established theme at international level, which is also reflected in a greater demand for information in the annual financial report. Specifically, ESMA, in its European Common Enforcement Priorities, highlighted that issuers should consider climate risks in the preparation of IFRS financial statements to the extent that they are significant regardless of whether or not these risks are explicitly provided for in the relevant accounting standards.
The Acea Group describes its considerations regarding actions attributable to mitigation of the effects of climate change as well as adaptation to climate change in the sustainability section of the non-financial statement, according to the content of the Corporate Sustainability Reporting Directive (CSRD).
The Acea Group has developed an integrated climate strategy that primarily centres on supporting climate change adaptation and mitigation targets by investing significantly to increase infrastructure resilience and security, to increase energy production from renewable sources, to improve energy efficiency, and to reduce greenhouse gas emissions. These targets are formalised in the 2024-2028 Group Sustainability Plan, which sets aside approximately €5.4 billion for projects related to environmental sustainability targets.
The sustainability strategy and action plan also incorporate the results of climate risk analyses conducted using the framework provided by the International Sustainability Board (ISSB) and the Group's Enterprise Risk Management (ERM) method. This analysis aims to identify the physical risks, linked to extreme weather events and climate change over the long term, that may impact infrastructure and the company's operations, and transition risks, linked to changes to the legislative framework, evolving consumer preferences, and the adoption of new low-carbon technologies.
When defining and implementing its strategy, Acea engages constantly with stakeholders, institutions and local communities, promoting awareness-raising and training activities to create a culture of sustainability, collaborating with research institutions to develop innovative solutions, and participating on national and interna-

tional round tables to help draw up effective environmental policies. Thanks to this integrated strategy, Acea has positioned itself as a key player in the ecological transition, showing a concrete commitment to climate action and to the promotion of a sustainable development model.

The main strategic elements adopted by Acea to pursue climate change risk mitigation include:

- increase in energy production from renewable sources, with a particular focus on solar, hydroelectric and wind power. In this context, Acea has implemented projects to develop new photovoltaic plants and to modernise existing hydroelectric plants, increasing their efficiency and production capacity. Furthermore, projects focused on biogas and biomethane production are being developed, aimed at optimising organic waste and treatment sludge.
- improving energy efficiency at the Group's plants and offices to improve the energy performance of its facilities, reduce resource use, and cut emissions. The most important initiatives include the adoption of smart technologies to manage water and electricity networks, the optimisation of industrial processes, and the use of energy storage systems to balance energy demand and supply;
- increase in the percentage of energy purchased with Guarantees of Origin and the production of renewable energy for self-consumption;
- increase in the quantity of green electricity sold to end customers and offsetting the methane gas volumes sold through the voluntary purchase of certified carbon credits.

Furthermore, the Group is continuing its commitment to reduce greenhouse gas emissions with a "Well below 2°C" target, in line with the trajectory set by the Paris Agreement. This commitment, which is certified by the Science-Based Targets initiative (SBTi), includes the following reduction targets by 2032, taking the year 2020 as the baseline: 56% reduction in direct Scope 1 emissions; 32% reduction in indirect Scope 2 emissions from purchased energy; 30% reduction in indirect Scope 3 emissions (indirect emissions deriving from gas sales). Furthermore, Acea is aiming to reduce Scope 1 and Scope 3 emissions related to the production and sale of electricity by 56%.
The following is a summary of the considerations made by management with reference to the aspects considered significant for the purposes of preparing the financial statements in the sectors of activity in which it operates.
For the short term horizon, considering the analyses carried out and the mitigation tools defined by the above-mentioned plans, the management has not identified any specific impacts of significant magnitude deriving from climate-related risks subject to consideration in the application of the accounting standards or requiring special disclosure. This is supported by the Group's constant commitment to pursuing the highest standards of service in all of its sectors of activity. This entails an ongoing commitment to the development of adequate infrastructures and the evolution of their management, with the application of technological innovation and digitalisation, as well as the preservation and protection of water resources, the development of electricity generation capacity from renewable sources, the energy efficiency of production processes, the pursuit of a circular economy approach, and the implementation of controls on commodities supplied to customers.
With reference to the medium/long term, the management, while continuing to define updated development plans, does not foresee any further specific considerations to be taken into account in the application of the accounting standards for the preparation of the financial statements and the relative disclosures.
It should also be noted that the Group's main companies began the process to identify priority physical risks in 2020-2021, analysing them through climate scenarios that consider the regions in which the assets exist, with medium to long term projections, and considering the economic impacts resulting from the increased probability of extreme events. The main physical risks identified are drought and water stress (for water systems), extreme rainfall and flooding (for power distribution networks), and lightning strikes (for power generation assets).
For example, the fully consolidated company Areti assesses and quantifies the effects of climate change (heat waves/drought and flooding) on its assets and the mitigation projects to implement in the Resilience Plan approved by the Regulatory Authority For Energy, Networks and Environment (ARERA). Management has assessed that these investments do not reduce or modify the expectation of the economic benefits associated with the use of the assets recorded under tangible fixed assets, as they have regulatory relevance and are therefore subject to specific reimbursement mechanisms. Therefore, a critical review of the useful life of fixed assets on the balance sheet was not necessary.
With specific reference to the sale of commodities, the Group monitors the useful life of the customer base and the related accounting assessments as a potential effect of reputational risk.
With reference to the existence of risks of asset impairment, management has considered that, although actions to mitigate/adapt to climate risk entail the need to plan for the maintenance/upgrading of plants in order to guarantee the quality of service, the safety of managed assets and the maintenance of their performance, these activities are in any case considered within the scope of the cash flow forecast used as the basis for determining value in use.
More specifically, impacts were identified in terms of sensitivity analysis carried out on CGUs, companies and systems by developing the risk analysis, considering the main external variables indirectly impacted by climate change issues (such as the production price index, energy price index and gas price index), potentially able to impact the relevant economic variables (EBITDA). Trends in raw material purchase costs along with hedging derivatives require a careful policy of monitoring requirements and price hedging. Trends in the cost of commodities as a result of the effects of climate change could make certain sales contracts costly. In addition, the unavailability of commodities could make cash flow hedges from highly probable future transactions ineffective.
Finally, with particular reference to regulated sectors, the presence of chronic physical risks could lead to a reduction in service quality resulting in liabilities for penalties. Specifically, extreme events such as floods can cause asset damage and service disruptions (equipment failures, blackouts, etc.) or, for the water network, overflowing of drains connected to wastewater systems and can cause turbidity of water springs. Such impacts may affect the provision of services in compliance with applicable laws and regulations, resulting in the risk of financial penalties. As indicated previously, also thanks to risk mitigation projects implemented, the potential economic/financial impacts associated with physical risks have been hypothesised as unchanged.

Geopolitical situation

Overall, 2024 was characterised by a backdrop of increasing economic and geopolitical fragmentation, requiring businesses to pay close attention to global scenarios and risk management strategies. The economic situation was influenced by several geopolitical and economic factors: the Russia-Ukraine war, despite the absence of any conclusive developments, continued to affect the global economy, with growing challenges for Ukraine and a possible move towards diplomatic solutions; meanwhile, relatively "newer" conflicts, such as the war between Israel and Hamas, progressively escalated throughout 2024, at huge humanitarian cost and with the risk of spreading within the region to also involve Hezbollah in Lebanon.
Currently, after the shocks of recent years, the global economy has continued to normalise, with most of the major imbalances becoming more even:

- 2024 saw a major rebalancing on the energy markets: Brent settled at around 80 USD/bbl, supported by weaker demand especially in China and a surplus of supply that counterbalanced geopolitical tensions, including the attacks by the Houthis in the Red Sea, which had a limited impact on the stability of global trade. The National Single Price (NSP) of electricity in Italy fell to €88/MWh in March 2024, while nonetheless remaining well above the pre-crisis levels of 2019 (when the average was around €52/MWh).
- At a macro-economic level, in its World Economic Outlook the International Monetary Fund predicted a continued slowdown in economic growth, with increasingly wide regional differences: the US has maintained a consistent pace thanks to internal consumption, while Europe has recorded weaker growth, and China has been faced with a slowdown linked to the real estate crash which has had a negative impact on internal demand.
- Inflation in the Eurozone has remained limited but with signs of increasing, particularly with regards to energy prices, while core inflation proved to be relatively stable (energy prices at the point of consumption rose by 1.8% year-on-year as at January 2025, while core inflation remained stable at 2.7%). The central banks continued to closely monitor inflation, adopting monetary policies aimed at maintaining prices at a stable level.

The geopolitical and macroeconomic context has continued to represent a critical variable for businesses, with impacts both on asset valuations and budgeting strategies. In this regard, the Public Statement issued by ESMA on 28 October 2022, which analysed the effects of the Russian invasion of Ukraine on financial reports, remains a key reference for impairment testing of non-financial assets. The change of strategic, commercial and financial approach of companies following the continuation of the conflict and the exacerbation of the global geopolitical situation considerably increased the risk of significant impacts on the carrying amount of balance sheet assets and liabilities. The ESMA therefore recommends that regulated companies review and update the assumptions and hypotheses underlying the calculation of prospective flows, ensuring consistency between business strategies and market conditions. In particular, the recoverable value of non-financial assets should be estimated considered all sources of information, both internal and external, and taking into account the increased global uncertainty. To confront this scenario, the use of forecasting models based on multiple scenarios is advised, supported by reasonable and realistic parameters and estimation inputs that reflect market risks, geopolitical tensions, and inflation impacts. A key element of the impairment testing process is the correct determination of the discount rate, which must reflect current market conditions as well as risks specific to the assets being valued, excluding any risk already incorporated into the forecast flows. The ESMA also underlines that increases to interest rates and inflation can have a significant impact on the discount rate used to estimate the recoverable value of the assets. Consequently, it is essential to ensure consistency between the macroeconomic scenarios adopted and the balance sheet valuations in order to guarantee the transparency and reliability of financial disclosures.

Development and technological innovation

For Acea, collaborations, partnerships and business systems represent a crucial driver for the positioning and improvement of the Acea Group in the innovation ecosystem, as well as helping to open new channels offering access to ideas, business and technological opportunities, academic research and new talent.
Acea participates in numerous partnerships and cooperative agreements linked to innovation; in fact, for several years the Group has actively participated in the Italian and international innovation ecosystem, sharing best practices and experiences.
In this regard, we note: **ROAD** (Rome Advanced District), a project developed from an ENI concept, in collaboration with Autostrade per l'Italia, Cisco, Ferrovie dello Stato, Bridgestone and NextChem, with the aim of creating an advanced knowledge and research centre to develop solutions for a sustainable future; **CTE** (Emerging Technology House) of Rome, a living lab within the Tiburtina station, created by Roma Capitale with co-financing from the MISE and other corporate partners of the CTE with the aim of supporting new players in the innovation ecosystem; **Zero**, a startup accelerator born from the collaboration between the National Network CDP Venture Capital SGR, Zest and ELIS to support the best startups in the cleantech field. This initiative offers new businesses the skills and tools necessary to overcome the challenges of the sector, as well as the possibility to develop concrete cases of use, validating their solutions in real-life contexts and testing them in industrial environments. This approach accelerates technological transfer and allows us to be at the cutting edge of innovation, identifying new opportunities to grow the businesses of the Acea Group. **Fondazione Rome Technopole,** a foundation that represents the innovation ecosystem in Lazio, bringing together universities, research centres, the Lazio Region, the Municipality of Rome, the Chamber of Commerce, Unindustria and innovative companies. Finally, in collaboration with **NTT Data**, a Tokyo-based multinational, an annual Open Innovation programme has been established with the goal of launching a challenge to identify innovative sewer management systems to confront the unpredictability of adverse weather events.

Development of personnel

For every organisation people represent a fundamental asset to remain competitive in a changing economic and social context. Acea listens to the needs of its people and develops a People Strategy, structured into projects and initiatives.
Every year Acea prepares an Equality & Care Plan that identifies goals and associated projects for diversity and inclusion, wellbeing, and corporate welfare. In 2024, Acea was included by the *Financial Times* and *Statista* in the special list of "Europe's Diversity Leaders 2024" and for the fourth consecutive year received *Top Employers* Italy Certification, official recognition of the excellence of the company's HR policies and strategies, and implementation of the same. Acea has also developed an integrated corporate welfare system, based on listening to employees and their needs and structured around six fundamental pillars: health, corporate wellness, family care, income support services, complementary social security and

solidarity. Numerous initiatives were launched to implement the pillars of welfare, such as preventive health campaigns, mental and physical well-being support and parenthood support services, as well as income support services through the signing of various corporate agreements and participation in various solidarity initiatives.
These areas are shared with a Bilateral Committee, consisting of representatives from Group companies and the Unions.
As part of its training processes, the Group has established the Acea Business School Academy that provides courses on managerial, position, governance and digital issues, serving the entire group and designed with qualified partners (universities, business schools, research centres, etc.). In particular, the "Future Connections" webinar series was launched, with eight episodes focused on optimising the use of AI within the Group and ensuring close correlation between the evolutions of the Group's leadership and organisational mindset. The first four webinars were delivered in 2024 and were attended by over 5,000 people from all of the Group's companies. Thanks to the high level of interest, the LIA (Laboratorio Intelligence Artificiale) was launched, a learning community project focused on piloting the use of AI in company processes.
The Acea Group was also awarded a public contract for Maternity projects, which will therefore fund new services to support working women during maternity, for effective support and reintegration into the work environment. Furthermore, the Corporate Governance Code was signed in which the Acea Group confirmed its commitment to promote a fair and sustainable work environment, valuing the contribution of female workers and supporting their needs during the different stages of life, with a particular focus on maternity leave. The Acea Group has always been committed to implementing welfare policies and strengthening initiatives in favour of working mothers, including through the adoption of the "Charter of the Person and Participation" and UNI/PDR 125:2022 certification, renewed for 2024.

Sustainable management of the supply chain

Aware of the positive contribution that sustainable supply chain management can offer to protecting the environment, Acea is committed to defining purchasing methods that include intrinsic characteristics of the products and aspects of the process that limit environmental impact and foster initiatives aimed at minimising waste, reusing resources and protecting the social aspects involved in the procurement of goods, services and works. In tackling this green procurement issue, Acea has been using the minimum environmental criteria in force for several years, including non-compulsory bonus aspects in its tender procedures.
Acea has always been at the service of the community and the public and therefore puts a high priority on open exchanges with the supply chain to be increasingly efficient in responding to local demands.
The creation of a sustainable chain depends on each company monitoring itself, as well as on agreements between all members in a given chain. Cooperation allows for more transparent and clear relationships, helping to create shared value:

- EcoVadis assessment;
- Green purchases;
- Reputational due diligence;
- Management Systems – Supply Chain Verifications;
- Vendor ratings;
- Sustainability and safety;
- Cyber risk assessment.

Health and safety in the workplace

Acea carries out constant awareness campaigns on the subject, with the aim of profoundly affecting the widespread dissemination of a culture of safety involving all its people. It has implemented an advanced risk assessment model, not to mention control and mitigation measures. Acea has also launched a number of initiatives to raise awareness of and involvement in the issues discussed above with its contractors and sub-contractors, key business partners throughout the entire value chain.
Safety seen as strategy, and not only as compliance, is based on the possibility of measuring and monitoring the results in a managerial approach. In the context of the process of continuous improvement that it has undertaken, oriented to the prevention and reduction of injuries, Acea provides all its people with a valid and effective instrument for the purposes of active participation in analysing the trend of indicators; this aspect is often considered a measure of the level of maturity of the culture of safety and the culture of improvement in an organisation. Improvement actions based on the realisation that there are margins to pursue (for example actions to reduce the proportion of some types of injury) and consolidation actions (for example maintaining positive results, growing organisational resilience), represent the natural process of continual improvement in the field of workplace health and safety.

National Recovery and Resilience Plan (NRRP) Grants

As already highlighted, the Acea Group has been called upon to play a key role in Italy's growth within the context of the definition and implementation of the National Recovery and Resilience Plan.
The National Recovery and Resilience Plan (NRRP) is a package of investments and reforms put together by the Italian government and presented to the European Commission to draw on the support provided for under the Recovery and Resilience Facility (RRF), established by Regulation (EU) 2021/241 as a new financial instrument to support recovery among Member States.
To date, Italy has received the largest grant for the NRRP, with the Council of the European Union approving, with implementing decision 10160/21 of 13/07/2021, a total allocation of €191.5 billion. Precise targets and milestones are set for each investment and reform, which must be met in order for the funds to be disbursed. The original NRRP states that 40% of the resources will be allocated to regions in the South of Italy, 37% to ecological transition measures, and 25% to the digital transition. The annex to the decision defines, for each investment and reform, the precise targets and milestones that must be met in order for the funds to be disbursed. The fulfilment of this condition is verified on a six-monthly basis, from the second half of 2021 to 30 June 2026.
On 8 December 2023, the revision to the Italian NRRP (Implementing Decision 16051/23) was approved, introducing a new chapter on the REpowerEU project aimed at confronting the energy crisis and the geopolitical tensions caused by the war in Ukraine. The restructured plan provides for investments of €194.4 billion and includes 66 reforms and 150 investments, structured into 618 targets and milestones. In this regard, 39% of the funds must be used to support ecological transition projects. To date, €71.78 billion have been allocated in subsidies and €122.60 billion in loans.
In the course of 2024 the NRRP was further amended, most recently with the Decision of the Council of the European Union (15114/24) adopted on 18 November 2024 to adapt the plan to meet new implementation needs.

In the last three years, the Acea Group has received grants under the National Recovery and Resilience Plan (NRRP), aimed at supporting the investments and strategic initiatives set out therein.
In this context, Acea Group companies have benefited from a total of €0.89 billion in NRRP funding, of which:
- €0.70 billion of which €0.55 billion for water infrastructure (M2-C4-I4.1 and M2-C4-I4.2) and €0.15 billion for drainage and treatment systems (M2-C4-I4.4);
- €0.174 billion for electricity network resilience (M2-C2-I2.1) and smart grid (M2-C2-I2.2) projects.

The disbursement of NRRP grants is subject to the fulfilment of specific conditions established by the competent authorities, such as:
- the achievement of the targets of the funded project;
- the regular reporting of expenditure.

To date, the Acea Group has met all applicable conditions and continues to closely monitor changes to the regulatory and administrative landscape regarding the implementation of the NRRP, in order to guarantee the correct management and reporting of the funds received.

Operating segments

The macrosectors in which Acea works are broken down into the industrial segments listed below: Water, Networks and Public Lighting, Environment, Production, Commercial, and Engineering & Infrastructure Projects.

WATER

Integrated Water Service in Italy
Gas distribution
Development of initiatives outside of Italy

NETWORKS & PUBLIC LIGHTING

Distribution and **Measure**
Public Lighting

ENVIRONMENT

Sludge management
Treatment, recycling, waste-to-energy and **waste** disposal
Management of **recyclable plastics**

PRODUCTION

Electricity **generation**
Cogeneration
Photovoltaic

COMMERCIAL

Energy management
Sale of electric energy and gas
Energy efficiency for home clients

ENGINEERING & INFRASTRUCTURE PROJECTS

Laboratory analysis
Engineering & Consultancy

Trend of Operating segments

ECONOMIC RESULTS BY SEGMENT

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the financial years compared in observance of IFRS 8 accounting standards. Note that revenue includes the condensed result of equity investments (of a non-financial nature) consolidated using the equity method. The Water Segment also includes the financial statements of companies in the gas distribution segment and ASM Terni.

	31/12/2024									
€ million	Water	Water (Overseas)	Network and public lighting	Environment	Production	Commercial	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Consolidated Total
Revenues	1,565	89	710	305	101	1,906	133	148	(671)	4,286
Costs	741	54	276	237	60	1,708	122	201	(671)	2,729
EBITDA	**824**	**35**	**434**	**68**	**41**	**198**	**11**	**(53)**	**0**	**1,557**
Depreciation/amortisation and impairment losses	449	16	168	71	25	75	13	38	0	854
Operating profit/(loss)	**375**	**19**	**266**	**(4)**	**16**	**123**	**(2)**	**(91)**	**0**	**703**
Capex	895	9	316	100	26	67	5	20	0	1,439

	31/12/2023									
€ million	Water	Water (Overseas)	Network and public lighting	Environment	Production	Commercial	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Consolidated Total
Revenues	1,494	97	628	334	131	2,483	95	145	(764)	4,644
Costs	750	61	253	250	77	2,354	86	187	(764)	3,253
EBITDA	**744**	**36**	**375**	**84**	**54**	**129**	**10**	**(42)**	**0**	**1,391**
Depreciation/amortisation and impairment losses	419	15	154	59	20	70	8	34	0	779
Operating profit/(loss)	**325**	**21**	**221**	**25**	**34**	**59**	**2**	**(75)**	**0**	**612**
Capex	682	6	300	39	41	50	5	20	0	1,143

WATER

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Water volumes	Mm^3	517.7	517.1	0.6	0.1%
Energy consumed	GWh	760.6	730.6	30.1	4.1%
Sludge disposed of	kt	162.3	185.9	(23.6)	(12.7%)

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	1,564.5	1,493.7	70.8	4.7%
Costs	740.7	749.8	(9.0)	(1.2%)
EBITDA	823.8	743.9	79.9	10.7%
Operating profit/(loss)	374.9	325.0	49.9	15.4%
Average workforce	3,866	3,969	(102)	(2.6%)
Capex	895.4	682.4	213.0	31.2%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Water segment	823.8	743.9	79.9	10.7%
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	52.9%	53.5%	(0.6 p.p.)	

EBITDA for the Segment stood at €823.8 million at 31 December 2024, an increase of €79.9 million compared to 31 December 2023 (+ 10.7%). The increase mainly derives from tariff approvals (+€107.0 million) especially for Acea Ato2 (+€66.2 million) and GORI (+€25.1 million), net of the components to hedge pass-through costs), following the incorporation of the tariff update, resulting from the introduction of the Water Tariff Method for the 4th regulatory cycle (MTI-4) 2024 – 2029, in particular for Acea Ato2 approved by the Conference of Mayors on 5 August 2024 and definitively by ARERA with Resolution 381/2024/R/IDR of 24 September 2024. The significant change in these revenues compared to the previous year is due to the update to the financial parameters (WACC, inflation and deflators) and the organic growth driven mainly by investments (Capex component of the tariff). This increase was offset by the reduction recorded in relation to Acquedotto del Fiora following its deconsolidation on 1 October 2024 (-€17.7 million) and the lower contribution of the companies consolidated using the net equity method (-€7.5 million). This latter variation was influenced by the devaluation of the company DropMi, in liquidation (-€5.5 million) and the lower contribution of Publiacqua (-€5.6 million) due to the lower revenue posted by SII (Capex and FoNI component), offset by the higher profit recorded by Umbra Acque (+€2.1 million) and Acque (+€1.0 million). The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

€ million	2024	2023	Change	% Change
Publiacqua	3.7	9.3	(5.6)	(60.0%)
Acque Group	8.4	7.4	1.0	13.1%
Umbra Acque	5.0	2.9	2.1	72.9%
Nuove Acque and Intesa Aretina	0.9	0.5	0.3	61.0%
Geal	0.8	0.9	(0.2)	(17.8%)
Umbria Distribuzione Gas	(0.4)	0.1	(0.5)	n.s.
DropMi in liquidation and Aqua Iot in liquidation	(5.6)	(0.1)	(5.5)	n.s.
Acquedotto del Fiora	0.9	0.0	0.9	n.s.
Total	**13.6**	**21.1**	**(7.5)**	**(35.5%)**

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 fourth regulatory period (MTI-4), as approved by the Authority (ARERA) with Resolution 639/2023/R/idr of December 2023, taking into account the approval of the 2024-2029 tariff provisions which occurred in the meantime. Further details are provided in the section "Service concession report".

The average number of staff at 31 December 2024 was 3,866 people, a decrease compared to the figure at 31 December 2023 of 102 people mainly attributable to the deconsolidation of **Acquedotto del Fiora.**

Investments by the Segment amounted to €895.4 million, an increase of €213.0 million compared to the previous year, primarily due to greater investments financed (+€117.0 million) and partly due to advances on tenders. The investments refer mainly to extraordinary maintenance work, reconstruction, modernisation and expansion of plants and networks, the reclamation and expansion of water and sewer pipes of the various Municipalities and work on purification and transport plants (ducts and feeders).

Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in 2024 valued on the basis of the MTI–4 Tariff Method. The figures also include adjustments of pass-through items and the Fo.NI component.

Company

amounts in € million	Revenue from the IWS	FoNI	% of direct participation
Acea Ato2	819.3	FNI = 30.8 AMMFoNI = 10.8	96.5%
Acea Ato5	90.8	FNI = 0.5 AMMFoNI = 4.4	98.5%
GORI	258.5	-	37.1%
Acque*	76.4	-	45.0%
Publiacqua*	105.9	FNI = 16.7	40.0%
Acquedotto del Fiora	89.4	AMMFoNI = 10.3	40.0%
Gesesa	15.2	-	57.9%
Nuove Acque*	9.4	FNI = 0.3 AMMFoNI = 1.0	16.2%
Geal*	10.3	AMMFoNI = 0.8	48.0%
Acea Molise	6.0	-	100.0%
IWS	51.0	-	43.0%
Umbra Acque*	38.0	AMMFoNI = 2.6	40.0%

* pro-rata values

WATER (OVERSEAS)

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Water volumes	Mm^3	46.2	46.6	(0.4)	(0.9%)
Volumes fed into the grid	Mm^3	80.5	77.8	2.7	3.5%
Number of customers (user accounts served)	Number	126,291	124,384	1,907	1.5%

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	88.8	96.7	(7.9)	(8.1%)
Costs	53.6	61.0	(7.4)	(12.1%)
EBITDA	35.2	35.7	(0.5)	(1.4%)
Operating profit/(loss)	19.4	20.9	(1.5)	(7.2%)
Average workforce	1,498	2,478	(980)	(39.5%)
Capex	8.5	5.7	2.8	49.1%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Water (Overseas)	35.2	35.7	(0.5)	(1.4%)
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	2.3%	2.6%	(0.3 p.p.)	

The segment currently includes the companies that manage the water service in Latin America and closed 2024 with an EBITDA of €35.2 million, slightly down with respect to 31 December 2023 by €0.5 million, mainly as a result of the lower margins of **Acea Dominicana** (-€1.3 million), influenced by the end of a contract with a major customer in September 2023, partly offset by the better performance of **Consorcio Acea Lima Norte**, as a result of the price adjustment recognised at contractual level on the inflation component.

The average number of employees as at 31 December 2024 stood at 1,498 and was 980 less than at 31 December 2023, mainly as a result of the expiry of the three-year contract to manage the Lima drinking water pumping stations operated by **Consorcio Acea** (- 904 employees) and **Acea Dominicana** (- 79 employees) due to the end of the contract with a major customer, as described above. Capital expenditure for the period amounted to €8.5 million, up from the previous year (+€2.8 million), and related almost entirely to investments made by **Aguas de San Pedro** in connection with the management of the integrated water service in the city of San Pedro Sula, Honduras.

NETWORKS & PUBLIC LIGHTING

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Electricity distributed	GWh	9,240.4	9,049.9	190.5	2.1%
No. of customers	N/1000	1,669	1,662	7	0.4%
Km of grid (MV/LV)	Km	32,404	32,144	260	0.8%
2G metering groups	Number	446,351	333,664	112,687	33.8%

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	709.8	628.4	81.4	13.0%
Costs	276.1	253.0	23.1	9.1%
EBITDA	433.7	375.4	58.3	15.5%
Operating profit/(loss)	266.1	221.5	44.7	20.2%
Average workforce	1,238	1,269	(31)	(2.5%)
Capex	315.7	299.6	16.2	5.4%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Networks & Public Lighting segment	433.7	375.4	58.3	15.5%
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	27.9%	27.0%	0.9 p.p.	

The EBITDA for the segment at 31 December 2024 was €433.7 million, showing an increase of €58.3 million compared to 31 December 2023. At **areti**, the EBITDA increased by €59.8 million as a result of the growth in regulated tariffs (+€70.0 million), predominantly due to the effect of the positive changes to WACC and the deflator (+€58.1 million), as well as the increase to the value of the RAB (+€14.1 million), partly offset by the higher operating costs (+€6.7 million), mainly linked to staff costs, the lower revenue deriving from the resilience plan (-€4.9 million) and asset disposal costs (-€4.0 million). As at 31 December 2024, **areti** had distributed 9,240 GWh of electricity to end customers, up compared to the previous year.

EBITDA from **public lighting**, for the management of the public lighting service in the Municipality of Rome, recorded a deterioration of €1.5 million as a result of fewer extraordinary maintenance activities.

The average number of employees fell compared to the previous year by 31 units.

Investments amounted to €315.7 million, an increase of €16.2 million compared to last year. The investments refer for the most part to **areti** and are attributable to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary stations, secondary substations and meters, and remote control equipment as part of the grid "Adequacy and Safety" and "Innovation and Digitalisation" projects, all intended to improve the quality of the service and increase resilience. Intangible investments refer to projects for the re-engineering of information and commercial systems. The **public lighting** sector contributed for €1.8 million.

ENVIRONMENT

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
WTE conferment	kt	358.4	375.9	(17.5)	(4.7%)
MBT waste and landfill	kt	445.0	474.0	(29.0)	(6.1%)
Conferments to composting plants	kt	159.1	156.5	2.7	1.7%
Conferments to selection plants	kt	336.9	339.2	(2.3)	(0.7%)
Intermediated waste	kt	154.2	151.0	3.2	2.1%
Liquids treated at plants	kt	264.0	310.1	(46.1)	(14.9%)
Waste produced	kt	460.4	484.3	(24.0)	(4.9%)
WTE net electricity sold	GWh	253.7	278.3	(24.6)	(8.9%)

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	305.2	334.3	(29.0)	(8.7%)
Costs	237.3	249.9	(12.6)	(5.0%)
EBITDA	67.9	84.4	(16.4)	(19.5%)
Operating profit/(loss)	(3.5)	25.4	(28.9)	(113.9%)
Average workforce	826	875	(49)	(5.6%)
Capex	100.3	38.9	61.5	158.0%

EBITDA

€ million	2024	2023	Change	% Change
EBITDA Environment segment	67.9	84.4	(16.4)	(19.5%)
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	4.4%	6.1%	(1.7 p.p.)	

The Environment segment closed 2024 with an EBITDA of €67.9 million, down by €16.4 million (- 19.5 % over the previous year). The variation can be attributed to lower margins on WTE linked to the energy scenario mainly at the San Vittore plant (-€15.1 million), and the downtime of the Terni plant (-€1.2 million), partly offset by high delivery prices (+€6.1 million). MBT and landfill also fell due to the collapse of the landfill tank at Cirsu (-€4.0 million), partly offset by the higher profit posted by Orvieto Ambiente (+€2.2 million). Finally, the recycling sector also saw a decline (-€2.8 million) due to both lower quantities and as a result of plastic prices (-€2.2 million).

The average number of employees as at 31 December 2024 was 826, slightly lower than at 31 December 2023.

Investments in the sector came to €100.3 million (+€61.5 million compared to 31 December 2023). This change was mainly influenced by investments for revamping works on the Terni smoke line (+€17.4 million) and works on the 4th San Vittore line (+€51.8 million). The increase was offset by the decrease recorded by AS Recycling (-€2.0 million) mainly attributable to the construction of the plastic SRF recycling plant in Borgorose in the previous year.

PRODUCTION

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Energy produced	GWh	466.8	581.6	(114.9)	(19.7%)
of which hydro	*GWh*	*300.6*	*418.9*	*(118.4)*	*(28.3%)*
of which thermal	*GWh*	*166.2*	*162.7*	*3.5*	*2.1%*
Photovoltaic energy produced	GWh	173.2	138.5	34.7	25.1%
Energy produced (cogeneration)	GWh	53.4	34.1	19.2	56.3%

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	100.9	130.8	(29.9)	(22.9%)
Costs	60.4	77.0	(16.6)	(21.5%)
EBITDA	40.5	53.9	(13.3)	(24.8%)
Operating profit/(loss)	15.4	33.7	(18.3)	(54.4%)
Average workforce	98	97	1	0.6%
Capex	25.8	41.1	(15.3)	(37.1%)

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Production segment	40.5	53.9	(13.3)	(24.8%)
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	2.6%	3.9%	(1.3 p.p.)	

EBITDA as at 31 December 2024 amounted to €40.5 million, down €13.3 million compared to 31 December 2023, mainly attributable to **Acea Produzione** as a result of lower margins on energy produced by hydroelectric plants affected by both the price effect for €6.7 million (-€23/MWh) and lower quantities for €10.6 million (- 118 GWh) due directly to lower rainfall. The EBITDA of the **photovoltaic** segment improved, mainly due to higher volumes.

The average workforce was in line with the previous year; note that the photovoltaic companies do not have employees.

Investments amounted to €25.8 million and decreased by €15.3 million compared to the previous year, mainly due to lower investments made by **Acea Solar** to construct photovoltaic systems both on agricultural and industrial land (-€15.0 million). Investments made by **Acea Produzione** amounted to €9.5 million, an increase on the previous year (+€1.3 million) due to the combined effect of the power injection projects and upgrading work on the Montemartini and Tor di Valle power plants.

COMMERCIAL

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Electrical energy sold - Free	GWh	4,774.3	5,602.7	(828.4)	(14.8%)
Electrical energy sold – Gradual Protection	GWh	176.9	169.5	7.5	4.4%
Electrical energy sold - Protected	GWh	621.9	1,032.8	(410.9)	(39.8%)
Electricity - Free market customers (P.O.D.)	No./1,000	757,676	639,374	118,302	18.5%
Electrical energy – Gradual Protection Customers (P.O.D.)	No./1,000	79,869	95,069	(15,200)	(16.0%)
Electrical energy - No. Protected Market Customers (P.O.D.)	No./1,000	189,443	509,179	(319,736)	(62.8%)
Gas sold	MSmc	218.0	198.9	19.1	9.6%
Gas - No. Free Market customers	No./1,000	396.9	306.3	90.7	29.6%

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	1,905.7	2,483.0	(577.3)	(23.3%)
Costs	1,708.1	2,353.7	(645.7)	(27.4%)
EBITDA	197.6	129.3	68.3	52.9%
Operating profit/(loss)	123.0	58.9	64.1	108.8%
Average workforce	433	450	(17)	(3.7%)
Capex	67.5	50.2	17.3	34.4%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Commercial segment	197.6	129.3	68.3	52.9%
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	12.7%	9.3%	3.4 p.p.	

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed 2024 with a Gross Operating Income (EBITDA) of €197.6 million, an increase of €68.3 million compared to 2023. The variation is largely attributable to **Acea Energia** (+€83.9 million) as a result of the net improvement to the Energy and Gas margin (+€68.9 million), partially offset by higher operating costs (+€1.7 million), the reduction on margins in the Boiler and Air Conditioner sales business, the decision of the Italian government in early 2024 to remove the possibility of invoice discounts and credit transfers (-€1.6 million), and the fall in other revenue (-€2.6 million), the latter mainly related to lower penalties charged to suppliers on contracts payable. The rest of the increase derives from energy items from previous years (+€21.0 million).

This offsets the increase in the **Acea Innovation** segment (-€15.7 million), which recorded lower margins on energy efficiency activities as a result of the new scenarios linked to the change to the Superbonus incentives as a consequence of the end of construction projects initiated and completed in the previous financial year. With respect to effects on the primary energy margin, note:

- an improvement in the margin for the electricity free market (+€69.8 million), driven by the retail segment where there was an increase in customers (+ 30%) and unit margin (+ 51%); on the other hand, the Gradual Protection Service margin was €6.3 million and showed an increase of €0.3 million;
- a reduction in margins relative to the Greater Protection Service (-€10.5 million), in part due to the automatic assignment of non-domestic customers and micro-businesses ("Other uses") to the Gradual Protection Service as of 1 April 2023 and in part to the "natural" loss of Greater Protection Service customers to the Free Market (- 36%), not counterbalanced by application of higher tariffs;
- an improvement in the gas market margin of €14.6 million. With reference to performance, in the B2C sector, there was growth in the Average Customer Base (+ 34%) and higher sales volumes (+ 33%), in the B2B sector there was an increase in the Average Customer Base (+ 7%) and a reduction in the volumes (-29%) as a result of the exit of a key customer with direct M&R (with just one re-delivery point);
- a worsening of the Energy Management margin related to the

optimisation of energy flows (-€5.3 million compared to the previous year).
With reference to the workforce, the average number at 31 December 2024 stood at 433 employees, slightly down compared to 31 December 2023 by 17 employees.
Investments by the segment amounted to €67.5 million (+€17.3 million compared to 31 December 2023). Total investments mainly related to **Acea Energia** and mostly referred to the cost of acquiring new customers in accordance with IFRS15 (+€17.9 million). On the other hand, investments in the segment in *smart services* and *e-mobility* projects developed by **Acea Innovation** decreased compared to the previous year (-€1.0 million).

ENGINEERING & INFRASTRUCTURE PROJECTS

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Operating data

	U.M.	2024	2023	Change	% Change
Number of projects	Number	69	60	9	15.5%
Number of EPC work sites	Number	33	27	6	22.2%
Number safety inspections	Number	15,066	14,443	623	4.3%
Number determinations	Number	1,085,231	1,039,344	45,887	4.4%
Number samples	Number	35,204	34,020	1,184	3.5%

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	133.0	95.5	37.5	39.3%
Costs	121.9	85.5	36.4	42.6%
EBITDA	11.0	9.9	1.1	11.0%
Operating profit/(loss)	(1.8)	2.0	(3.8)	(190.4%)
Average workforce	470	478	(8)	(1.7%)
Capex	5.2	4.7	0.4	9.3%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Engineering & Infrastructure Projects segment	11.0	9.9	1.1	11.0%
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	0.7%	0.7%	0.0 p.p.	

EBITDA for the segment at 31 December 2024 came to €11.0 million, up by €1.1 million with respect to the previous year. The change can mainly be attributed to **Acea Infrastructure** (+€1.2 million) as a result of an increase in business.

The average number of employees at 31 December 2024 stood at 470 and was down slightly compared to 31 December 2023 (478 employees).

Investments amounted to €5.2 million, up by €0.4 million compared to the previous year following higher investments made by **SIMAM** in relation to the plants related to the Gela contract, partially offset by lower investments in information systems and equipment carried out by **Acea Infrastructure** (-€1.2 million).

CORPORATE

OPERATING FIGURES, EQUITY AND FINANCIAL RESULTS

Economic and financial results

€ million	2024	2023	Change	% Change
Revenues	148.3	145.2	3.2	2.2%
Costs	201.3	186.8	14.5	7.7%
EBITDA	(52.9)	(41.6)	(11.3)	27.2%
Operating profit/(loss)	(90.8)	(75.4)	(15.4)	20.4%
Average workforce	795	733	62	8.4%
Capex	20.4	20.1	0.2	1.2%

Economic and financial results

€ million	2024	2023	Change	% Change
EBITDA Corporate segment	(52.9)	(41.6)	(11.3)	27.2%
EBITDA – Group	1,556.8	1,390.9	166.0	11.9%
Percentage	(3.4%)	(3.0%)	(0.4 p.p.)	

Corporate closed at 31 December 2024 with a negative EBITDA level of €52.9 million, down €11.3 million compared to the previous year. The change is due to the combined effect of the increase in costs for €14.5 million, partially offset by the increase in revenue from Group companies for €6.7 million. The change in costs is essentially attributable to the increase in external costs (+€11.7 million) for consultancies and technical/administrative services, advertising costs, sponsorships and software licences, partly offset by lower costs for electricity consumption and surveillance services. The increase in personnel costs (+€2.8 million) is due to higher costs arising from the increase in the workforce and lower capitalised personnel, offset by the elimination of the obligation accrued for the tariff subsidy for retired staff recognised in the financial statements (€9.4 million).

EBIT was negative by €90.8 million, a worsening of €15.4 million on the previous year, on the one hand due to the worsening in the EBITDA and on the other to higher provisions for risks and charges, mainly relating to the estimated one-off benefit to be paid to retired staff as definitive write-off of the tariff subsidy for retired staff (+€3.5 million), partly offset by lower amortisation/depreciation.

The average workforce at 31 December 2024 stood at 795, an increase of 62 compared to 2023 (733 units).

Investments amounted to €20.4 million (€20.1 million at 31 December 2023), generally in line with the previous year, and mainly refer to software licenses, IT development and investments in company offices.

Significant events during the period and afterwards

ACEA: PUBLICATION OF THE SECOND GREEN BOND REPORT

On 12 January, the second Green Bond Allocation & Impact Report for the years 2019, 2020, 2021 and 2022 was published, concerning the green format bond loan for a total amount of €900 million under the EMTN program, and divided into two series, one of which for €300 million maturing in 2025, and another for €600 million maturing in 2030, issued as part of the Acea Group's Green Financing Framework for financing projects related to water resource protection, energy efficiency, development of the circular economy, and increased energy production from renewable sources.

ACEA: TWO TENDERS AWARDED IN CENTRAL SOUTHERN ITALY FOR HYDRAULIC WORKS AND NETWORK DIGITALISATION

On 17 January, Acea Infrastructure – an Acea Group company that designs and provides engineering and technology services - was awarded two tenders in Molise and Puglia for a total of around €2.1 million.

ACEA: TOP EMPLOYERS ITALIA 2024

On 18 January, the Acea Group has obtained Top Employers Italia Certification for the third consecutive year, official recognition of corporate excellence in HR policies and strategies and implementation of the same, with the aim of contributing to the well-being of people, improve the environment and the world of work.

ACEA: THE FIRST ELECTRIC FLEXIBILITY SERVICES IN ROME START WITH THE ROMEFLEX PROJECT

On 05 February, Acea announced the launch of the first electricity flexibility services in Rome through the RomeFlex project, aimed at creating an advanced flexibility market to regulate the amount of electricity fed into the grid so that supply matches demand.

ACEA, ONE MILLION NEW SMART METERS INSTALLED ON ROME'S ELECTRICITY NETWORK

On 21 February, Acea announced that 1 million new smart meters had been installed on Rome's electricity grid by the end of January; the advanced technology of the 'Rometrix' 2G Smart Meters allows greater transparency of consumption and the possibility of optimising energy efficiency and reducing waste.

ACEA: MEMORANDUM OF UNDERSTANDING BETWEEN MIM AND ACEA

On 27 February, Acea signed a three-year Memorandum of Understanding with the Ministry of Education and Merit to promote education on the proper use of water resources in primary and middle schools.

ACEA: BUSINESS PLAN 24-28 APPROVED: "PEOPLE FOR SUSTAINABLE INFRASTRUCTURE"

On 5 March, Acea's Board of Directors approved the 2024-2028 Business Plan, which reinforces the Acea Group's role as an infrastructure operator-focused on regulated activities-in a rapidly evolving context that offers important investment opportunities: in water, for infrastructure modernization; in electricity, for network resilience; and in the environment, for the circular economy. The Plan's pillars revolve around people-centricity, robust cost and investment discipline, and the optimization of the financial structure, it envisages a substantial increase in capital expenditure (capex) and aims to enhance shareholder value.

FITCH RATINGS IMPROVES ACEA'S OUTLOOK

On 20 March, Fitch Ratings upgraded Acea's outlook from 'Negative' to 'Stable' and confirmed the Long-Term Issuer Default Rating (IDR) at 'BBB+', the Short-Term IDR at 'F2' and the Long-Term Senior Unsecured Rating at 'BBB+'.

ACEA: SHAREHOLDERS' MEETING APPROVES BUDGET 2023

On 12 April, the Ordinary Shareholders' Meeting of Acea SpA approved the Financial Statements as of 31 December 2023, resolved on the allocation of the 2023 net profit, and appointed Yves Rannou as Director.

ACEA: PROTOCOL WITH THE PREFECTURE OF ROME FOR WORKSITE SAFETY AND THE PROTECTION OF LEGALITY

On 22 April, the Prefect of Rome, Lamberto Giannini, and the CEO of Acea, Fabrizio Palermo, signed a partnership protocol for the protection of legality and the fight against crime to be applied to the works that the industrial group will carry out in the coming years in the Rome area in all the sectors in which it operates: Water, Electricity and Environment.

ACEA: DISBURSEMENTS OF THE LOAN FOR € 435 MILLION GRANTED BY THE EUROPEAN INVESTMENT BANK (EIB)

As part of the total loan for €435 million, granted to Acea by the EIB in support of the investments of Acea Ato2, on April 29 the first tranche of €235 million was disbursed in full, subscribed on 6 July 2023, with final maturity on 29 April 2039. On 18 June, the entire second tranche of €200 million was disbursed, subscribed on 28 May 2024, with final maturity on 18 June 2039. The investments financed with these EIB resources will help to improve the coverage and quality of the integrated water service in the area operated by Acea Ato2, reducing water loss and improving energy efficiency and resilience.

ACEA: SUBMISSION OF OFFER IN THE CALL FOR TENDERS PUBLISHED BY ROMA CAPITALE FOR WASTE-TO-ENERGY SERVICES IN ROME

On 18 May, Acea Ambiente, a subsidiary of Acea, presented an offer in the call for tenders published by Roma Capitale to assign the systems hub concession relative to the design, operating authorisation, construction and management of a waste-to-energy plant and correlated ancillary systems. Acea Ambiente presented the offer alongside important national and international partners, including Hitachi Zosen Inova AG, Vianini Lavori SpA, Suez Italy SpA and RMB SpA. On 20 May the envelope of administrative documents was opened and the only bid received was the one presented by RTI, of which Acea Ambiente is a part. On 2 August 2024, the Selection Board for awarding the concession proposed that the tender be awarded to the consortium with parent company Acea Ambiente. The final decision is still pending.

ACEA: AGREEMENT SIGNED TO ESTABLISH TEMPORARY GROUPING OF COMPANIES (RTI) FOR TENDER ON ACQUE DEL SUD PARTNER

On 7 June, Acquedotto Pugliese (AQP) and Acea signed an agreement to participate together in the upcoming public tender in which the industrial partner of Acque del Sud will be chosen. Art. 23 of Decree Law 44/2023, converted by Law 74/2023, established the possibility for the company's current sole shareholder, the Italian Ministry for Economy and Finance, to transfer quotas up to 30% to parties with functions as operative shareholders and responsibility over the management. To participate in the public tender, AQP and Acea will form a temporary grouping of companies (RTI) with equal quotas.

ACEA: COLLABORATION AGREEMENT ON INNOVATION AND DIGITISATION FOR ELECTRICITY DISTRIBUTION

On 14 June, areti, the Acea Group company that oversees the distribution of electricity in Rome, and Wiener Netze, a company that manages the network in the city of Vienna, signed an important collaboration agreement on the topics of innovation and digitisation.

ACEA: MEMORANDUM OF UNDERSTANDING FOR INNOVATION AND ARTIFICIAL INTELLIGENCE INITIATIVES

On 18 June, Acea and Amazon Web Services signed a Memorandum of Understanding to collaborate on strategic initiatives in innovation and technological development, with a focus on artificial intelligence, IoT and sustainability.

ACEA: ENTRY INTO PRODUCTION OF THE PLANT IN CONTRADA GROTTE ALTE

On 20 June, the growth of Acea Solar (100% Acea Produzione) continued in the photovoltaic field with the entry into production of the plant built in Contrada Grotte Alte, in the Municipality of Licodia (CT); it has an installed power of 28 MW and is one of the largest in Sicily.

ACEA: REPAYMENT OF € 600 MILLION BOND LOAN

On 15 July, the €600 million bond loan was repaid upon natural maturity (ISIN: XS1087831688) previously issued on 15 July 2014 as part of the EMTN programme.

ACEA: AGREEMENT SIGNED TO PROTECT THE SUSTAINABLE MANAGEMENT OF WATER

On 18 July, Intesa Sanpaolo and Acea signed the first national agreement for the protection and sustainable management of water in company production processes, including in relation to the measures of the National Recovery and Resilience Plan (NRRP) which envisages the allocation of approximately €4.4 billion to protect water resources. The two companies aim to develop new systemic initiatives with innovative solutions that strive to promote an efficient use of the water resource through forms of technological advisory, alongside investments for the reuse of purified water within so-called water communities, with positive impacts on the environment, territories and the businesses themselves, which will be able to stabilise their own water supply.

ACEA: PARTIAL DEMERGER VIA SPIN-OFF – WATER SECTOR

On 19 July, the minutes of the Acea Board of Directors' meeting on 20 June 2024 were filed at the head office (subsequently recorded in the Register of Companies on 26 June 2024), which approved the partial demerger via spin-off in favour of the incorporating company Acea Acqua SpA. The corporate restructuring involves the activities falling within the management of integrated water services.

ACEA: CONTRACT AWARDED FOR THE MAINTENANCE OF THE WATER NETWORK IN AN AREA OF LIMA NORTH (COMAS)

On 22 July, Acea International, a Group company operating overseas in the water sector with approximately ten million inhabitants in Latin America, between Peru, Dominican Republic and Honduras, announced that it was awarded, through its subsidiary Acea Perù, a tender for the maintenance of the water and sewerage network in the Comas zone, an area of Lima North, benefiting a population of approximately 4 million people.

ACEA: MEMORANDUM OF UNDERSTANDING SIGNED FOR DEVELOPMENT OF THE WATER SECTOR IN AFRICA AND THE MIDDLE EAST

On 28 August, Acea and Orascom Construction (an engineering and construction services business that operates in the implementation of major industrial and infrastructural projects in the Middle East, Africa and the USA) signed a Memorandum of Understanding for the joint development of business opportunities in the water sector in Africa and the Middle East.

ACEA: APPOINTMENT OF PIER FRANCESCO RAGNI AS CFO

On 31 August, after receiving a favourable opinion from the Board of Statutory Auditors and effective immediately, the Acea Board of Directors appointed Pier Francesco Ragni – current Deputy General Manager Corporate and Chief Financial Officer – as Financial Reporting Manager, responsible for preparing the corporate accounting documents pursuant to article 154-bis of Italian Legislative Decree 58/98, replacing Sabrina Di Bartolomeo.

ACEA: RTI AWARDED CONTRACT FOR THE MANAGEMENT OF THE IWS IN SYRACUSE

On 9 September, Acea announced that the Syracuse Territorial Water Assembly (ATIS) awarded the contract for the selection of the private partner of Aretusacque SpA – a mixed ownership company that will be 51% held by the Municipalities of the territory – in favour of the temporary grouping of companies (RTI), formed of Acea Molise (100% Acea) and the company COGEN. The company will oversee management of the Integrated Water Service for 19 municipalities in the province of Syracuse; the concession will have a duration of 30 years from its launch.

ACEA: PUBLICATION OF THE THIRD GREEN BOND ALLOCATION & IMPACT REPORT

On 27 September, the third Green Bond Allocation & Impact Report for the years 2022 and 2023 was published, related to the green format bond loan amounting to €700 million, under the EMTN programme and maturing in 2031, issued as part of the Acea Group's Green Financing Framework.

ACEA: CORPORATE STANDARD ETHICS RATING "EE+" CONFIRMED

On 1 October, Standard Ethics confirmed the Corporate Standard Ethics Rating "EE+" of Acea. According to the rating agency, the Acea Group's sustainability strategy supplements and updates the international indications on environmental, social and governance indications in the industrial planning. Furthermore, the long-term planning is supported by investments that focus on the targets of the European strategy on the transition to a "zero impact" economy.

ACEA: TENDER PROTOCOL SIGNED FOR THE NEW SECTION OF THE PESCHIERA AQUEDUCT

On 2 October, it was announced that the President of ANAC (Italy's National Anti-Corruption Authority), Giuseppe Busìa, the Chief Executive Officer of Acea, Fabrizio Palermo and the Chairman of Acea ATO2, Claudio Cosentino had signed a protocol of action regarding the tender procedure for works to design and construct the "New upper section of the Peschiera aqueduct, from the sources to the Salisano Plant".

ACEA: COMMUNICATION OF NON-INDEPENDENCE OF PATRIZIA RUTIGLIANO

On 14 October, the Acea SpA Board of Directors acknowledged the communication of Patrizia Rutigliano, independent non-executive director, who communicated that she no longer met the requirements of independence set out by the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3 of Italian Legislative Decree no. 58/1998 and of Recommendation no. 7 of the Corporate Governance Code, due to the managerial role taken up at Suez International SAS, a stakeholder in the Acea capital.

ACEA: ENTRY INTO PRODUCTION OF THE CANINO (VT) PLANT

On 15 October, Acea announced the entry into production of the photovoltaic system built at Canino (VT) with an installed power of 6.4 MW.

ACEA: SECOND LOT AWARDED OF THE CONTRACT FOR MAINTENANCE OF THE WATER AND SEWERAGE NETWORK IN THE ZONE OF CALLAO, NORTHERN LIMA

On 23 October, Acea International (Acea Group company) announced that it had been awarded, through its subsidiary Acea Perù, the second lot of the contract for the maintenance of the water and sewerage network in the zone of Callao, in northern Lima. Acea Perù now manages the entire water and sewerage network in northern Lima, offering a benefit to approximately 4 million people; as a matter of fact, in July the Company was awarded the first lot in the zone of Comas, also in the northern area of the city.

ACEA: 500-MILLION-EURO LOAN FROM EIB

On 28 October, Acea signed the first two tranches of the European Investment Bank (EIB) loan totalling 500 million euros for investments in the electricity distribution grid, of which 200 million euros directly from EIB, with SACE Archimede Guarantee, and 120 million euros from Cassa Depositi e Prestiti (CDP), with funding provided by the EIB itself. With this operation, EIB, CDP and SACE are cofinancing *areti*'s investment plan in line with the targets of REPowerEU, the European Union's plan to reduce dependency on fossil fuels and to accelerate the transition towards green energy.

ACEA: AGREEMENT WITH TERNA FOR SALE OF HIGH VOLTAGE (HV) ELECTRICITY GRID

On 6 November, Acea and Terna signed a binding agreement for the sale to Terna of the High Voltage (HV) electricity grid of *areti* (100% Acea) at a consideration of 247 million euros, of which 224 million recognised by Terna and 23 million related to the bonus granted by ARERA.

ACEA: APPOINTMENT OF ELISABETTA MAGGINI AS MEMBER OF THE COMMITTEE FOR RELATED PARTY TRANSACTIONS

On 6 November, the Acea Board of Directors appointed Elisabetta Maggini as member of the Committee for Related Party Transactions.

ACEA: APPROVAL OF THE 2024-2028 SUSTAINABILITY PLAN

On 14 November, the Acea Board of Directors approved the 2024-2028 Sustainability Plan, which sets out the strategic objectives that the company aims to pursue in order to have a positive impact on the environment, on people, and on the communities in which it operates, defining the targets and investments association with the various lines of action.

ACEA: AWARD OF THE PROVINCE OF IMPERIA TENDER

On 27 November, Acea announced that, through Acea Molise (its wholly owned subsidiary), it had been successfully awarded the contract in the tender called by the Province of Imperia to select Rivieracqua's private partner. The public-private company, 48% owned by Acea and holder of the concession until 2042, is responsible for managing the Integrated Water Service (SII) in the West ATO Territorial Area in the Province of Imperia.

ACEA: APPOINTMENT OF THE INDEPENDENT AUDITOR FOR THE 2026-2034 NINE-YEAR PERIOD AND PARTIAL AMENDMENT TO THE ARTICLES OF ASSOCIATION

The ordinary and extraordinary Shareholders' Meeting of Acea SpA met on first call on 19 December.
In the ordinary session, the Meeting approved the appointment of KPMG SpA to conduct the legal audit of the accounts for the years 2026-2034.
In the extraordinary session, the Meeting resolved on the amendments to articles 13 and 17 of the Articles of Association, concerning: the introduction of the option that participation in the shareholders' meeting and the exercise of voting rights take place exclusively through the designated representative, as permitted by article 11, paragraph 1 of Italian Law 21 of 5 March 2024 ("the Capital Law"); the holding of Board of Directors' meetings solely by telecommunication means, removing the reference to the necessary co-presence of the Chairperson and the person taking the minutes at the place where the Board meeting is held.

ACEA: PARTIAL DEMERGER BY SPIN-OFF - GAS DISTRIBUTION SECTOR

On 23 December, Acea published the notification of the partial demerger by spin-off, pursuant to art. 2506.1 et seq. of the Civil Code, concerning a corporate restructuring under which the demerged assets are represented by equity investments in Group companies in the gas distribution sector and by other assets related to these, with the transfer of those assets to a newly established company that will be wholly owned by Acea.

ACEA: COMPLETION OF THE ENTRY OF ACEA MOLISE INTO RIVIERACQUA

On 30 December, the entry of Acea Molise (100% owned by Acea Acqua) into the share capital of the public/private company Rivieracqua was completed, with a 48% stake. The company holds the Integrated Water Service (IWS) concession in the West ATO Territorial Area, Imperia Province expiring in 2042.

ACEA: SIGNING OF THE SUSTAINABILITY AGREEMENT WITH GSE

On 14 January 2025, Acea and Gestore dei Servizi Energetici - GSE SpA signed an agreement aimed at promoting sustainability in the sectors in which Acea and the Group companies operate through energy efficiency and renewable energy projects.

ACEA: ONE OF THE TOP EMPLOYERS ITALIA 2025

On 16 January 2025, Acea announced that it had been awarded the Top Employers Italia award for the fourth year in a row. The award is a recognition of the Group's commitment to, and continuous improvement in, the development of recruitment, training, professional development, work environment, welfare, equity, inclusion and diversity policies.

ACEA: START OF PRODUCTION OF TWO PHOTOVOLTAIC SYSTEMS IN THE PROVINCE OF VITERBO

On 30 January 2025, Acea announced that production has begun on two plants in the Province of Viterbo, with a potential installed capacity of around 12 MW, the first in the Municipality of Nepi and the second in the Municipality of Bomarzo.

ACEA: GREEN & BLUE FINANCING FRAMEWORK

On 13 February 2025, Acea published its first "Green & Blue Financing Framework", confirming the Group's commitment to using sustainable financial instruments to implement investments in its areas of operation, starting with the integrated water service.

ACEA: ITALY – UAE BUSINESS FORUM

On 24 February 2025, during the "Italy – UAE Business Forum" event to support and strengthen the economic and industrial ties between Italy and the United Arab Emirates, Acea signed a Memorandum of Understanding with Metito Utilities aimed at exploring partnership opportunities in the water sector at an international level, focusing in particular on Africa and the Middle East.

ACEA: YVES RANNOU RESIGNS AS DIRECTOR

On 7 March 2025, Acea announced that it had received the resignation of Director Yves Rannou, appointed pursuant to art. 15.4 of the Articles of Association on the proposal presented by the Shareholder Suez International at the Meeting of 12 April 2024.

Main risks and uncertainties

Due to the nature of its business, the Group is potentially exposed to various types of risks, mainly from natural events, climate change and financial market risks (external risks), and Legal and Compliance risk, operational risks specific to each business sector, and Information Technology and Human Resources risks (internal risks). To manage these risks, a series of analysis and monitoring activities have been implemented by each company as part of a structured approach coordinated at Group level through the integration of two complementary approaches: Enterprise Risk Management, and Continuous Risk Management. This process aims to assess and manage risks according to an integrated logic across the entire organisation, in line with its risk appetite, with the goal of effectively managing the necessary information and taking the most appropriate decisions to reach strategic business goals and to protect, grow and create value for the business.
As part of the Enterprise Risk Management Framework, Group companies, also availing themselves of the support and assistance of Acea SpA's Risk Management, Compliance & Sustainability Department, periodically carry out risk assessment activities in a structured manner, with the aim of identifying and assessing the main risks that may significantly affect the achievement of business objectives. In this way, a representation of the evolution of the Group's overall risk profile is achieved, through the mapping and prioritisation of the main risks to which the Group is exposed and the identification of optimal methods for managing them, by preparing mitigation strategies and monitoring its implementation. In the monitoring phase, Group companies ensure the management of identified risk scenarios, including through the implementation of specific response actions identified to reduce their potential effects.
Furthermore, among the tools available to the Group, the Key Risk Indicators (KRI) Framework makes it possible to assess changes in the organisation's exposure to "operational" risks through the adoption and integrated measurement of "sentinel" metrics. In order to contain these types of risks, the Group has implemented mitigation and monitoring as summarised below at both a corporate and business sector level.
For Risk Mitigation long ago the Acea Group introduced the development and adoption of a Group Insurance Plan based on the following pillars:

- Third Party Liability;
- Property Damage;
- Employee benefits.

More specifically, the first two pillars transfer the economic and/or asset risk deriving from civil liability – in all its general, professional, environmental forms – and from events (accidental, culpable or malicious) affecting the Group's physical and production assets. The third pillar, on the other hand, aside from transferring economic and financial risk, implements a corporate welfare measure guaranteeing and paying the employees of the Acea Group significant financial support – both to those directly concerned and to those who may be entitled – in case of serious traumatic events related to both the professional and private spheres.
Still on the subject of *risk mitigation*, most of the companies of the Acea Group have adopted and maintain an Integrated Quality, Environment, Safety and Energy Management System (hereinafter the "System"), which complies with UNI ISO 9001:2015 (Quality), UNI ISO 14001:2015 (Environment), UNI ISO 45001:2018 (Safety) and UNI ISO 50001:2018 (Energy), certified by an accredited external body, as a tool for the prevention of accidents, diseases and pollution, as well as a measure to promote and support the efficiency and effectiveness of the company's processes, including energy processes, and to achieve continuous improvement in the performance of the System itself and work management.
It should be noted that the main risks and uncertainties that could cause significant effects on the Acea Group's economic, equity and financial situation present at the time this current Report on Operations was prepared are identified and that updates will be made when necessary.

COMPETITIVE-REGULATORY RISKS

REGULATORY EVOLUTION RISK

As is well known, the Acea Group operates mainly in regulated markets and the requirements and obligations that characterise them (as well as changes in the rules of operation of these markets) can significantly affect the results and performance of operations. In particular, several Group companies manage the Integrated Water Service in their respective Territorial Areas, which is known to be a sector receiving an increasing level of attention from lawmakers and the Sector Authority (ARERA). The Group is therefore exposed to the evolution of the relevant legal/regulatory frameworks in the areas served.
In this regard, it should be noted that following the extension of ARERA's regulatory and control powers to waste management, Companies in the Environment Segment are also exposed to potential risks arising from changes in the regulatory framework.
These risks are mitigated by careful monitoring of regulatory developments, interacting with the relevant bodies and participating in association and institutional meetings carried out by the competent business structures in synergy with the Group's organisational structures. These structures monitor regulatory developments in terms of providing support in the preparation of comments in the response to the Consultation Paper, in line with the interests of Group companies, and guidance for the consistent application of regulations in corporate procedures and within the electricity, gas, water and environment businesses.

POLITICAL, SOCIAL AND MACROECONOMIC CONTEXT RISK

In providing services to its customers, the Acea Group is very attentive to the expectations and choices of its institutional, regional and central counterparts. On the other hand, most of its activities are in any case sensitive to the economic and structural dynamics experienced by the economic and productive fabric of the respective regions.

In this sense, the main factors influencing the Group's performance include changes in the political, social and macroeconomic context of reference. These uncertainties can have an impact on the achievement of economic/financial objectives and investments, as well as on the implementation of major works, whose timing can be influenced by changes in government structures at both a central and local level.
The Group has historically focused on guaranteeing levels of excellence in the technical and commercial quality of the services provided, including through dialogue models that are increasingly attentive to the needs expressed by its stakeholders in order to put in place virtuous dynamics in relations with its customers, also with regard to payment habits. In this regard, it should be noted that the Group is also subject to the risk of deterioration of its credit positions, particularly in connection with the provision of the Integrated Water Service, with consequences on the exposure of working capital. This risk is managed proactively by the relevant structures of the individual companies, applying specific Group Credit Policies and with the support of the Parent Company's relevant organisational structures.

In relation to the ongoing international geopolitical crisis arising from the Russia-Ukraine and the Middle East conflicts, there are currently difficulties and uncertainties when assessing the effects and repercussions that could arise.
Management is currently engaged in monitoring the situation on international markets and will continue its analysis of commodity price trends as well as the trend of receivables that however do not represent critical elements at the moment. With reference to raw materials, in addition to monitoring balances on the basis of fixed and variable price sales forecasts, Group companies only use high-standing counterparties that meet the requirements of their own commodity and counterparty risk procedures. With regard to the short and medium-term effects of a financial nature, the Group is carrying out appropriate monitoring activities in order to take timely action. It should be noted that Acea Group has no direct relations with companies under Russian, Ukrainian or Belarusian law that are in any way affected by the conflict.

NATURAL RISKS

For the Acea Group, due to the nature and location of its business lines, the main issues related to climate change could arise in operational, regulatory and legal areas, with potential repercussions on finances as well. As far as the first aspect is concerned, chronic meteorological events like the reduction of rainfall can have negative impacts on both hydroelectric energy production and the reduction of the availability of drinking water to be distributed, with among other things an increase in energy consumption for the withdrawal of water from less favoured sources. On the other hand, extreme phenomena such as storms can lead to the risk of lightning strikes, blackouts or, for the water network, overflow of drains connected to the wastewater systems and turbidity of the water sources. Moreover, from a regulatory and legal point of view, these climatic effects can have an impact on the consequent provision of the service in accordance with the regulations in force, with consequent financial penalties. The implications of regulatory actions on CO_2 emission allowances, renewable sources, taxes and energy efficiency certificates could be very significant, with possible financial impacts.

Some of the risk that the Group must deal with includes possible impacts deriving from unpredictable natural phenomena (e.g. earthquakes, floods and landslides) and/or from cyclical or permanent climatic changes on the networks and plants managed by Acea Group companies. The first types of risks are addressed through the implementation of structured tools for the governance of assets, specific to each business area (e.g. Water Safety Plan within the IWS; constant monitoring of the reservoirs, also carried out in collaboration with the competent Ministry, in the field of dam management), as well as with projects, some of national scope, aimed at increasing the resilience of the infrastructure in the various regions (e.g. the project for the Peschiera-Le Capore aqueduct). The residual portion of risks from natural events is covered by the Group's insurance programme mentioned on the previous pages.
The natural environment is the basic scenario in which the Group's activities are developed and, as such, it is of fundamental importance to understand the regulations and global trends that impact the same, also in relation to links between the environment and energy/climate scenarios.
In 2024, at COP29 held in Baku, a number of key points emerged. These included a new climate funding objective of at least USD 300 billion by 2035, representing a significant commitment to support global initiatives to combat climate change. Furthermore, the Baku Climate Adaptation Plan was introduced, setting new indicators to monitor progress and strengthen the resilience of vulnerable communities. Finally, new rules were adopted for the global CO_2 emissions market, aimed at incentivising the reduction of emissions worldwide.
With reference to the energy situation, the IEA's World Energy Outlook 2023 confirms the ongoing transition scenario, with growing opportunities for clean energy (+40% for investments since 2020), while also forecasting an increase in liquefied natural gas projects in 2025, to deal with worries about supplies. In line with the UN Climate Change Conference, to achieve the zero net emissions goals by 2050, the IEA confirmed that additional progress was needed, including a tripling of renewable energy production, a doubling of energy efficiency improvements and an increase in electrification, with a reduction in methane emissions from fossil fuel operations.
In 2024 the World Energy Outlook issued by the IEA points towards a complex global energy scenario. Geopolitical tensions, such as those in the Middle East and the war in Ukraine, represent significant risks for global energy security. Despite progress in the field of clean technologies, uncertainties remain on future policies and supply chain resilience. The energy transition is accelerating, but more resilient and sustainable systems that integrate both traditional fossil fuels and renewable energies are required to guarantee energy security. Extreme weather events, intensified by emissions, are already threatening energy security, underscoring the urgent need for coordinated and incisive action.

In 2023, the Taskforce on Nature-related Financial Disclosure (TNFD) issued its final document, containing recommendations on nature aimed at organisations, sectors and value chains.
In its Code of Ethics the Acea Group assigns fundamental importance to principles linked to sustainability and the adoption of a climate strategy. In 2023, Acea received validation of its Science Based Targets Initiative (SBTi) for its emission reduction target (by 2032), in line with climate science indications. As agreed with the

SBT Initiative, and as provided for by the SBTi itself, Acea conducted monitoring over the 2021-2023 period and published its findings as at December 2023 on its website. The Group participates in the Carbon Disclosure Project (CDP) on an annual basis. This year, its CDP rating was downgraded from A- to B.

Additionally, with reference to climate altering gas emissions it published its second climate-related disclosure following the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), enriching its projects aimed at identifying risks and analysis of medium/long-term climate scenarios. As of January 2024, the TCFD transferred its mandate to the ISSB (International Sustainability Standards Board), the independent sustainability reporting standard-setting body of the IFRS Foundation. Consequently, in this document we directly quote the ISSB-TCFD system meaning those same TCFD Recommendations.

OPERATIONAL RISKS

REGULATORY COMPLIANCE RISK

The nature of its business exposes the Acea Group to risks of non-compliance with domestic and EU consumer protection regulations, that is the risk mainly linked to the commission of unlawful or improper consumer/business practices or the issuing of misleading advertising, as well as the risk of non-compliance with domestic or EU competition regulations, that is the risk mainly linked to the prohibition for companies to implement agreements to reduce competition or abuse their dominant market position.

Acea has long adopted a specific Antitrust Compliance Programme and appointed a Holding Antitrust Officer. The main objective of the programme is to strengthen internal controls aimed at preventing the violation of regulations through the implementation of regulatory and organisational instruments, as well as through a more widespread dissemination of the culture of respect for the principles of fair competition and consumer rights. The main Group companies adopted the Antitrust Compliance Programme in line with the indications of the Holding Company, and set up organisational structures in which Company Antitrust Officers were appointed, given the task of managing the activities to adapt the Programme to the individual companies and supervise its implementation and maintenance.

Regulatory risks also include all non-conformities, with particular regard to the environmental impact of Acea Group (generated for example by the activities of production and / or treatment of urban waste and waste, and of health and safety at work, mitigated through the adoption of certified management systems, respectively UNI EN ISO 14001: 2015 and ISO 45001:2018), which may result in the application of administrative and / or criminal penalties, including those of a disqualifying nature.

The Organisational Models pursuant to Legislative Decree 231/2001 adopted by Acea Group companies are continuously updated and improved to align with legal and doctrinal developments, the evolving regulatory landscape of the Decree, and changes to the corporate structure. In 2023 Acea S.p.A carried out a complete revision of the Model as regards the risk assessment methodology, in order to bring it into line with the other methodologies used in the company and reworked the Special Section using a "process driven" approach to make the document more usable and facilitate its application. The new Acea Spa model constitute the reference framework for the models of the Group companies. With regards to Acea SpA, the 231 Model was updated to reflect the regulatory changes introduced at the end of November 2024.

As part of the general Group Whistleblowing Procedure aimed at regulating the system with which anyone can make voluntary and discreet whistleblowing reports, guaranteeing the confidentiality of the identity of the whistleblower and thus protecting him/her from any retaliation, the rules governing Whistleblowing relating to unlawful conduct have been updated, also pursuant to Italian Legislative Decree 231/01 and/or violations of the 231 Model, expanding the possible channels of communication to include a specific IT platform, accessible by everyone (employees, third parties, etc.) on the website of each Group Company, and by employees of the Italian Companies of the Group having access to the company's Intranet.

It should be noted that some consolidated companies (*a*reti, Acea Ato2, Acea Infrastructure and Acea Ambiente), as more fully illustrated in the related financial statements, are subject to investigations or proceedings that relate to significant cases pursuant to Italian Legislative Decree no. 231/01 concerning safety and/or the environment.

In this regard, the Preliminary Hearings Judge of the Court of Frosinone ruled that the case against them for offences of fraud in public supply, obstruction of the freedom of tender procedures and embezzlement could not proceed, declaring, at the same time, that the Court of Rome lacked territorial jurisdiction for the additional offences of obstructing the exercise of the public supervisory authority, false accounting and false declaration for the financial years 2015-2017. Subsequently, the Public Prosecutor of Rome, assigned to the relative proceedings, has submitted a request for closure to the local Preliminary Investigations Judge. As regards the criminal proceedings in which, pursuant to Legislative Decree 231/01 on the administrative liability of entities, certain consolidated companies were charged, two recent acquittals have taken place: the first relates to criminal case 2123/16 R.G.N.R., regarding a fatal occupational accident in 2015 involving an employee of Acea Ato2, with acquittals for both the natural person charged and the Company itself; the second relates to criminal case 9740/16 RGNR concerning an occupational accident involving an employee of an Areti contractor (the case against the natural persons was dropped due to the statute of limitations, while in the case of Areti "231" liability was excluded as there was insufficient evidence of the existence of the alleged administrative offence).

On the basis of the information currently available, taking into account the operational autonomy of the companies with respect to the parent company Acea, any responsibilities that may be ascertained upon the final outcome of the aforementioned proceedings are exclusively attributable to the companies themselves, without any repercussions on the Parent Company or other companies of the Group that are not involved.

Furthermore, the Acea Group is exposed to a potential non-compliance risk with regard to data protection law, specifically the European Data Protection Regulation 2016/679 (GDPR), the Italian Data Protection Code (Legislative Decree 196/03), and the provisions issued by the Italian Data Protection Authority. For example, breaches of privacy may include unlawful processing in violation of the principles of relevance and proportionality, due to a lack of an

appropriate legal basis, of adequate information, of adequate security measures, failure to appoint a Data Protection Officer (DPO), failure to notify data breaches, etc. In response to this, a Group Privacy Governance Model has been defined and adopted, focusing on the parent company in its role as the cornerstone of the system and provider of in-service and/or centralised activities, and looking at the Companies according to a logic of prioritisation of the core processes characteristic of each business area. The online training programme offered using an e-learning platform has been extended to Companies to provide a first layer of compliance with the obligation for Data Controllers to instruct data processing personnel, providing them with training on individual corporate processes as well as a particular focus on cross-cutting procedures (HR, Legal, etc.). The necessary measures to safeguard against privacy risk have been implemented (including, for example, procedures for data classification, data retention, data deletion and data breach, etc.) and a Group contact channel has been established for privacy-related reports/complaints. A Data Protection Officer has been appointed at Acea S.p.A and at direct and indirect subsidiaries.
Where necessary due to the nature of the business, the Group Model has been customised by the individual companies, with effects on the implementation and/or fine-tuning of processes having a high impact on privacy, and initiatives have also been carried out to test compliance solutions already adopted.

COMMERCIAL SEGMENT

With reference to the Commercial segment, the companies of the segment, in carrying out their sales activities on the electricity and gas free market, are fully exposed to the risk deriving from competition. In particular, there is the risk connected with potential economic and financial damage due to the progressive concentration of the electricity and gas market, i.e. the reduction in the number of competitors and the increase in their respective market shares, which would penalise the positioning of sales companies on the market, in the event of failure to align with the growth trend of the main competitors. This in particular in the case that a reduction in the prices of the reference commodity occurred, which could lead to exposure for a significant portion of the customer base to aggressive policies from the main competitors. Companies in this segment are also exposed to the risk of potential economic/financial impacts due to partial efficacy of commercial initiatives, intended to strengthen and increase the customer base and the margins of the companies.
Furthermore, with reference to commodities, there is the risk connected with potential economic and financial damage due to the impact of changes in the macroeconomic context, including geopolitical changes which would lead, in the first case, to a reduction in the consumption of commodities by business customers and, in the second case, to phenomena of extreme volatility in commodity prices, with negative consequences on trade dynamics.
Relative to the Electricity Greater Protection Service, which, as of 1 July 2024, saw the Company as the sole supplier for vulnerable customers, note the risk associated with changes in the reference regulations, which could have a significant impact on the growth of the customer base.
This situation carries the risk of Acea Energia being penalised due to: (i) the inability to perform any commercial activity with regard to customers in the vulnerable category of the greater protection service; (ii) dependence on tariffs regulated by revenues and margins of the greater protection service; (iii) exposure of a significant portion of its customer base to the impacts of policies that will be adopted with a view to moving away from the greater protection service for vulnerable customers.
In the context of Acea Energia's operating activities which, as a commercial company, are the single point of contact for end customers, both for the electricity and gas free market and for the Electricity Service for the standard-offer market, there is risk linked to the possibility of inadequate levels of performance on the part of Distributors, with consequent impacts on the sales company.
The Segment Companies also have typical business risks deriving from an efficient and effective management of billing and credit collection procedures, where it is affected by the sub-optimal performance of electricity and gas distributors.
Information about commodity price risk and the control tools adopted is provided in the financial risks section.

NETWORKS & PUBLIC LIGHTING

areti, making use also of the support and assistance of the Acea SpA Risk Management, Compliance & Sustainability Unit in managing the process and of the instruments of the Enterprise Risk Management system implemented in the corporate Group, carries out periodically and in a structured way an activity of identifying and assessing the main risks that can have a significant impact on the achievement of the business objectives deriving from the strategic, industrial, financial and sustainability plans.
During the last ERM assessment, a risk scenario was identified associated with the concrete appearance of cyber threats, exposing the Company's OT systems to compromised availability, integrity and confidentiality for data with reference to Industrial Control Systems (ICS), with potential damage in terms of business interruptions (due to alteration/unavailability of technical or administrative processes), data/infrastructure impairment (alteration of logical or physical infrastructure) and breaches in terms of regulatory compliance (e.g. the General Data Protection Regulation (GDPR), Network and Information Security (NIS) and the national cybernetic security perimeter).
The company has already adopted preventive measures and will implement further projects in line with the best available technology and in compliance with current legal provisions

PRODUCTION SEGMENT

The main operational risks associated with the segment's business may relate to property damage (damage to assets, adequacy of suppliers, negligence), personal injury and damage arising from information systems and external events.
The Company, in order to cope with any operational risks, has taken steps, since the start of its activity, to sign policies with leading insurance institutions for property damage, third party liability and employee accidents.
The Company pays particular attention to the training of its employees, through in-person, virtual and online training courses, in order to make field operators and all corporate management responsible for working safely, respecting the environment and ecosystems, with ethical appropriateness and with a view to eco-sustainability, as well as to ensure compliance with regulations associated with Legislative Decree 231/01 as amended. - Antitrust and Consumer Protection – Privacy (GDPR).
The Company also develops and defines internal organisational pro-

cedures aimed at describing the activities and business processes of production sites/operating units where it specifies the matrix of responsibility and the context and the applicable legislation of reference; In addition, it draws up its own operating instructions for the field, which show how recurring maintenance work is to be carried out, relating the technical operating specifications to the safety guidelines to be used in operations.
The above is also realised through the implementation of an Integrated Quality, Environment, Safety and Corporate Liability Management System (hereinafter SYSTEM or SGI), adopted by the Company pursuant to ISO 9001:2015, ISO 45001:2015 and ISO 45001:2018, in lined with international standard SA8000:2014, certified by an accredited external control body, respectively no. 44357/23/S - EMS-5491/S - OHS-2046 - SA-2349.
SYSTEM is intended to be a tool to:

- respect for human rights and implementation/improvement of workers' rights;
- protect health and safety in the workplace and throughout the supply chain;
- protect the environment and biodiversity in ecosystems of interest;
- promote rational and knowledgeable use of energy sources and raw materials;
- promote a culture of quality and energy savings;
- achieve customer satisfaction;
- ensure continuous and proactive dialogue with other interested parties;
- promote the participation and consultation of workers through their representatives (Workers' Safety/Environment/E Representative).

Moreover, the company is implementing a system to report and communicate its environmental performance in line with Reg.EC 1221/2009, as amended, for the "A. ANGELO" hydroelectric production plant (Altino - CH).
All the above is specifically detailed in the SYSTEM policy, as declared, adopted and published by the companies in the Segment.

ENVIRONMENT SEGMENT

With regard to the management phase, the possible discontinuity of the waste-to-energy activities carried out in the Terni and San Vittore del Lazio plants and the waste treatment activities carried out by the other plants, if connected to the production of electricity under incentive programmes and the provision of public services, could have significant negative repercussions both from an economic point of view and with respect to responsibility towards public and private suppliers. In this context, therefore, where not planned, a plant shutdown creates a concrete risk of failure to achieve the objectives of the industrial activity.
The waste-to-energy plants, as well as waste sorting, treatment and disposal plants to a lesser extent, are characterised by a high level of technical complexity, which requires the management of qualified resources and organisational structures with a high level of know-how. Therefore, there are specific risks with regard to the continuity of technical performance of the plants, as well as connected to the possible exodus of professional skills (not easily available on the market) having specific managerial skills in this area.
These risks have been mitigated by implementing specific maintenance and management programmes and protocols, drawn up partly on the basis of the experience acquired in plant management. Similarly, plants and the relative activities are measured considering the specific characteristics of inbound waste and outbound waste and raw materials as a function of the site-specific authorisation process. The failure of incoming material to meet the necessary specifications could lead to concrete operational problems, sufficient to compromise the operational continuity of the plants and give rise to risks of a legal and reputational nature.
For this reason, specific procedures have been adopted for monitoring and controlling input and output materials via spot checks and the analysis of samples pursuant to legislation in force.

INFORMATION TECHNOLOGY RISKS

For years now Acea has followed a development path focused on the use of new technologies as a driving force for the operational efficiency, safety and resilience of its industrial assets. The main business processes are now all supported by the use of advanced information systems, implemented and managed by the Group's centralised departments to support the operations of the various companies. In this sense, the Group is therefore exposed to the risks of the adequacy of the IT infrastructure to the current or future needs of the various businesses, as well as to the risks of unauthorised access to the data processed using IT procedures, with or without intent, and in any case inappropriate or not in compliance with current regulations. Acea manages these risks with the utmost attention through specific corporate compliance structures coordinated by specialised Group safeguards.
As far as cyber security of systems, infrastructure, networks and other electronic devices is concerned within the scope of the services provided by the respective Group Companies, the current procedural and technological safeguards of the Companies themselves are implementing all the necessary actions to align their cyber security posture with the main national and international industry standards in order to increase their resilience to risks of this nature, possible repercussions in terms of business interruption and regulatory non-compliance. Technological and organisational measures have been implemented with the aim of:

- managing the threats to the organisation's network infrastructure and information systems in order to ensure a level of security appropriate to the existing risk;
- Preventing accidents and minimising their impact on the security of the network and information systems used to provide services, so as to ensure their continuity.

To that end, note that on 2 February 2023 Acea was the victim of a Ransomware hacker attack, which affected all Corporate IT services. Essential services (including electricity and water distribution) were not impacted; with reference to work stations, only a few units were compromised, thanks to the anti-malware technology installed. Concurrent with analysis, existing security measures were strengthened and recovery was begun, including restoration of full backups, which led to a gradual recovery of functioning for all systems/services. The event involved the compromising of the company's non-structured data repository with an impact on availability. Together with internal analysis, an investigation by the Public Prosecutor of Rome was launched and is still under way, utilising the bodies of the CNAIPIC Postal Police - PG to analyse the incident. The incident was also followed by the online publication of company folders and files illicitly extracted during the attack. Given that personal data was also contained in these, the company's Data Breach procedure was activated, with notification of the Personal Data Protection Authority (GPDP). Acea promptly implemented

all the procedures necessary to comply with the Privacy regulations. In particular, the GPDP received a preliminary notification by the deadline of 72 hours after the event was identified. Subsequently, two supplementary notifications were sent, followed by a third on 21 April 2023, completing the notification process and providing evidence of the results of the analysis carried out.
Following the conclusion of the notification process, the GPDP sent a request for information which Acea responded to by the deadline, and subsequently began an audit, mainly consisting of requests for information and documents inherent to the notifications made. The audit took place on a single day in May 2023, at the end of which the GPDP advised that a second audit would take place in July 2023. At the end of this second day, the GPDP set a deadline of 31 July 2023 to provide the additional documentation requested, which was not available at the time as it was being finalised. This documentation was supplied by the date indicated above.
From that point, no additional requests for information or clarifications have been received from the GPDP, although it has the power to request them, nor has it issued any provisions.
That being established, remember that still today the Authority has the right to obtain further information through requests and investigatory actions. It should be noted that at present it is not possible to predict, on the basis of currently available information, whether the Authority will apply any sort of penalty, nor the relative amount, that being represented in the communication made through Acea's request remaining still valid today, submitted through a third party, also taking into consideration that the regulatory process for notifying the Authority was followed.

MARKET RISK

The Group is exposed to various market risks with particular reference to the risk of price/volume oscillations for commodities being bought and sold, interest rate risks and foreign exchange risks to a lesser extent. To reduce exposure to within the defined limits, the Group enters into contracts drawn up on the basis of the typologies offered by the market.
The **Market Risk** is the risk concerning the unexpected effects on the value of the portfolio of assets due to changes to the market conditions.

COMMODITY RISK

Through the activities carried out by the Commodity Risk Control Unit of the Risk Management, Compliance & Sustainability 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 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" and 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:
- the risk metrics and limits to be observed in risk management activities are defined on an annual basis;
- every day, the Commodity Risk Control Unit monitors exposure to market risks of the companies in the Commercial and Trading Industrial Segment and verifies 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, the Commodity Risk Control Unit sends the requested information.
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 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.

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, Environmental Certificates);

- 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.
In 2024, the application of the limits established for management of the portfolios in the Commercial and Trading Segment continued to be suspended as the entire process is currently under revision with a view to expanding its scope of application and improving its operational efficiency.

INTEREST RATE RISK

The Acea Group's approach to management interest rate risk, which takes the structure of the assets and the stability of the Group's cash flows into account, has so far been prudent and intended to preserve the cost of funding, to stabilise the margins and the cash flows deriving from ordinary activities through a management method that tends to be static in nature.
In particular, for static management (to be opposed to the dynamic one) we mean a type of management of interest rate risk that does not provide for daily operations on the markets but an analysis and control of the position carried out periodically on the basis of specific needs. This type of management therefore involves daily activity in the markets, not for trading purposes but in order to hedge the identified exposure in the medium/long term. Acea has thus far opted to minimise interest rate risk by choosing a variable mix of fixed and floating rate funding instruments.
As it is known, fixed rate funding protects a borrower from cash flow risk in that it stabilises the financial outflows in the income statement, whilst heightening exposure to fair value risk in terms of changes in the market value of the debt.

FOREIGN EXCHANGE RISK

The Group is not particularly exposed to this type of risk, which is concentrated in the conversion of the financial statements of its overseas subsidiaries.
As regards the 20 billion Yen Private Placement, maturing in 2025, the exchange rate risk is hedged through a cross currency swap.

LIQUIDITY RISK

The goal of liquidity risk management, for both Acea and its subsidiaries, is to adopt a financial structure which, consistent with business objectives and within the limits defined by the Board of Directors, guarantees a suitable liquidity level that can meet short/medium-term financial requirements, while maintaining an appropriate balance between maturity and composition of debt, also taking into account the challenging objectives set out in the Business Plan in terms of developing new M&A initiatives.
The liquidity risk management process, which uses financial planning tools for outflows and receipts implemented at the level of the individual companies under the coordination of specific Group oversight, aimed at optimising the management of treasury hedges and to monitor the trend of consolidated financial debt, is carried out both through cash pooling management both through the support and assistance provided to the subsidiaries and associated companies with which there is no centralised finance contract.

CREDIT RISKS

Credit risk is associated with the possibility that a commercial counterparty is non-compliant, not honouring their commitments in line with the methods and schedules contractually established. This type of risk is managed by the Acea Group through specific procedures, prepared in line with the Group's Credit Policy and with appropriate mitigation actions.
The Credit Check system, which has been operating in unregulated markets for several years and with which all new mass market and small business customers are checked through customised scorecards, is integrated with the user management system of the Free Market energy and Acea Energia Spa gas.
Scorecards, updated based on the most recent collection experiences, began use at the beginning of 2022 and were adjusted in 2023 in line with the changed reference scenario.
In 2024 further amendments were made to the models to reflect the recent changes to the regulatory landscape (e.g. end of the standard market service) and the consequent development of the company's commercial policies, which were subsequently released in early 2025.
The assessment of Large Business customers is managed through an approval workflow with decision-making bodies consistent with the level of exposure expected from the supply. The models and tools for managing Large Business customers were also optimised during in 2023 and 2024.

The dynamic management of recovery strategies is carried out in the billing systems for active customers, based on their relative payment habits (performance scorecard) and through a dedicated management system for those discontinued.
The structures of the individual companies responsible for credit management are coordinated by Acea's Finance - Corporate Credit unit, which guarantees end-to-end control of the entire process.
The mass management of active and inactive receivables of a limited amount was carried out by the operating companies, leaving to the holding company the activity of disposing of non-performing receivables through disposal operations, as well as the management of inactive customers with significant amounts due. As a result of these interventions, in recent years the Acea Group significantly improved its collections capacity both in terms of electricity sales and the water supply business.
Due to the difficult macroeconomic situation in 2022, despite the excellent performance in terms of cash flow, the Acea Group held it expedient to incorporate a corrective factor when evaluating credit risk the previous year, in order to anticipate a possible worsening of the creditworthiness of its counterparties. Therefore, utilising "satellite models", a stress scenario was introduced for the main Group companies to determine the unpaid rates used to calculate the writedown of invoices to be issued, differentiated based on the business in question.
Despite continued financial uncertainties, with increased interest rates and inflation, 2023 was another year in which all the main Group companies saw excellent cash flow performance. With reference to the closure of financial statements of 2023, as in previous methodology, the prudential ratios applied in 2022 were up-

dated, leading to new amounts for "unpaid stressed".
This prudential approach was also replicated for the close of 2024, which nonetheless confirmed the positive trend shown over the last few years in terms of invoicing and collections, and a progressive reduction in inflation and interest rates.
As in previous years, this year the Group has also set up non-recourse, revolving and spot transactions for receivables from private customers. This strategy exposes the Group to the risks involved in closing or failing to close these operations, and on the other hand allows the full deconsolidation of the corresponding assets subject to disposal from the financial statements since all the risks and benefits associated with them have been transferred.
Trade receivables are shown in the financial statements net of any impairment; it is held that the value shown expresses an accurate representation of the presumed realisable value of total trade receivables.

RISKS RELATING TO THE RATING

Access to the capital market and other forms of funding and the related costs depends, amongst other things, on the Group's credit rating by rating agencies.
A reduction in the credit rating could represent a limiting factor for access to the capital market and increase collection costs, with the consequent negative effects on the equity, economic and financial standing of the Group.

Acea's current rating is shown in the following table.

Company	M/L Term	Short Term	Outlook	Date
Fitch	BBB+	F2	Stable	03/2024
Moody's	Baa2	Na	Stable	11/2023