

**CONSOLIDATED INTERIM
FINANCIAL REPORT**

ACEA Group 2024

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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	
Francesca Menabuoni	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

Sabrina Di Bartolomeo

** appointed by the Shareholders' Meeting on 12 April 2024*

Financial Highlights

RESULT NET OF NON-RECURRING ITEMS

(EBITDA) $\Delta + 7,4\%$

2024		720
2023		670

NET PROFIT/(LOSS) OF THE GROUP $\Delta + 18,2\%$

2024		168
2023		142

RESULT AS AT 30 JUNE 2024

CONSOLIDATED NET REVENUES $\Delta - 13,3\%$

2024		1.991
2023		2.296

(EBIT) $\Delta + 12,9\%$

2024		339
2023		300

NET FINANCIAL DEBT $\Delta + 6,9\%$

2024		5.130
2023		4.798

(EBITDA) $\Delta + 8,8\%$

2024		729
2023		670

NET PROFIT/(LOSS) OF THE GROUP $\Delta + 20,5\%$

2024		172
2023		142

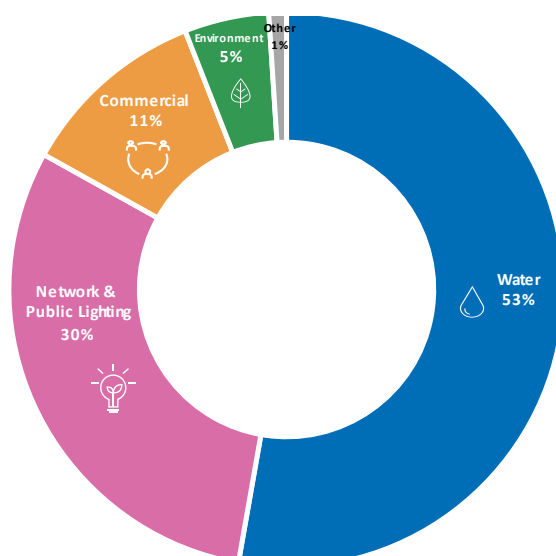
GROUP INVESTMENTS* $\Delta + 3,6\%$

2024		568
2023		548

*gross of financed investments

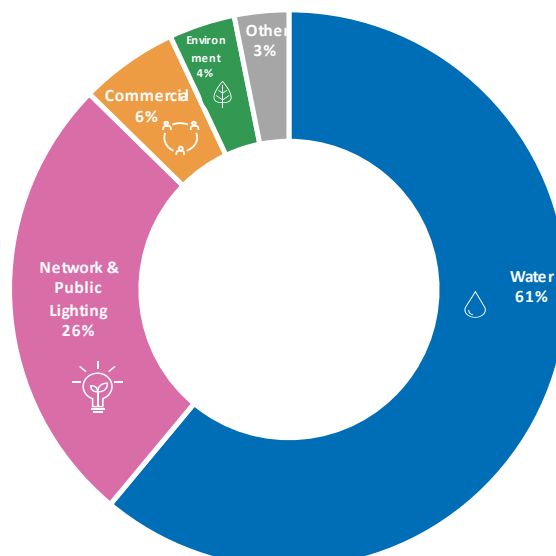
EBITDA

Consolidation impact

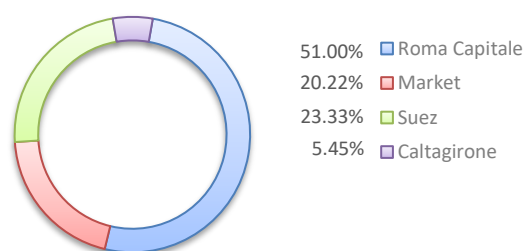


INVESTMENTS

Consolidation impact



ACEA Organisational Model



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

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:



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 and Molise. 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.



NETWORK AND PUBLIC LIGHTING

The Acea Group is one of the main national operators, distributing about 9 TWh of electricity and managing 1.7 million PODs in the Rome area (data from 2023). 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 1.8 million tonnes of waste (2023 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.



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.



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.



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 will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

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

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

Summary of Results

Income statement data (€ million)	30/06/2024	30/06/2023	Change	% Change
Consolidated Net Revenue	1,991.2	2,296.2	(304.9)	(13.3%)
Consolidated Operating Costs	1,264.7	1,638.8	(374.1)	(22.8%)
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	2.5	13.0	(10.5)	(80.5%)
EBITDA	729.1	670.4	58.7	8.8%
Operating profit/(loss)	338.6	300.0	38.6	12.9%
Net profit/(loss)	192.7	162.1	30.5	18.8%
<i>Profit/(Loss) due to third parties</i>	<i>21.0</i>	<i>19.7</i>	<i>1.3</i>	<i>6.4%</i>
Net profit/(loss) attributable to the Group	171.7	142.5	29.3	20.5%

position data (€ million)	30/06/2024	30/06/2023	Change	% Change
Net Invested Capital	7,947.6	7,527.4	420.2	5.6%
Net Financial Debt	(5,129.6)	(4,798.3)	(331.4)	6.9%
Consolidated Shareholders' Equity	(2,817.9)	(2,729.1)	(88.8)	3.3%

EBITDA (€ million)	30/06/2024	30/06/2023	Change	% Change
Water	367.2	353.3	13.9	3.9%
Water (Overseas)	17.6	18.6	(1.0)	(5.5%)
Network and public lighting	220.8	186.2	34.7	18.6%
Environment	35.9	42.4	(6.5)	(15.3%)
Commercial	80.0	55.5	24.5	44.2%
Production	17.7	30.8	(13.2)	(42.7%)
Engineering & Infrastructure Projects	4.0	2.6	1.4	51.5%
Corporate	(14.2)	(19.0)	4.9	(25.5%)
Total EBITDA	729.1	670.4	58.7	8.8%

Investments (€ million)	30/06/2024	30/06/2023	Change	% Change
Water	343.1	337.5	5.6	1.7%
Water (Overseas)	3.4	1.7	1.7	102.7%
Network and public lighting	149.2	128.8	20.4	15.9%
Environment	21.7	18.3	3.4	18.6%
Commercial	32.3	23.7	8.6	36.4%
Production	11.6	25.3	(13.7)	(54.1%)
Engineering & Infrastructure Projects	1.3	2.3	(1.0)	(43.2%)
Corporate	5.0	10.3	(5.3)	(51.4%)
Total Investments	567.5	547.7	19.8	3.6%

* The value of investments is inclusive of financed investments amounting to € 90.1 million for 2024 and € 44.6 million for 2023.

Summary of Results: economic performance

Income statement data (€ million)	30/06/2024	30/06/2023	Change	% Change
Revenue from sales and services	1,928.5	2,219.8	(291.3)	(13.1%)
Other revenue and income	62.8	76.4	(13.6)	(17.8%)
Costs of materials and overhead	1,104.5	1,464.0	(359.5)	(24.6%)
Staff costs	160.2	174.8	(14.6)	(8.4%)
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	2.5	13.0	(10.5)	(80.5%)
EBITDA	729.1	670.4	58.7	8.8%
Amortisation, depreciation, provisions and impairment charges	390.5	370.4	20.1	5.4%
Operating profit/(loss)	338.6	300.0	38.6	12.9%
Financial operations	(61.3)	(67.4)	6.1	(9.0%)
Equity investments	0.7	0.7	0.0	1.5%
Profit/(loss) before tax	278.0	233.4	44.6	19.1%
Income tax	85.3	71.2	14.1	19.8%
Net profit/(loss)	192.7	162.1	30.5	18.8%
Profit/(Loss) due to third parties	21.0	19.7	1.3	6.4%
Net profit/(loss) attributable to the Group	171.7	142.5	29.3	20.5%

It should be noted that the financial results as at 30 June 2024 do not indicate any changes in the scope of consolidation.

As at 30 June 2024, **revenue from sales and services** amounted to € 1,928.5 million, a decrease of € 291.3 million (- 13.1%) compared to the same period of the previous year. The decrease is mainly attributable to lower revenues:

- ❑ from electricity sales and services, (- € 259.2 million) affected by higher unit prices in the first half of 2023 (NSP change - 31%), alongside lower sales volumes in the first half of 2024;
- ❑ from sustainable development (-€ 41.2 million) arising from the sale, installation and customer support of activities and services in the area of *energy efficiency*, *smart services* and *smart comp* projects as a result of the conclusion of construction sites that were initiated and completed in the previous year;
- ❑ from services to customers (-€ 26.9 million) resulting from the negative change in inventories related to multi-year job orders (-€ 10.0 million), from the negative change on contract work in progress for energy efficiency projects (-€ 10.0 million) and from lower revenues realised in connection with the public lighting contract of the Municipality of Rome (-€ 7.4 million) as a result of lower activities;
- ❑ from waste transfer and landfill management (-€ 9.2 million) as a result of the energy scenario as well as lower volumes and from lower revenues from street sweeping and collection of ASM Terni (-€ 4.6 million) as a result of the transfer of end customer invoicing activities in 2024 from the municipalities managed by CNS – Cosp Tecno Service to the latter.

This change was offset by: **i)** higher revenues from gas sales (+€ 25.6 million), influenced by transmission revenues (and costs) which experienced proportionate growth as a result of the increase in general system charges; **ii)** greater revenue from the Integrated Water Service (+€ 16.0 million) mainly linked to tariff growth for investments made in previous years; **iii)** higher revenues from electricity incentives (+€ 6.0 million) as a result of the scheduling of GRIN incentives by the GSE.

Other revenue decreased by € 13.6 million (- 17.8%) compared to the same period last year. The change is attributable: **i)** to lower revenues from *areti* (-€ 5.4 million) in relation to the resilience plan; **ii)** to lower revenues for contributions pertaining to the recognition in 2023 of contributions for Regional Works for the years 2018-2021 (-€ 2.1 million) of Gori; **iii)** to lower revenues for energy tax credits of Gori (-€ 3.7 million); **iv)** to higher contributions from Entities for Energy Efficiency Certificates (+€ 1.8 million) of *areti* in relation to the LED Plan.

External costs decreased by € 359.5 million overall (- 24.6%) compared to the same period last year. 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 (-€ 289.8 million), which is in line with the revenue figures. Also contributing to the change were lower costs for services and tenders (-€ 55.2 million), mostly attributable to energy efficiency and smart services projects, in line with the change in revenues and lower costs related to ASM Terni's collection and sweeping service (-€ 4.5 million) for the reasons already described.

Labour costs decreased € 14.6 million (- 8.4%) compared to the same period in the previous year, mainly influenced by the release of the payable for tariff subsidies for retired staff, following the agreement reached between the Group and the trade unions concluded 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 € 2.7 million deriving partly from the increase in the remuneration components and the adjustment of the national collective labour contracts, and partly by lower capitalised costs (€ 0.5 million).

The average number of employees stood at 9,463 and decreased by 981 compared to the same period 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 Consorzio Acea (- 799 employees).

€ million	30/06/2024	30/06/2023	Change	% Change
Personnel costs including capitalised costs	260.9	276.0	(15.1)	(5.5%)
Costs capitalised	(100.7)	(101.2)	0.5	(0.5%)
Staff costs	160.2	174.8	(14.6)	(8.4%)

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

€ million	30/06/2024	30/06/2023	Change	% Change
EBITDA	74.3	76.3	(2.0)	(2.6%)
Amortisation, depreciation, provisions and impairment charges	(62.0)	(55.8)	(6.2)	11.0%
Financial operations	(5.3)	(2.7)	(2.6)	96.6%
Equity investments	0.4	0.0	0.4	n.s.
Income tax	(5.0)	(4.8)	(0.2)	3.4%
Income from equity investments of a non-financial nature	2.5	13.0	(10.5)	(80.5%)

Income from equity investments for these companies fell by € 10.5 million, mainly due to greater amortisation/depreciation of the water companies associated with the growth in investments; also contributing to the decrease was Drop Mi for € 5.5 million for the losses made in relation to unrealised projects.

EBITDA rose from € 670.4 million at 30 June 2023 to € 729.1 million at 30 June 2024, recording an increase of € 58.7 million or 8.8%. EBITDA net of non-recurring items (€ 9.1 million), mainly due to the release of the fund for tariff subsidies for retired staff (+ € 17.3 million) offset by the shutdown of the Terni WTE smoke line for revamping (- € 4.9 million), by the writedown of the stake in DropMi and Aqua lot (- € 5.5 million), grew by 7.4% (+ € 49.6 million). The change is therefore due to the following offsetting factors:

- higher margins of areti (+ € 33.8 million) mainly as a result of the increase in regulated tariffs (WACC from 5.2% to 6.0%), partly offset by lower revenues arising from the resilience plan (- € 5.6 million) and by lower margins on the management of the public lighting service in the Municipality of Rome (- € 0.6 million) due to different scheduling of extraordinary maintenance works and new projects;
- higher margins arising from the growth in water tariff revenues related to non-pass-through items (+€ 27.0 million), largely ACEA Ato2 and Gori, resulting from the growing volume of investments, partly offset by i) decreased results of the equity consolidated water companies (-€ 3.0 million), mainly due to higher depreciation and amortisation associated with growing investment volumes; ii) lower revenues for contributions and tax credits of Gori (-€ 5.8 million);
- lower margins from hydroelectric production (-€ 9.7 million), impacted by the price effect for € 4.4 million (-€ 40/MWh) and lower quantities produced for € 5.3 million (- 81 GWh) as a result of lower rainfall;
- an increase in the margin on electricity and gas sales on the free market (+€ 22.8 million and + € 9.2 million, respectively), in the margin on the Gradual Protection Service (+ € 1.0 million), and in the margin on energy management activities (+ € 0.7 million), only partly offset by the reduction in the energy margin on the protected market (-€ 4.9 million);
- lower margins one-mobility, smart services and smart comp activities (- € 5.5 million) following the completion of construction sites started and concluded in the previous year;
- decreased margins in waste-to-energy (WTE) were partially due to the energy scenario, particularly affecting the San Vittore plant (-€ 4.0 million), lower performance in recycling (- € 2.2 million) and reduced volumes of liquids treated (- € 1.2 million), only partly offset by increased margins in TMB-Dump (+ € 1.3 million).

EBIT amounted to € 338,6 million and increased by € 38.6 million compared to the same period of the previous year. Below are details of the items influencing EBIT.

€ million	30/06/2024	30/06/2023	Change	% Change
Depreciation/amortisation and impairment losses	337.6	322.8	14.8	4.6%
Net write-downs (write-backs) of trade receivables	40.6	43.9	(3.2)	(7.4%)
Provisions and releases for risks and charges	12.3	3.7	8.5	n.s.
Amortisation, depreciation, impairment and provisions	390.5	370.4	20.1	5.4%

The increase in **amortisation and reductions in value** (+€ 14.8 million) is mainly linked to the natural growth in amortisation from regulated activities, for the most part in the "Water" (+€ 9.2 million) and "Networks & Public Lighting" (+€ 4.7 million) segments, as a

result of the higher investments and the entry into service of assets under construction. Also contributing to the increase was growth in amortisation and depreciation related to commissioning costs for the acquisition of new Acea Energia customers (+€ 2.4 million).

Net write-downs (write-backs) of trade receivables decreased compared to the same period of the previous year (-€ 3.2 million), with a substantially stable impact compared to revenues (2.04% vs 1.91%). This result is primarily attributed, alongside the robust collection performance of the main companies, to the decline in sales volumes and outstanding receivable within the Commercial sector, caused by the risk-sharing commercial policies and trends in commodities prices.

Provisions and releases for risks and charges increased with respect to the same period in the previous year by +€ 8.5 million, partly arising from the provisions for risk set aside for the payment of the one-off fee linked to the aforementioned agreement with the Group and the trade unions in relation to the tariff subsidies for retired staff (€ 6.0 million) and partly for provisions set aside for other risks and charges in relation to the estimated supplemental bonuses and possible disputes with agents from Acea Energia (€ 0.9 million) and areti (€ 1.2 million) mainly for public lighting fines (formerly ACIP).

The **financial result** showed net expenses of € 61.3 million, down compared to 30 June 2023 by € 6.1 million due to the combined effect of higher financial income (+ € 8.3 million) from higher interest income from customers for € 5.5 million, mainly attributable to the increase in market rates and the recognition of financial income arising from the recognition of energy efficiency tax credits of Acea Innovation (+ € 4.2 million) and the increase in bank interest income (+ € 1.1 million) mostly in relation to the interest income on the parent company's short-term deposits; this increase is offset by higher financial charges (+ € 2.3 million) due to the combined effect of higher interest rates and higher average debt for the period, in particular higher financial charges for interest on bond loans and medium/long-term loans (+€ 6.5 million) mainly relative to the parent company, partly offset by a general decrease in other items due to the efficiency policy on financial costs.

Income and expense from equity investments show net income of € 0.7 million, in line with the same period in the previous year.

Estimated tax expenses amounted to € 85.3 million compared to € 71.2 million in the same period of the previous year. The increase was mainly due from the combined effect of higher pre-tax profit and, to a small extent, the higher tax rate. The tax rate at 30 June 2024 was 30.7% (compared with 30.5% as at 30 June 2023).

Net profit/(loss) attributable to the Group amounted to € 171.7 million, an increase of € 29.3 million compared to the same period last year (+ 20.5%). The one-off effects on the result, alongside that already described in relation to the EBITDA, involve the aforementioned risk provisions set aside for the payment of the one-off fee linked to the aforesaid agreement between the Group and the trade unions in relation to tariff subsidies for retired staff (€ 6.0 million) and fiscal impacts. Therefore, excluding one-off effects (-€ 3.3 million in the first half of 2024), the change reflects an increase in the result of € 26.0 million (+ 18.2%).

Summary of results: trends in financial position and cash flows

Financial position data (€ million)	30/06/2024	31/12/2023	Change	% Change	30/06/2023	Change	% Change
Non-current Assets and Liabilities	8,543.8	8,366.1	177.7	2.1%	8,046.1	497.7	6.2%
Net working capital	(596.2)	(696.2)	100.0	(14.4%)	(518.6)	(77.5)	15.0%
Net Invested Capital	7,947.6	7,669.8	277.7	3.6%	7,527.4	420.2	5.6%
Net Financial Debt	(5,129.6)	(4,846.8)	(282.9)	5.8%	(4,798.3)	(331.4)	6.9%
Total Shareholders' Equity	(2,817.9)	(2,823.1)	5.2	(0.2%)	(2,729.1)	(88.8)	3.3%

Non-current Assets and Liabilities

With respect to 31 December 2023, non-current assets and liabilities increased by € 177.7 million (+ 2.1 %), below is a breakdown of the item:

€ million	30/06/2024	31/12/2023	Change	% Change	30/06/2023	Change	% Change
Tangible/intangible fixed assets	8,110.7	7,885.2	225.5	2.9%	7,641.1	469.6	6.1%
Equity investments	365.4	367.3	(1.9)	(0.5%)	362.7	2.7	0.7%
Other non-current assets	997.6	958.8	38.8	4.1%	900.2	97.4	10.8%
Employee severance indemnity and other defined-benefit plans	(83.2)	(109.9)	26.7	(24.3%)	(110.3)	27.1	(24.6%)
Provisions for risks and charges	(312.0)	(224.3)	(87.8)	39.1%	(304.4)	(7.7)	2.5%
Other non-current liabilities	(534.8)	(511.1)	(23.7)	4.6%	(443.4)	(91.4)	20.6%
Non-current Assets and Liabilities	8,543.8	8,366.1	177.7	2.1%	8,046.1	497.7	6.2%

The increase in fixed assets (+ € 225.5 million) mainly derives from investments, totalling € 567.5 million, offset by amortisation/depreciation and writedowns for a total of € 337.6 million.

The change in investments compared to the same period of the previous year shows an increase of € 19.8 million, mainly recorded in the regulated activities. The breakdown by Industrial Area is provided below:

Investments (€ million)	30/06/2024	30/06/2023	Change	% Change
Water	343.1	337.5	5.6	1.7%
Water (Overseas)	3.4	1.7	1.7	102.7%
Network and public lighting	149.2	128.8	20.4	15.9%
Environment	21.7	18.3	3.4	18.6%
Commercial	32.3	23.7	8.6	36.4%
Production	11.6	25.3	(13.7)	(54.1%)
Engineering & Infrastructure Projects	1.3	2.3	(1.0)	(43.2%)
Corporate	5.0	10.3	(5.3)	(51.4%)
Total Investments	567.5	547.7	19.8	3.6%

Equity investments decreased by € 1.9 million compared to 31 December 2023 due to the combined effect of the impairment for the distribution of dividends, OCI and equity items (-€ 5.3 million) and the valuation for the period based on the equity method for € 3.4 million, of which € 2.5 million as contribution to EBITDA.

The stock of employee severance indemnity and other defined benefit plans reported a decrease of € 26.7 million, mainly due to the decrease in the provisions for tariff subsidies for retired staff (- € 17.7 million), the isopension fund (- € 6.6 million) and employee severance indemnity (-€ 2.2 million). With reference to tariff subsidies, as described above, the Acea Group and the trade unions reached and 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 went from 3.2% at 31 December 2023 to 3.6% as at 30 June 2024.

Provisions for risks and charges increased by € 87.8 million with respect to the end of the previous year, mainly due to recognition of taxes for the period for € 83.6 million in a specific interim fund. Contributing to the change were the allocation of € 6.0 million in relation to the agreement for the tariff subsidies for former employees, as described above, and provisions for other charges for the estimated supplemental bonuses and possible disputes with Acea Energia agents (€ 0.9 million) and the provisions of *areti* (€ 1.2 million) mainly for fines linked to public lighting (formerly ACIP).

The details by nature of the provisions are presented below:

€ million	31/12/2023	Uses	Provisions	Release for Excess Provisions	Reclassification s/Other changes	30/06/2024
Legal	13.0	(0.7)	1.5	(0.7)	(0.0)	13.1
Taxes	5.0	(0.0)	0.1	0.0	0.0	5.1
Regulatory risks	36.0	0.0	1.4	0.0	(1.5)	35.8
Investees	12.8	0.0	0.0	0.0	0.4	13.2
Contributory risks	3.7	0.0	0.2	(0.0)	0.0	3.9
Insurance deductibles	11.0	(1.0)	1.0	(1.0)	0.0	10.1
Other risks and charges	39.0	(3.7)	4.2	(0.5)	(6.1)	32.9
Total Provision for Risks	120.5	(5.4)	8.4	(2.1)	(7.2)	114.1
Early retirements and redundancies	11.4	(1.0)	0.0	0.0	0.0	10.4
Post mortem	72.4	(0.2)	0.0	0.0	0.7	72.8
Provision for Expenses payable to others	19.9	(0.4)	6.4	(0.4)	5.3	30.9
Provisions for Interim Taxes	0.0	0.0	83.6	0.0	0.0	83.6
Provisions for Reinstatement Expenses	0.1	0.0	0.0	0.0	0.1	0.2
Total Provisions for Expenses	103.8	(1.6)	90.0	(0.4)	6.1	197.9
Total Provisions for Risks and Charges	224.3	(7.0)	98.4	(2.5)	(1.1)	312.0

Other non-current assets increased by € 38.8 million, mainly due to the rise in long-term receivables from regulatory accounting (+ € 10.7 million), tariff adjustments (+ € 5.7 million) and receivables for deferred taxes (+ € 20.0 million). On the other hand, the increase in **other non-current liabilities** (+ € 23.7 million) is largely related to higher plant contributions (+ € 15.1 million) following the collection under the request to access the Fund for the adjustment of prices of building materials and partly to higher advances from customers (+ € 5.9 million), mostly those of SIMAM.

Net working capital

The change in net working capital compared to 31 December 2023 results from the combined effect of the decrease in current receivables (-€ 110.9 million), the decrease in current payables (-€ 158.4 million), the increase in other current assets (+€ 160.4 million), and the increase in other current liabilities (+€ 119.8 million).

€ million	30/06/2024	31/12/2023	Change	% Change	30/06/2023	Change	% Change
Current receivables	1,102.3	1,213.2	(110.9)	(9.1%)	1,217.1	(114.8)	(9.4%)
- of which end users/customers	1,040.8	1,170.0	(129.2)	(11.0%)	1,152.8	(112.0)	(9.7%)
- of which Roma Capitale	42.3	21.0	21.3	101.6%	45.1	(2.8)	(6.2%)
- of which from Subsidiaries and Associates	19.3	22.2	(3.0)	(13.4%)	19.3	(0.0)	0
Inventories	109.6	97.8	11.7	12.0%	123.8	(14.3)	(11.5%)
Other Current Assets	578.6	418.1	160.5	38.4%	539.7	38.9	7.2%
Current payables	(1,592.0)	(1,750.5)	158.4	(9.1%)	(1,681.1)	89.1	(5.3%)
- of which Suppliers	(1,566.1)	(1,741.8)	175.6	(10.1%)	(1,654.8)	88.7	(5.4%)
- of which Roma Capitale	(20.7)	(4.9)	(15.8)	n.s.	(19.5)	(1.2)	6.0%
- of which from Subsidiaries and Associates	(5.2)	(3.8)	(1.4)	36.2%	(6.8)	1.6	(23.2%)
Other current liabilities	(794.7)	(674.9)	(119.8)	17.7%	(718.2)	(76.5)	10.6%
Net working capital	(596.2)	(696.2)	100.0	(14.4%)	(518.6)	(77.5)	15.0%

Receivables from service users and customers, net of the provision for doubtful debts, amounted to € 1,040.8 million, down compared to 31 December 2023 (- € 129.2 million), as a result of the combined effect of the decrease recorded in the Commercial segment (- € 217.3 million), which was affected by the trend in energy prices and the increase recorded in the regulated activities (+ € 91.4 million). The provision for doubtful debts amounted to € 640.9 million, an increase of € 12.8 million compared to 31 December 2023 (€ 628.1 million). Receivables totalling € 637.3 million were transferred without recourse during the first half 2024, of which € 88.8 million to the Public Administration.

Relations with Roma Capitale

As regards **relations with Roma Capitale**, the net balance at 30 June 2024 was € 6.3 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:

€ million			
Receivables due from Roma Capitale	30/06/2024	31/12/2023	Change
Utility receivables	38.6	17.6	21.0
Provisions for impairment	(1.8)	(1.8)	(0.0)
Total receivables from users	36.9	15.8	21.0
Receivables for water works and services	4.0	3.8	0.2
Receivables for water works and services to be invoiced	1.0	0.9	0.1
Provisions for impairment	(2.4)	(2.2)	(0.3)
Receivables for electrical works and services	4.6	4.5	0.1
Receivables works and services - to be billed	0.6	0.4	0.2
Provisions for impairment	(0.3)	(0.3)	0.0
Total receivables for works	7.4	7.2	0.3
Total trade receivables	44.3	23.0	21.3
receivables for Public Lighting services billed	170.0	139.1	30.9
Provisions for impairment	(58.0)	(58.0)	0.0
Financial receivables for Public Lighting services to be billed	40.9	46.9	(6.0)
Provisions for impairment	(18.4)	(13.7)	(4.7)
M/L term financial receivables for Public Lighting services	1.0	1.6	(0.6)
Total Public Lighting receivables	135.5	115.9	19.6
Total Receivables	179.8	138.9	40.9
Payables due to Roma Capitale	30/06/2024	31/12/2023	Change
Electricity surtax payable	(5.5)	(5.5)	(0.0)
Concession fees payable	(13.2)	0.0	(13.2)
Other payables	(11.8)	(8.3)	(3.5)
Dividend payables	(155.7)	(107.9)	(47.8)
Total payables	(186.1)	(121.7)	(64.4)
Net balance receivables payables	(6.3)	17.2	(23.5)

Trade and financial receivables recorded an overall increase of € 40.9 million compared to the previous year, mainly due to the combination of the following effects:

- accrual of ACEA Ato2 receivables for the supply of water for € 25.6 million;
- accrual of receivables for the Public Lighting service for € 19.6 million;
- collection/offset of receivables mainly for ACEA Ato2 utilities for € 4.7 million.

Payables decreased by € 64.4 million compared to the previous year. The main changes during the period are as follows:

- greater payables for recognition of 50% of share dividends accrued for 2023 by Acea for € 47.8 million (note that in June 2024, when the coupon was detached, Roma Capitale was paid 50% of the dividends for the year, equal to € 47.8 million);
- higher payables due to the recognition of the ACEA Ato2 concession fee for 2023 for € 13.2 million;
- higher payables due to the recognition of the areti current payables for road excavation licences for € 4.3 million.

It is reported that areti paid the road excavation licences to municipalities in 2024 totalling € 7.8 million, plus the payable for Cosap 2024 for € 1.9 million.

Additionally, in June ACEA Ato2 offset the dividends recognised in 2024 for € 3.0 million, as part of the aforementioned compensation with trade receivables.

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 S.p.A.- Recognition of the perimeter of the payable situation and launch of the consequent procedures" recognised the perimeter of the Administration's payables to Acea/areti in relation to the Public Lighting service as of 31 December 2021.

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

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 S.p.A.

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 date of this consolidated interim financial report, 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.

Current payables fell mainly due to the decrease in the stock of trade payables (- € 175.6 million). This effect derives mainly from the decrease reported by Acea Energia (-€ 185.0 million), which was mainly affected by the lower prices on the energy market and from the reduction in payables to contractors for energy efficiency and electric mobility works at Acea Innovation (-€ 37.0 million), partially offset by the increase reported at ACEA Ato2 (+€ 37.6 million) and areti (-€ 15.3 million).

Other Current Assets and Liabilities recorded an increase in assets of € 160.5 million and an increase in liabilities of € 119.8 million, compared to the same period in the previous year. In detail, **other assets** increased mainly due to (i) higher tax receivables of Acea Innovation generated by the sale of the tax credit deriving from the energy efficiency works (+€ 93.4 million), (ii) receivables from the equalisation fund for CSEA energy and environmental services (+€ 44.6 million), (iii) higher prepaid expenses (+€ 26.6 million) partly

attributable to the suspension of the costs related to the activities for the WTE project in Rome (+€ 12.2 million) and partly to the suspension of the parent company's user licences pertaining to subsequent financial years, while **current liabilities** increased as a result of the increase in payables to the equalisation fund of *areti* and Acea Energia (+€ 33.8 million) due to a postponement in the payments, for higher payables for Gori advances (+€ 37.5 million) relating to the advances received from provider entities for plant contributions and accrued expenses (+€ 49.7 million) mainly attributable to ACEA Ato2 (+€ 32.9 million) as a result of the advance on public financing envisaged in the National Recovery and Resilience Plan (NRRP), arising from Ministerial Decree no. 517 of 16 December 2021 of the Italian Ministry of Infrastructure and Sustainable Mobility.

Shareholders' equity

The shareholders' equity amounted to € 2,817.9 million. The changes, amounting to € 5.2 million, are detailed in the relevant table and are basically due to the accrual of profit for 2024, the change in cash flow hedge reserves and those formed with actuarial gains and losses.

Net financial debt

Group **debt** recorded an overall increase of € 282.9 million, going from € 4,846.8 million at the end of 2023 to € 5,129.6 million at 30 June 2024.

€ million	30/06/2024	31/12/2023	Change	% Change	30/06/2023	Change	% Change
A) Cash	410.0	359.4	50.6	14.1%	277.7	132.3	47.6%
B) Cash equivalents	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
C) Other current financial assets	571.2	487.3	83.9	17.2%	729.6	(158.4)	(21.7%)
D) Liquidity (A + B + C)	981.2	846.6	134.6	15.9%	1,007.3	(26.1)	(2.6%)
E) Current financial debt	(217.7)	(176.1)	(41.6)	23.6%	(240.9)	23.2	(9.6%)
F) Current portion of non-current financial debt	(901.8)	(746.8)	(155.0)	20.7%	(165.0)	(736.8)	n.s.
G) Current financial debt (E + F)	(1,119.5)	(923.0)	(196.6)	21.3%	(405.9)	(713.6)	175.8%
H) Net current financial debt (G + D)	(138.3)	(76.3)	(62.0)	81.3%	601.4	(739.7)	(123.0%)
I) Non-current financial debt	(4,991.3)	(4,770.4)	(220.9)	4.6%	(5,399.7)	408.4	(7.6%)
J) Debt instruments	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
K) Trade payables and other non-current payables	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
L) Non-current financial debt (I + J + K)	(4,991.3)	(4,770.4)	(220.9)	4.6%	(5,399.7)	408.4	(7.6%)
Total financial debt (H + L)	(5,129.6)	(4,846.8)	(282.9)	5.8%	(4,798.3)	(331.4)	6.9%

Non-current financial debt increased by € 220.9 million compared with the end of the 2023 financial year. This change derives from a decrease in bond loans of € 158.3 million, offset by an increase in payables for medium/long-term loans of € 382.3 million, as shown in the following table:

€ million	30/06/2024	31/12/2023	Change	% Change	30/06/2023	Change	% Change
Bonds	3,780.9	3,939.2	(158.3)	(4.0%)	4,534.3	(753.5)	(16.6%)
Medium/long-term borrowings	1,135.0	752.7	382.3	50.8%	773.0	362.0	46.8%
IFRS 16 financial payables	75.5	78.6	(3.1)	(3.9%)	92.4	(16.9)	(18.3%)
Non-current financial debt	4,991.3	4,770.4	220.9	4.6%	5,399.7	(408.4)	(7.6%)

Bonds amounting to € 3,780.9 million as at 30 June 2024 decreased by a total of € 158.3 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.

Medium/long-term borrowings amounting to € 1,135.0 million recorded an overall increase of € 382.3 million due to Corporate (+ € 419.3 million) partly offset by areti (- € 14.4 million), Acquedotto del Fiora (- € 7.2 million) and Gori (- € 5.1 million). The change in Corporate is mainly due to the disbursements of the loan for € 435 million granted by the European Investment Bank (EIB). 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 Ato 2, reducing water loss and improving energy efficiency and resilience.

The **fair value** of GORI's hedging derivatives was a positive € 4.4 million (as at 31 December 2023, it was a positive € 4.2 million). Acquedotto del Fiora was a positive € 3.5 million (as at 31 December 2023, it was a positive € 3.3 million), and that of Integrated Water Services was a positive € 1.2 million (as at 31 December 2023 it was a positive € 1.0 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 a negative € 138.3 million and, compared to the end of 2023, shows a decline of € 62.0 million, generated for € 66.8 million by the Parent Company. The Parent Company's change is mainly generated by the reclassification of the Private Placement (AFLAC) to short-term as shown above (+ € 161.3 million) and offset by an increase in cash and cash equivalents and short-term deposits (+ € 105.3 million in total). Note that financial debt includes € 155.7 million in payables to Roma Capitale for dividends resolved to be distributed and does not include other payables of around € 12.1 million relating to share purchase options of the companies already held.

At 30 June 2024, the Parent Company had committed credit lines of € 700.0 million and uncommitted lines of € 495.0 million, both unused. 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 on the financial markets and the ACEA stock in the first half of 2024

The first half of 2024 was characterised by a notable resilience in the international economy, which, despite the extent of the restrictive monetary policies, continued to record better macroeconomic data than expected, especially in the USA, though at the end of the second quarter the US labour market began showing some signs of slowdown.

With reference to monetary policy developments, the FED has kept the rates unchanged to date, at their highest since March 2001, and the number of cuts expected by the board before the end of the year has fallen to one. The ECB – considering a less sustained economic dynamic in the Eurozone than in the USA – cut the benchmark rates in June for the first time since September 2019, highlighting nonetheless that monetary policy developments would depend on the tenor of the macro data.

In light of the resilience of the economy and inflation, despite the outcome of the elections to renew the European parliament, German and US yields showed strong improvement, coming close to the highest multi-year levels in early October 2023. In terms of BTP, the increase in the German yield was marginally offset by the decrease in the sovereign spread, which, due to the EU elections, in mid-June had nearly reduced the narrowing developed in the previous months to zero.

Against this backdrop, global equities continued to reach all-time highs, driven by the resilience of the economy and by generally better-than-expected corporate earnings. In adjusted terms for the ex-dividend (Total Shareholder Return – TSR), the S&P 500 appreciated by 15.3%, while the Euro Stoxx limited its upswing to 8.7% due to uncertainty around the outcome of the EU elections. The FTSE MIB outpaced the Eurozone index, registering a 13.4% increase, primarily propelled by its exposure to the banking sector, which benefited from the positive correlation with bond yields and the resilience of the economic cycle.

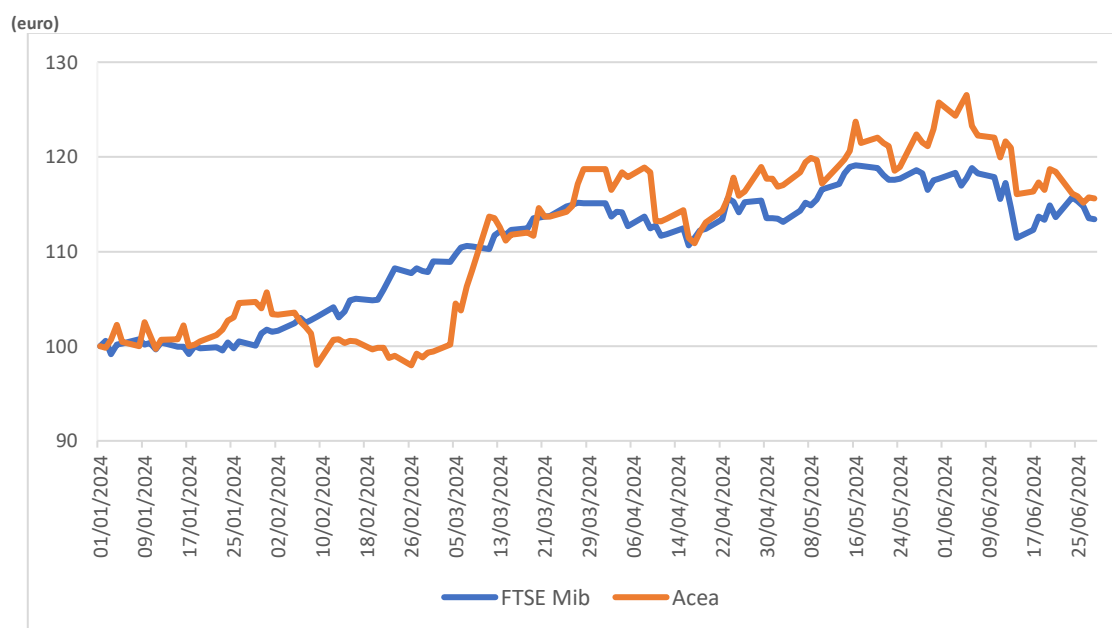
In the first half of 2024, ACEA recorded a 15.6% increase, influenced positively by the approval of the 2024-2028 Industrial Plan, the achievement of higher 2023 results than the guidance announced to the market, the improvement in the outlook by Fitch from “negative” to “stable”, and the robust results from the first quarter.

The ACEA stock considerably outperformed the Euro Stoxx Utilities sector index (down 2.7% in terms of TSR), which was heavily penalised by the rise in bond yields (which especially impacted regulated operators) and the strong contraction in electricity prices (which impacted the operators most exposed to renewables).

The closing price of ACEA on 28 June 2024 (last stock exchange session of the first six months) was € 15.11, corresponding to a market capitalisation of € 3,218 million. In terms not adjusted for the ex-dividend (€ 0.88 per share on 24 June), the daily closing prices fluctuated between a minimum of € 13.55 on 26 February and a maximum of € 17.50 recorded on 5 June. During H1 2024, average daily volumes traded stood at approximately 162 thousand shares (up from around 125 thousand shares in H1 2023).

From the currency perspective, the EUR/USD recorded a 3% decrease, reflecting both the greater resilience of the US economy, which led to a general postponement in the timing expected for the easing of the monetary policy by the FED compared to the ECB, as well as the political risks in the Eurozone resulting from the outcome of the European parliament elections.

The following normalised graph shows the performance of the ACEA stock, compared to the FTSE MIB.



Source: Bloomberg, rebased to 100 on 29/12/2023

Performance and changes adjusted for dividends ex-date (Total Shareholder Return)

	Change % 30/6/2024 (compared to 31/12/23)
Acea	+15.6%
FTSE MIB	+13.4%

Energy market

While the first quarter of 2024 had been characterised by a progressive relaxation of the electricity and gas prices thanks to downward trending fundamentals such as above average winter temperatures, high global gas supply, reduced demand, storage at maximum levels, high hydroelectric production and French nuclear availability, the second quarter of 2024 saw an inversion in the direction of energy commodities, despite the ongoing fundamentally falling conditions. This dynamic is attributable to geopolitical tensions and fears of interruptions (real or alleged) to the global gas supply, which came in succession in spring, embedding nervousness and volatility in the markets.

Relative to the domestic electricity market, electricity demand in the first six months of 2024 totalled 151.5 TWh (source: Terna), up by +1.1% with respect to the first half of 2023. However, by removing the contribution of the extra day in February 2024, the increase falls to +0.4%.

Energy production, less self-consumption and consumption by pumping (15.5 TWh, +3.9%), was at 108.9 TWh, in line with 2023, covering 72% of the requirement, while net imports confirmed the growing trend since the start of the year, totalling 27.1 TWh (+3.7%) and contributing 18% to meeting demand. Thermoelectric production (53.3 GWh, -20.1%) was impacted by imports and the excellence performance that renewables continued to record since the start of the year. The sizeable contribution from hydroelectric (26.5 TWh, +61.9%) was confirmed, against a first half of 2023 still affected by the long drought that characterised 2022, followed by photovoltaic production (13.8 TWh, +18.1%) and wind (12.6 TWh, +10.5%), with geothermal identical to 2023 (2.7 TWh).

The National Single Price (NSP) in the first half of 2024 saw an average value of € 93.46/MWh, down by -31% over the first half of 2023, with only the second quarter of 2024 registering an average value of € 94.95/MWh (-18% compared to the second quarter of 2023, but +3% with respect to the first quarter of 2024). After the start of the year marked by a return to energy security in the gas balance and a demand at low historical levels, the spring months saw a strengthening of electricity prices as a result of the progressive upswings expressed by gas and carbon emissions prices.

Other European countries also recorded significant decreases compared to the first half of 2023, with France and Spain recording the greatest reduction (-58% and -56% respectively), followed by Scandinavia and Germany (-34% and -33% respectively).

With regards to natural gas, the total withdrawn in the first half of 2024 was 36.1 billion scm (source: Snam Rete Gas), down by -4.9% with respect to the first half of 2023. Excluding the distorting effect of the extra day in February 2024, the gap increases to -5.5%.

In particular, distribution, including residential and SME, recorded a consumption of 15.3 billion scm (-1.4% compared to one year ago), the thermoelectric segment requested 8.8 billion scm of gas (-11.3%, in favour of renewable sources and increased imports in the electricity balance), the industrial segment requested 5.9 billion scm of gas (+1.2%).

Storage remained high for the entire six months, tying with the historical maximum fill of 82% of last year on 30 June, with delivery in line with that of the first quarter of 2023 (4.7 billion scm were delivered, +0.5%) and higher springtime injection (5.1 billion scm were injected, +6.4%).

The drop in demand is reflected in a general drop in imports from gas pipelines (22.5 billion scm, -5.5%), LNG imports (7.6 billion scm, -6.4%) and domestic production (1.4 billion scm, -3.5%).

As mentioned previously, in the second quarter of 2024 the European gas prices inverted their descent since the start of the year, despite the short/medium-term scenario remaining fundamentally downward trending. The worsening conflict in Ukraine and the Middle East in April was the initial trigger of an emotional and speculative upward wave that between May and June found support in fears around supply interruptions, among scheduled and non-scheduled maintenance in Norway, problems varied in nature (technical or financial) at various LNG terminals on a global scale and risk of early interruption of the remaining flows of Russian gas through Ukraine due to a matter of international arbitration.

In light of this information, the average value of the TTF in the first six months of 2024 was 31.22 c€/scm (-34% compared to the first six months of 2023), with only the second quarter of 2024 recording an average price of 33.38 c€/scm (-10% compared to the second quarter of 2023, but +15% compared to the first three months of 2024). Similarly, the PSV in the first six months of 2024 showed an average value of 33.06 c€/scm (-34% compared to the first six months of 2023), while only the second quarter of 2024 recorded an average price of 35.13 c€/scm (-11% compared to the second quarter of 2023, but +13% compared to the first three months of 2024). The PSV-TTF differential in the first half of 2024 was an average of +1.84 c€/scm, trending down by -1.06 c€/scm with respect to the value expressed in the first half of 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). The compulsory tariffs for the year 2024 were published with Resolution 630/2023/R/eel for the electricity distribution and metering services for domestic and non-domestic customers and with Resolution 632/2023/R/eel for provision of the transmission service.

Note that with Resolution 77/2024/R/eel of 12 March 2024, ARERA defined the definitive reference tariffs for 2023.

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.

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:

- ❑ the remuneration and amortisation of investments made up to the cut-off date (year 2023);
- ❑ the fast money portion (opex);
- ❑ the slow money portion (RAB) on which the remuneration of the invested capital and amortisation are calculated;
- ❑ the incompressible costs recognised “on top” (such as tax expenses);
- ❑ 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).
- ❑ 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.

On 23 December 2021, ARERA published Resolution 614/2021/R/com, with which it set the criteria for determining the WACC for the 2022-2027 period, establishing for the year 2024, with Resolution 556/2023/R/com of 28 November 2023, a weighted average cost of capital equal to 6% for the electricity distribution and metering services.

For investments made after 31 December 2011 and by 31 December 2014, the value of the WACC increased by 1%.

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, *areti* 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;

- Q 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 purposes additional to the electric service, recorded at the end of year $n-2$ should the aforementioned net revenue exceed 0.5% of total recognised revenue.

The equalisation of the transmission costs has the objective of passing the distributor in terms of the cost recognised to Terna for the transmission service (CTR) with what was paid by the end customer based on the compulsory transmission tariff (TRAS). 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 $t+1$.

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 reference to the water sector, note the **2023 Budget Law** (Italian Law no. 197 of 29 December 2022, published in the Official Journal no. 303 of 29 December 2022, SO no. 43), which took effect on 1 January 2023. In particular, paragraphs 519-520 involve **financing of the Peschiera water system**. Paragraph 519, to improve water supply for the metropolitan city of Rome, authorises total spending of 700 million (50 million 2023 and 2024 and 100 million in the years from 2025 to 2030), to create the "new upper section of the Peschiera aqueduct, from the sources to the Salisano Plant", as part of the project to secure and modernise the Peschiera water system (annex IV, no. 8 to Decree Law 77/2021). Paragraph 520 delegates to an MIT decree, to be adopted in concert with the MEF, by April 2023, but not yet issued, the identification of projects to finance with the resources established in paragraph 519, as well as the methods for disbursement and cases for revoking the resources, through presentation of the relevant documentation by the extraordinary commissioner.

Another important change is the publication, in the Official Journal 55 of 6 March 2023, of **Legislative Decree 18/2023**, "Implementing Directive (EU) 2020/2184 of the European Parliament and Council of 16 December 2020, concerning the **quality of water intended for human consumption**." The date of entry into force for this provision is 21 March 2023, however with different time frames for the various actions. The new regulation is not limited merely to the quality of potable water and monitoring of the same, but also includes other aspects such as water loss, water access, user information and additionally contains provisions on materials in contact with water, reagents and filtering materials.

With reference to water loss, ARERA must prepare the data acquired from managers, in line with the provisions of the technical quality regulation, and communicate the national average to the European Commission by 12 January 2026; if the average identified as a threshold by the Commission is exceeded, an action plan must be established with the relative measures to reduce the national water loss rate, to be adopted through a prime ministerial decree.

The issue of water access is also worthy of note, which involves adoption by the Regions and Autonomous Provinces of measures needed to maintain and improve access to water intended for human consumption, in particular for vulnerable and marginalised groups, promoting the use of tap water. No less important are new provisions regarding public information, already introduced in the regulation associated with resolution ARERA 609/2021/R/ldr.

Also note that in Official Journal General Series, no. 59 of 10 March 2023, the MEF Decree of 31 December 2022 was published, containing general criteria for the Regions to determine **concession fees for public water utilities**.

The provision serves the goal of ensuring standard regulations throughout the country, to that end establishing general criteria for the Regions to determine concession fees for public water utilities, taking into account environmental costs and costs for the resource and

pollution, contributing to achieving the milestone in the NRRP, M2C4-2 – Reform 4.2: Measures to guarantee full management capacity for integrated water services.

Another provision of interest during the reference period is Decree Law 39 of 14 April 2023, converted with Law 68/2023 (Official Journal 136 of 13 June 2023), containing urgent provisions to combat water scarcity and strengthen and adapt water infrastructure (the **Drought Decree Law**). The various measures include the establishment of a Steering Committee for the water crisis, chaired by the Prime Minister, with the task of guiding, coordinating and monitoring, and also responsible for identifying works and projects to be urgently implemented to deal with the water crisis in the short-term. As indicated in a Prime Ministerial Press Release, in May the first meeting of the Steering Committee was held, during which priorities were established and requests coming from various areas began to be examined, with the initial projects for 5 regions already identified, including Lazio, with a total investment of € 102 million made available by MIT. The Drought Decree Law also calls for the appointment of an extraordinary commissioner, in office until 31 December 2023, extendable until 31 December 2024, responsible for the urgent implementation of the projects identified by the Steering Committee; to that end, Nicola Dell'Acqua was appointed by the Council of Ministers on 4 May 2023.

Finally, with reference to the EU, we note the reasoned opinion sent by Italy to the European Commission on 15 February, as part of the INFR 2018-2249 infringement procedure in relation to non-compliance with the Nitrates Directive (91/676/EEC), with an invitation to better protect the population and ecosystems of the country from pollution caused by nitrates used in agriculture. The opinion was preceded by two default notices: the first in November 2018, inviting the authorities to guarantee stability for the network used to monitor nitrates, to carry out a review, and to designate areas vulnerable to nitrates, adopting supplementary measures in various regions; in December 2020 a complementary letter was sent, which while recognising a certain level of progress, indicated worries with regards to certain violations in various regions in which the situation for subterranean waters polluted with nitrates is not improving or in which a worsening of the problem of eutrophication of surface waters has been seen. Italian authorities have two months in which to respond and adopt the necessary measures.

Also note, in June, Italy's referral to the European Court of Justice for improper implementation of Directive 91/271/ECC on treatment of urban waste water (case C-85/13, infringement procedure 2009/2034); in fact, according to the European Commission, of the 41 initial agglomerates in the case, 5 had still not been made compliant and the 2027 deadline established by Italy for resolution was not considered acceptable.

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

ARERA and water services

Please note that with **resolution 51/2023/R/IDR**, in compliance with article 7, paragraph 2 of Legislative Decree 201/2022 (Restructuring of regulations for local public services of economic relevance), the Authority began the procedure to determine the new regulations for the basic content of calls for tenders intended to establish the basic structure for tenders to assign management of the integrated water service. The procedure is intended, among other things, to govern the criteria used to determine the starting amount for the tender, to formulate and evaluate bids (economic and technical) so that these are consistent with regulatory provisions on tariffs and quality. **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.

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

- ❏ **resolution 13/2023/R/com**, with which the Authority updated the ISEE threshold values for access to the measure, consistent with that provided in Law 197 of 29 December 2022 (2023 Budget Law): in particular, as from 1 January 2023, the access threshold was updated to € 9,530 with 15,000 the maximum limit for families with fewer than four children (the maximum limit of € 20,000 remained unchanged for large families);
- ❏ **resolution 622/2023/R/com**, revising the recognition, update and verification methods used by the manager of the social bonus was followed, in June 2024, by a consistent amendment to the Technical Specifications associated with the management of information flows between Acquirente Unico and Water Operators, preceded by a consultation;
- ❏ **determination 7/DICU/2024** approved the communications to be sent to users not granted the social water, electricity and gas bonus.

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). 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. In the context of a procedure carried out at the same time as the tariff method, with **resolution 637/2023/R/ldr** 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 (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.

Again, in relation to regulation of technical and contractual quality, note **resolutions 476/2023/R/ldr** and **477/2023/R/ldr** on the application of the incentive mechanism (final results) published downstream from the methodological note pursuant to resolution

303/2023/R/idr with which ARERA identified the initial results as well as the investigation process undertaken. The two provisions specify the bonuses and penalties applied to operators for 2020-2021. Overall, the Acea Group received bonuses for over € 40 million and penalties for just under € 7 million.

Resolution 26/2024/R/idr launched the procedure to define the new macro-indicator of technical quality “M0 – Water resilience” introduced with resolution 637/2023. As part of the procedure, the Authority intends to organise specific focus groups for the necessary technical studies to determine how to calculate the indicator with the competent administrations and the stakeholders involved in the identification of the water resource levels (including for uses other than domestic), in the planning of the required measures to address the effects of climate change and to ensure the resilience of the water systems. The Authority may also publish a consultation document intended to prepare the final measure.

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.

With respect to consumer protection, we note in particular the publication of **Resolution 233/2023/E/com** of 30 May 2023. With this provision, the Authority established that, as of 30 June 2023, an obligatory settlement attempt is required also for the water sector as a condition for proceeding to legal action. Therefore, if an end user decides to take legal action, they must first attempt to resolve the dispute with the ARERA Conciliation Service or other bodies established for out of court dispute resolution. In this way the regulations of the Comprehensive Conciliation Law (TICO) were extended to the water sector, the law having already been in effect for the electricity and gas sectors since 1 January 2018. The resolution also establishes specific information requirements for managers affected by these new provisions.

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).

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 of 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.

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 micro-businesses

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

The service involves:

- micro-businesses that fulfil cumulatively the following conditions:
 - they have less than ten employees and an annual turnover of not more than € 2 million;

- they are holders of withdrawal points all connected in low voltage with contractually committed power of up to 15 kW.
- other final non-domestic customers different from the micro-businesses, in any case holders of withdrawal points all with contractually committed power of up to 15 kW.

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

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

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

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

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

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

By 10 June 2022 Acea Energia presented an application for participation and on 14 June 2022 Acquirente Unico made available the pre-procedure information.

Acquirente Unico noted its admission to the tender procedure by 8 July 2022. The auctions were to have been held from 12 to 16 September, but, following the hacker attack on AU's systems, the Authority was forced to postpone, holding them between 21 and 25 November 2022. With resolution 586/2022 published on 18 November 2022, ARERA postponed the activation date for the GPS for the micro enterprises to 1 April 2023, clarifying that, until 31 March 2023, micro enterprises will continue to be served under enhanced protection.

On 16 December, Acquirente Unico published the results of the tender procedure to identify the operators of the Gradual Protection Service for micro enterprises from 1 April 2023-31 March 2027; Acea Energia was awarded area no. 11, including Avellino, Barletta-Andria, Benevento, Brindisi, Trani, Foggia, Lecce, the municipality of Naples and Salerno.

Also note that the micro enterprises identified by the Municipality of Rome in area no. 8 were awarded to another supplier through a drawing of lots, in which Acea Energia participated.

Gradual Protection Service for non-vulnerable domestic customers

With resolution 362/2023/R/eel, 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, 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, in 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.

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/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** with reference to the reform of the settlement and network loss regulations, 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.

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 in the list since it is part of a regulatory experiment and will therefore be assessed in 2024 at the end of the 2020-2023 four-year trial period.

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.

With resolution 55/2024, ARERA approved the output-based regulation of the electricity transmission service for the 2024-2027 regulatory period.

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.

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 *areti*, 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 suspends 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 that will be made available by Snam and Terna by 31 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, which CSEA must pay by January 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 *areti* 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 scheme of their development plan to the Authority by 31 March of each odd year, at the same time each distribution company with at least 100,000 end customers will begin a public consultation on the same scheme, lasting at least 42 days. Following the consultation, each distribution company with at least 100,000 end customers 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 that CSEA will pay to Acea Group by October 2023 is € 5,635,481.55.

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 published DCO **239/2024/R/com**, which submitted for consultation the guidelines on the minimum requirements for preparing development plans for the transmission, transport and distribution of electricity and for defining the hypothetical scenarios for development plans of distribution networks.

In particular, the Authority requested that observations and remarks be formulated with reference to the following aspects:

- ❑ Time frames for the activities relating to the distribution plan scenarios. The Authority is aiming to assess the joint preparation, by the distributors, of a scenarios document as early as 2025, and a document of common application criteria, by 30 November in even years, starting from 2024,
- ❑ Specific hypotheses local to the electricity distribution companies and related consistency checks. The Authority nevertheless intends for a chapter, or attached document, of the development plan to describe the interactions held with local institutes, as well as the results of the local energy, environmental and territorial planning documents,
- ❑ Collection of input from network users and efficient localisation of loads,
- ❑ Publication of hosting capacity and load capacity maps,
- ❑ Transparency and publication of network status data and outputs of scenario analyses.

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:

- ❑ the extension by one year (until the end of 2024) of the regulations currently envisaged by Article 16 of the TIT 2020-2023;
- ❑ the creation at Terna of a technical panel, convened at least monthly, attended by interested stakeholders, in order to discuss critical operating issues;
- ❑ 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.

Collective self-consumption and Renewable Energy Communities

In November 2016, the European Commission presented the “Clean Energy for all Europeans Package” (CEP), to contribute to achieving the commitments undertaken by the EU in the Paris Accords. The proposal led to the adoption of eight legislative acts, between 2018 and the first half of 2019, with which the European Union reformed its energy policy framework. Of particular significance were Directives 2018/2001 (which introduced the “Renewable Energy Communities”) and 944/2019 (which defined the “Citizen Energy Communities”); domestic implementation began with article 42-bis of Decree Law 162 of 2019, the “Thousand Extensions”, converted by Law 8/2020 (published in OJ 51 of 29 February 2020) which implemented in advance Directive 2018/2001, allowing electricity consumers to band together to create “Renewable Energy Communities” (REC).

The Authority published resolution 318/2020/R/eel implementing that established in article 42-bis of Decree Law 162 of 30 December 2019, on the regulation of economic items relative to electricity subject to collective self-consumption or sharing in the context of renewable energy communities. Subsequently, the Ministry of Economic Development published the Ministerial Decree of 16 September 2020 which established the incentive tariff remunerating plants powered by renewable sources inserted in the experimental configurations of collective self-consumption and renewable energy communities.

Article 8 of Legislative Decree 199 of 2021 expanded the power of Renewable Energy Communities to 1MW and established the updating of the incentive mechanisms for plants powered by renewable sources inserted in collective self-consumption or renewable energy community configurations with a power not exceeding 1MW, based on the following guidelines:

- the incentive can be accessed by plants powered by renewable sources which individually have power not exceeding 1 MW and which begin operating after the date on which the Decree took effect;
- for self-consumers of renewable energy acting collectively and renewable energy communities, the incentive is paid only with reference to the portion of energy shared by plants and consumption users connected under the same primary substation;
- the incentive is disbursed in the form of an incentive tariff allocated only to the portion of energy produced by the plan and shared within the configuration;
- in cases pursuant to letter b) for which sharing is carried out utilising the public distribution network, a single adjustment is envisaged, consisting of the restitution of the components pursuant to article 32, paragraph 3, letter a), including the portion of shared energy, and the incentive pursuant to the present article.

Article 14 of paragraph 6 of Legislative Decree 210 of 2021 defines the citizen energy communities, which must be established in compliance with the following conditions:

- participation is voluntary and open to all interested parties, which may also withdraw from the community configuration with the same guarantees and rights established in article 7 of the decree;
- community members or shareholders maintain all the rights and obligations associated with their position of civil customers or active customers;
- communities can participate in sectors consisting of electricity generation, distribution, supply, consumption, aggregation, or storage, or the supply of energy efficiency services, electric vehicle charging services or other energy services;
- the citizen energy community is a legal entity governed by private law which can take any legal form, without prejudice to the fact that its articles of association must identify as its main goal the pursuit, in favour of its members, shareholders or the area in which it operates, environmental, economic or social benefits at the community level, with financial profit not allowed as the main purpose of the community;
- the community is responsible for dividing the electricity shared among its members.

Following the publication of the **consultation document 390/2022/R/eel**, the Authority published **resolution 727/2022**, containing the Consolidated Widespread Self-Consumption Act (TIAD), which governs the methods for valuing widespread self-consumption for the configurations established in Legislative Decrees 199/21 and 210/21, the application of which takes effect on the latter of 1 March 2023 or the date on which the MASE decree pursuant to article 8 of Legislative Decree 199/21 (incentive regulation) takes effect.

At the same time, as from the same date, resolution 318/2020/R/eel and relative Annex A will be abrogated.

With reference to the identification by the DSOs of the area associated with the same primary substation, article 10 of the TIAD establishes that solutions adopted to determine the perimeter must take into account:

- the structure of the electricity networks;
- the operating structures of the electricity networks;
- the prospective development of the electricity networks, to the extent known at the time of identification;
- without prejudice to the constraint associated with the territory assigned to electricity distribution concession and other geographic aspects functional to making the conventional area identified usable.

Therefore, ARERA confirms that the perimeter identified must temper the technical nature of the network underlying the primary substation and the conventional relative geographic perimeter to better respond, to the extent possible, the needs of the market.

The first version of these maps must be published on the websites of the DSOs associated with the primary substations by 28 February 2023, with validity until 30 September 2023, and must also be submitted for consultation until 31 May 2023. The maps will be published on the GSE website by 30 September 2023, with methods defined by the GSE itself.

The maps also:

- use as reference the supply address associated with each POD;
- are updated on a two-year basis, as from 1 October 2023;
- in the case of underlying DSOs, the area in concession is added in its entirety to the area underlying the primary substation to which the underlying distribution company's network is physically connected.

Publication of the MASE decree is awaited, pursuant to article 8 of Legislative Decree 199/21 (incentive regulation).

The GSE published a consultation document, with an expiration date of 19 June, to acquire elements useful for defining Operating Rules relative to the widespread self-consumption service defined by the Authority with resolution 727/2022/R/eel and the relative Consolidated Widespread Self-Consumption Act (TIAD). In particular, the aspects discussed in the consultation involve admission to the widespread self-consumption service, activation of the widespread self-consumption service and the disbursement of contributions for the widespread self-consumption service. Acea has not identified any particular issues with respect to the operating rules proposed by the GSE.

Revision of the regulation for penalty proceeding rules and assessment of commitments

With resolution 326/2023/E/com the Authority began a procedures to revise the regulation which governs penalty proceedings and procedural methods to assess commitments, followed by consultation document 327/2023/E/com which illustrates the guidelines on the subject.

With Resolution 598/2023/E/com, it approved the new regulations which establish a maximum procedure length of 250 days with the exception of participation in the simplified procedure.

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 €5M 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..."

Beyond the National Single Price

The Authority published DCO 194/24, 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. The DCO described two alternative hypotheses for 2025, postponing to subsequent assessments and consultations the identification of the operational solution (from 2026 and with at least 12 months' notice), with respect to which the final part of the document offers useful insights:

- ❑ 1st hypothesis: equalisation component applied to purchases on the day-ahead market (DAM). This hypothesis substantially foresees a replacement of 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 algorithm for selecting offers on the DAM should nevertheless be adjusted to manage only the zonal prices since the GME Index NSP would be determined *a posteriori* (unlike today when the NSP is an output of the algorithm itself). This could have several "distorting" effects on the selection of offers where the price offered by the operator falls between the zonal price and the GME Index NSP (see Art. 2.17 for a numerical example);

- ❑ 2nd hypothesis: equalisation component applied to the energy withdrawn. In this hypothesis, the equalisation component on energy withdrawn would be managed by Terna in the context of dispatching. The electricity market would have a structure entirely based on zonal prices, which would have impacts on different fees (fee for assigning transport capacity, non-arbitrage fees, the price charged for BRPs and BSPs), on the distribution of fees to be paid to Terna and GME and on the related exposure to be managed as part of the respective systems of guarantees.

Though there is equivalence between the 2 solutions from an economic perspective for the BRP, ARERA prefers the first hypothesis for the ease of implementation and limited impacts on the current market architecture.

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 inflation 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.

In November, DCO 514/2023/R/rif was also published, containing “Guidelines for defining a basic scheme of calls for tenders to assign the integrated urban waste management service”, which introduced criteria for determining the starting amount for the tender, the admission of participants, and the formulation and assessment of economic and technical bids in line with ARERA regulations.

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 17 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.

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

- ❑ Directive 2018/851/EU, amending the so-called mother directive on waste 2008/98/EC;
- ❑ Directive 2018/850/EU, amending the landfill directive 1999/31/EC;
- ❑ Directive 2018/852/EU, amending the packaging directive 94/62/EC;

- Q Directive 2018/849/EU, amending the directive on end-of-life vehicles 2000/53/EC, the directive on batteries and storage 2006/66/EC and the directive on waste electrical and electronic equipment, the so-called WEEE 2012/19/EU.

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

- Q urban solid waste: the target is to recycle at least 65% by 2035, with intermediate stages of 55% by 2025 and 60% by 2030;
- Q packaging: the goal is to recycle at least 65% by 2025 and 70% by 2030;
- Q landfills: the objective is to limit the entry of waste into landfills to a maximum of 10% by 2035. To this end, Member States must endeavour to ensure that by 2030 all waste suitable for recovery or recycling – in particular municipal waste – is not landfilled, with the exception of waste for which landfilling is the best environmental option. On the subject of landfills, the introduction of article 15-ter to the 1999 directive established that the Commission shall adopt implementing acts to determine the method to be used to determine the permeability coefficient of landfills locally and throughout the area. And the introduction of article 15-quater confers on the Commission the task of adopting implementing acts to develop a criterion for waste sampling (until the concrete enactment of this new method, Member States use the national systems currently in place);
- Q separate collection of household waste: important changes are foreseen for the separate collection of household waste, such as textile waste, organic waste and hazardous household waste, not always collected separately at this time;
- Q waste prevention measures: the directives state explicitly that Member States must take a series of measures to prevent the production of waste upstream, such as domestic composting and the use of materials obtained from organic waste, to encourage the production and marketing of goods and components suitable for multiple use, and to provide financial incentives to encourage such virtuous behaviour.
- Q These targets may be revised in 2024 (especially in view of the fact that they are considered excessively ambitious for some States that, for example, currently frequently use landfills). In this sense, the legislature therefore stated that, recognising the significant differences in treatment between different States, it will be possible to grant an extension up to a maximum of 5 years for States that in 2013 prepared for reuse and recycled less than 20% of urban waste or landfilled more than 60% of urban waste).
- Q In compliance with the above European Delegation Act, the following acts have been approved: Legislative Decree 116/2020 on waste and packaging, Legislative Decree 118/2020 on waste batteries and accumulators (RPA) and waste electrical and electronic equipment (WEEE), Legislative Decree 119/2020 on end-of-life vehicles and Legislative Decree 121/2020 on landfills.

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

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

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

Between 6 and 9 June 2024, the citizens of EU Member States elected their representatives during the European Parliament elections. The newly elected members of parliament, who will represent EU citizens until 2029, will meet in July 2024 to elect the President, the Vice-Presidents and the Quaestors. They will also decide on the composition of the standing committees and parliamentary subcommittees, thus beginning the new legislature. Subsequently, the first committee meetings will be held, during which the respective Chairs and Vice-Chairs will be chosen.

Further developments and reference guidelines in the current dossiers are expected starting from the new cycle.

In the meantime, in June 2024 the EU Environment ministers met in Luxembourg and reached a general guideline on the directive on environmental statements, the directive on soil monitoring and the revised waste framework directive. They formally adopted the nature restoration law.

In particular, on the Waste Framework Directive, the EU Environment ministers reached a general guideline on the proposal to review the waste framework directive, focusing specifically on the textile and food sectors. The general objective is to reduce the environmental and climate impacts associated with the production and management of textile and food waste. It also aims to promote circularity in the textile sector. The new regulations introduced mandatory and standardised regimes of extended manufacturer responsibility for textile manufacturers in all EU Member States. The general guideline also set legally binding targets to reduce food waste for Member States, to be achieved by 2030: 10% in transformation and in the manufacturing industry and 30% (per capita) in retail, restaurants, catering services and households.

On the subject of EoW, note the amendment approved on 6 June 2019 and included in the Reopen Building Sites Decree (Decree Law 32/2019, converted with Law 1248). In particular, the rule establishes that pending the adoption of one or more decrees containing the EoW criteria for specific types of waste, ordinary permits for waste recovery plants must be granted on the basis of the criteria indicated in the measures governing simplified waste recovery (Ministerial Decree 5 February 1998, Ministerial Decree 161/2002 and Ministerial Decree 269/2005) "for the parameters indicated therein, for the parameters relating to the type, origin and characteristics of waste, recovery activity and characteristics of what is obtained from these activities". Ordinary permits must, on the other hand,

identify the necessary conditions and requirements “regarding the quantities of waste admissible to the facility and to be subjected to recovery operations”.

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

With Ministerial Decree 257 of 24 June 2022, the National Waste Management Programme (PNGR) was approved, a guidance tool for the Regions and Autonomous Provinces when planning urban waste, which establishes macro-objectives, macro-actions, targets and guidelines to follow when preparing Regional Waste Management Programmes (PRGR). This tool was envisaged in article 198-bis of Legislative Decree 152 of 3 April 2005, introduced by Legislative Decree 116 of 3 September 2020 and inserted in the National Recovery and Resilience Plan (NRRP), as one of the main reforms within the circular economy mission (M2C1).

The PNGR has a six year timeframe (2022-2028) and the objective of eliminating the plant gap, increasing the rate of separated waste collected and recycling to develop new supply chains for secondary raw materials in the waste cycle, replacing traditional ones, while contributing to the energy transition, starting from a national survey of existing plants. Additionally, the Programme classifies plants for the purposes of tariff regulation using ARERA methodology, indicating the need to adopt Life Cycle Assessment (LCA) based plans at the regional level.

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

Sustainable development

The first half of 2024 was characterised by various initiatives carried out by the European Union, which, in a political context marked 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.

As is known, Commission Delegated Regulation (EU) 2023/2772 has been in force since 1 January, and profoundly renewed sustainability reporting by businesses in terms of parties involved, information aspects to be reported, correlation with the economic and financial statements. In a climate of general commitment to empowering companies along the entire value chain, the approval of the directive on corporate sustainability and due diligence should also be considered. The CSRD established new diligence obligations with the aim of preventing and mitigating negative impacts on human rights and the environment caused by the activities of companies, their subsidiaries and their commercial partners. This context also includes the proposal for a European regulation that would ban products obtained through forced labour on the Union market.

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.

Hopes for renewed action in favour of peace, progress and pursuit of sustainable development goals form the foundations for a process of proposed reforms that will be summarised at the Summit of the Future, announced by the UN Secretary-General in September.

In line with developments, in March Acea defined and communicated the new business plan, qualified by 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.

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

The regulatory context of the Acea Group is wide-ranging and articulated according to the specificity of the businesses handled and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations, from administrative authorisation profiles and those protecting the market and competition, to regulation of the specific reference sectors. These aspects are joined by the uniqueness of its nature as a listed company, with the related legislative impacts. In this sense, we note the entry into force in March of Law no. 21 of 5 March 2024 (Capital Law), which introduced a series of amendments to the TUF and the Italian Civil Code, intended to make it easier for companies to access and remain on the capital market, while increasing its competitiveness, including through the removal of certain legislative and operative restrictions, among other things, and protecting investors at the same time.

Furthermore, the Law enables the Government to carry out a broad rewriting of the rules of the TUF and the provisions of the Italian Civil Code applicable to issuers.

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.

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 plan, envisaged by the reforms of the NRRP, aims to simplify legislation and strengthen governance to improve the effectiveness of investments in the water sector. 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.

On 31 October 2023, the new Directive 2023/2413 (RED III) “Renewable Energy Directive III” was published in the OJEU, in force since 20 November 2023. The directive provided for a series of developments in the renewable energy sector, in particular concerning its promotion and increase of the quota of renewables in the Union’s energy mix.

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.

Also of interest was Directive (EU) 2022/2464, the Corporate Sustainability Reporting Directive (CSRD) on corporate sustainability reporting obligations, which aims to promote the transparency and disclosure of information by companies in relation to the environmental, social and governance (ESG) impacts of their activities, through a strengthening of their reporting obligations, transposed with EU delegation law

National legislation was altered with the 2024 European delegation law, through the adoption of European directives in various areas (such as Directive (EU) 2023/2413, “RED III”, Directive (EU) 2024/825 as regards empowering consumers, Directive (EU) 2023/1791 of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955), Directive (EU) 2024/1203 on the protection of the environment through criminal law.

Reducing emissions was a relevant environmental topic, for instance Directive (EU) 2023/959 of 10 May 2023 amending the previous one in 2003, establishing a system for greenhouse gas emission allowance trading within the Union (ETS), and Decision (EU) 2015/1814, concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system (extension to “zero emissions” biomass) from the perspective of the Green Deal, to achieve climate neutrality within the Union by 2050.

Environmental authorisations were a relevant topic to the EU ETS, to be coordinated with the new Industrial Emissions Directive (IED). Lastly, the new Tenders Code (Legislative Decree 36/23) was issued, effective from 1 July 2023.

Climate change

The focus on climate change and its effects on how businesses are managed is now an internationally consolidated topic. In this context, the Acea Group describes its mitigation and adaptation initiatives to tackle the risks pertaining to climate change in the non-statement – and in the next report pursuant to the CSRD. In 2023, Acea published its second climate-related disclosure, in line with the TCFD recommendations. This information, updated in 2024 thanks to a specific project on climate risks, will be supplemented in the reporting pursuant to the CSRD.

The assessment and, more specifically, the quantification of climate-related risks, requires the application of climate scenario analyses and assumptions on highly uncertain future developments, such as technological developments, government actions linked to climate policy, regulatory changes or even developments in the international political balance. For example, one specific emerging aspect with reference to transition risks, concerns the type of plants falling within the regulations of the European Emissions Trading System (EU-ETS): the Waste-to-Energy sector constantly monitors any mid-term entry of waste-to-energy plants.

For the principal sectors in which the Group operates, actions to contain risks linked to climate change have been made concrete, for example, through investments in infrastructure to prevent and/or mitigate the impacts arising primarily from physical risks.

The priority physical risks already identified and in the process of revaluation are drought and water stress (mainly for water systems); extreme rainfall and flooding (mainly for power distribution networks); lightning strikes (mainly for power generation assets). To analyse physical risks, two scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) were used. With reference to the short term, the management does not detect any significant specific impacts deriving from climate-related risks, to be considered in the application of the accounting standards. In all the relevant sectors of activity, the Group pursues excellence in service provision; this entails an ongoing commitment to the development of adequate infrastructures and the evolution of their management, with the application of technological innovation and digitalisation.

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

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. 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.

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. Also in 2024, the Group participated in the Carbon Disclosure Project (CDP) on climate altering gas emissions and continued the process of implementing its climate governance, enriching its projects aimed at identifying risks and analysis of medium/long-term climate scenarios according to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

After the Science Based Targets initiative (SBTi) validated its reduction targets for 2032 for direct and indirect greenhouse gases, Acea worked to monitor the trajectory of its commitments.

This decision represents an important acknowledgement of the decarbonisation process begun by the Group to support the energy transition. The targets set are: 56% reduction in emissions per MWh of energy produced (scope 1), 32% reduction in indirect emissions, consequent to electricity use (scope 2), 56% reduction in that deriving from energy production and energy supplies and resales, and a 30% reduction in emissions due to gas distributed and sold to customers.

Geopolitical Situation

The recent years have been characterised by economic dynamics influenced by various factors, both geopolitical and economic in nature: unresolved conflict, with Russia/Ukraine at the head of the pack, as well as the conflict between Israel and Hamas. The global economy is nonetheless normalising and following the trend seen in 2023, with most of the major imbalances evening out. In the first half of 2024, tensions on the energy markets continued to loosen, and almost returned to the levels before the energy crisis given the gradual strengthening of downward trending fundamentals: falling demand, mild winter and autumn temperatures and stocks consistently at historically high levels, as well as hydroelectric production and French nuclear availability recovering from the *annus horribilis* of 2022.

Despite the economic resilience since the start of 2023, thanks to progress in reducing inflation with respect to the peaks of 2022, economic activity is still below pre-pandemic objectives, especially in emerging markets and developing economies. As causes of the slowdown, the report indicates the war in Ukraine, growing fragmentation of the economy and other more cyclical aspects such as anti-inflationary monetary policies, elimination of public aid and extreme climate events. Additionally, if the Israel/Hamas conflict expands beyond the Gaza Strip, the consequences could be very serious also in economic terms, beyond the already existing humanitarian and political emergency.

Moving on to commodities, following the upswing in the price of oil at the start of the year, both the Brent and the WTI prices fell, and with the possible cut in production by OPEC, one of the most shared forecasts for oil prices for the second half of 2024 is that the price will increase. Specifically, the Brent rose from \$77 to \$82 since the start of June, thanks to an upward movement of +6.5%.

It should be remembered that the ESMA Public Statement of 28 October 2022 deals precisely with the effects of the Russian invasion of Ukraine on financial reports prepared following the standard IAS34. The Statement therefore has the objective of providing to the administrative and control bodies of regulated companies a series of recommendations on the process of producing the accounting disclosure, with particular emphasis on the controls necessary to check for any impairment (*impairment tests*) of non-financial assets. The Statement stresses that the change of strategic, commercial and financial approach of companies following the conflict increased considerably the risk of significant impacts on the carrying amount of balance sheet assets and liabilities. The Statement therefore suggests reviewing and possibly updating the considerations made for the year-end financial statements, in particular the assumptions and the hypotheses on which the calculation of the prospective flows is based and the other elements that contribute to the estimate of the recoverable value.

The ESMA then recalls that in order to assess the existence of possible indications of impairment of non-financial assets included in the scope of IAS 36 (Impairment Testing), it is necessary to consider all the information sources, of both an external and an internal nature, to assess whether the effects of the geopolitical situation represent possible indications of impairment of the said assets. The Statement also stresses that the considerable increase in the general level of uncertainty caused by the conflict requires a careful assessment (in the context of estimating the recoverable value using the Value in Use method) of the forecast financial data used. To this end, the ESMA believes that, according to the type of asset to be tested and the related level of risk, it may be necessary to develop multiple scenarios around the forecast data considered, supported by reasonable and realistic parameters and estimation inputs. Again, in this sense, there must in any case be consistency between the forecast data used and the assumptions associated with the same for the value checks, and between the choices and strategic plans formulated by companies in response to geopolitical tensions. With reference to the discount rate used for the estimate of the recoverable value, the Statement stresses and recalls that the same must reflect the current market conditions and the specific risk characteristics associated with the specific assets subject to impairment tests (excluding the risk of assets already reflected in the forecast flows). The Statement stresses finally that the risks associated with the phenomena of rising market interest rates and the inflation rate could have an impact also on the discount rate to be used for the purpose of estimating the recoverable value of the assets to reflect the said phenomena, unless the said risks are already reflected in the calculation of the forecast flows used.

Development and technological innovation

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 Accelerator**, a startup accelerator born from the collaboration between the National Network CDP Venture Capital SGR – Fondo Nazionale Innovazione, Eni, LVenture Group and ELIS to support the best startups and innovative SMEs that develop projects and solutions in the greentech/cleantech field; **Fondazione Rome Technopole**, a foundation that represents the ecosystem of innovation in Lazio, bringing together universities, research centres, the Lazio Region, Municipality of Rome, Chamber of Commerce, Unindustria and innovative companies. Lastly, a partnership was launched with **NTT Data**, a multinational based in Tokyo, for an annual Open Innovation programme.

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 and corporate welfare. In 2022, Acea was included by the *Financial Times* and *Statista* in the special list of “Europe’s Diversity Leaders 2023” and for the second 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 developed an integrated corporate welfare system, based on listening to employees and their needs and structure around six fundamental pillars: health, psycho/physical well-being, family, reconciliation measures, economic assistance and complementary social security. Numerous initiatives have been implemented to support these pillars, including preventive medicine campaigns, support services for psycho/physical well-being and support for parents. 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.).

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 2023.

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.

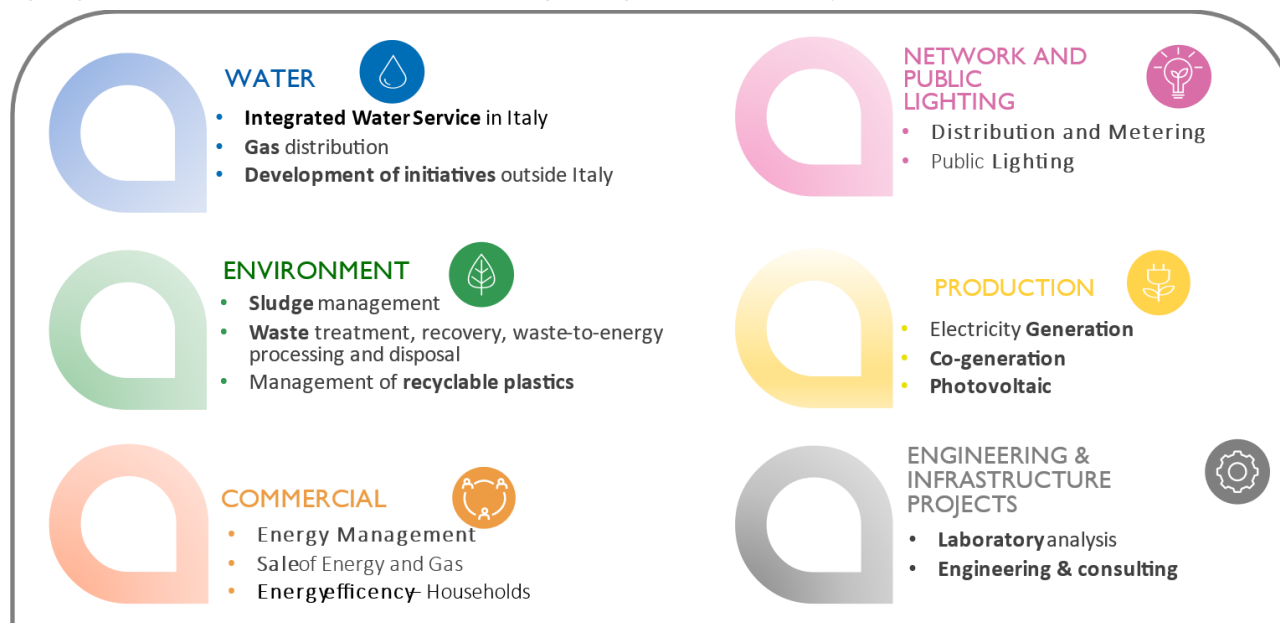
Health and safety in the workplace

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 several 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.

Operating Segments

The macro sectors 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.



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.

€ million 30/06/2024	Water	Water (Overseas)	Network and public lighting	Environment	Production	Commercial	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Revenues	722	45	348	153	45	860	61	70	(310)	1,994
Costs	355	28	127	117	27	780	57	84	(310)	1,265
EBITDA	367	18	221	36	18	80	4	(14)	0	729
Depreciation/amortisation and impairment losses	210	8	81	28	9	34	3	17	0	390
Operating profit/(loss)	157	10	140	8	8	46	1	(32)	0	339
Capex	343	3	149	22	12	32	1	5	0	568

€ million 30/06/2023	Water	Water (Overseas)	Network and public lighting	Environment	Production	Commercial	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Revenues	728	49	314	167	74	1,232	61	69	(386)	2,309
Costs	375	31	128	125	43	1,177	58	88	(386)	1,639
EBITDA	353	19	186	42	31	55	3	(19)	0	670
Depreciation/amortisation and impairment losses	200	8	72	28	10	34	4	15	0	370
Operating profit/(loss)	153	11	114	15	21	21	(1)	(34)	0	300
Capex	337	2	129	18	25	24	2	10	0	548



Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
Water volumes	Mm3	255.8	252.3	3.5	1.4%
Energy consumed	GWh	365.0	355.7	9.3	2.6%
Sludge disposed of	KTon	78.7	88.7	(10.0)	(11.2%)

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
Revenues	721.8	728.3	(6.4)	(0.9%)
Costs	354.6	375.0	(20.4)	(5.4%)
EBITDA	367.2	353.3	13.9	3.9%
Operating profit/(loss)	156.9	152.9	3.9	2.6%
Average Workforce	3,967	3,989	(22)	(0.6%)
Capex	343.1	337.5	5.6	1.7%

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
EBITDA – Water Segment	367.2	353.3	13.9	3.9%
EBITDA – Group	729.1	670.4	58.7	8.8%
Percentage	50.4%	52.7%	(2.3 p.p.)	

The EBITDA for the Segment stood at € 367.2 million at 30 June 2024, an increase of € 13.9 million compared to 30 June 2023 (+ 3.9%). The increase mainly derives from higher margins arising from tariff growth relating to non-pass-through items (+€ 27.0 million), mainly for [ACEA Ato2](#), [Gori](#) and [SII](#), the result of the growing volume of investments. This increase was partly offset by lower other revenues (€ 10.0 million), particularly attributable to [Gori](#) for lower contributions and tax credits (-€ 5.8 million) and for the remainder to [ASM Terni](#) as a result of the transfer in 2024 of the end customer invoicing activities of the Municipalities managed by CNS – Cosp Tecno Service to the latter.

The contribution to EBITDA made by the water companies measured using the equity method, equal to € 4.2 million, was down with respect to the previous year (- € 8.5 million) and was mainly influenced by the writedown of the unrealised projects of the companies DropMI and Aqua lot (- € 5.5 million). Excluding this effect, the decrease for € 3.0 million is attributable to the higher amortisation/depreciation associated with the growth in investments. The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

€ million	30/06/2024	30/06/2023	Change	% Change
Publiacqua	2.2	5.0	(2.9)	(57.0%)
Acque Group	5.1	5.4	(0.3)	(5.6%)
Umbra Acque	1.7	1.8	(0.1)	(6.1%)
Nuove Acque and Intesa Aretina	1.1	0.2	0.9	n.s.
Geal	0.1	0.2	(0.1)	(43.2%)
Umbria Distribuzione Gas	(0.4)	0.1	(0.5)	n.s.
DropMi and Aqua lot	(5.5)	0.0	(5.5)	n.s.
Total	4.2	12.8	(8.5)	(66.7%)

The quantification of the revenues deriving from the management of the integrated water service is a consequence of the application of the water tariff method relating to the third regulatory period (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/idr of 27 December 2019 and took into account the approvals of the 2022-2023 tariff preparations that have taken place and of the provisions of the tariff update for the fourth regulatory period 2024-2029 (MTI-4) in relation to known components already quantifiable at 30 June 2024. Further details are provided in the section “Service concession report”.

The average number of staff of 3,967 employees as of 30 June 2024 decreased by 22 employees compared to 30 June 2023, mainly attributable to [ACEA Ato2](#) (- 15 employees) and [Gori](#) (- 13 employees).

Investments by the Segment amounted to € 343.1 million, an increase of € 5.6 million compared to the same period of the previous year. 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 shows, for each company in the Water Area, the amount of revenues for the first half of 2024, also including pass-through items and the Fo.NI. component.

Company (pro-rata values in € million)	Revenue from the IWS	FONI
ACEA Ato2	379.1	FNI = 24.7 AMMFoNI = 14.3
ACEA Ato5	41.8	FNI = 0.4 AMMFoNI = 3.2
GORI	124.0	-
Acque	38.3	-
Publiacqua	53.0	AMMFoNI = 8.4
Acquedotto del Fiora	58.9	AMMFoNI = 6.9
Gesesa	8.0	-
Nuove Acque	4.6	FNI = 0.4 AMMFoNI = 0.6
Geal	4.9	AMMFoNI = 0.6
Acea Molise	2.9	-
IWS	23.3	AMMFoNI = 0.1
Umbra Acque	18.4	FNI = 0.8 AMMFoNI = 1.3

WATER (OVERSEAS)

Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
Water Volumes	Mm3	27.6	28.1	(0.5)	(1.7%)
Volumes fed into the grid	Mm3	21.8	21.4	0.4	2.0%
Number of customers (user Number)		124,828	123,950	878	0.7%
Economic and financial results					
€ million		30/06/2024	30/06/2023	Change	% Change
Revenues		45.3	49.2	(3.9)	(7.9%)
Costs		27.7	30.6	(2.9)	(9.4%)
EBITDA		17.6	18.6	(1.0)	(5.5%)
Operating profit/(loss)		9.9	10.7	(0.7)	(7.0%)
Average Workforce		1,614	2,531	(916)	(36,2%)
Capex		3.4	1.7	1.7	102.7%
Economic and financial results					
€ million		30/06/2024	30/06/2023	Change	% Change
EBITDA Water (Overseas)		17.6	18.6	(1.0)	(5.5%)
EBITDA – Group		729.1	670.4	58.7	8.8%
Percentage		2.4%	2.8%	(0.4 p.p.)	

The Segment currently includes the water companies that manage the water service in Latin America and it closed the first half of 2024 with an EBITDA of € 17.6 million, slightly down with respect to 30 June 2023 by € 1.0 million, mainly as a result of the lower margins of [Acea Dominicana](#) (- € 1.4 million), influenced by the end of a contract with a major customer partly offset by the [Consorcio Acea Lima Norte](#), which recorded an increase of € 0.6 million.

The average number of employees as at 30 June 2024 stood at 1,614 employees and was 916 less than at 30 June 2023, mainly as a result of the end of the three-year contract to manage the Lima drinking water pumping stations operated by Consorcio Acea (- 799 employees).

Capital expenditure for the period amounted to € 3.4 million, up from the same period of the previous year (+€ 1.7 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.



NETWORK AND PUBLIC LIGHTING

Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
Electricity distributed	GWh	4,337	4,314	22	0.5%
No. of Customers	N/1000	1,666	1,658	9	0.5%
Km of Grid (MV/LV)	Km	32,290	31,922	368	1.2%
2G Metering Groups	Number	218,941	164,735	54,206	32.9%

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
Revenues	347.6	314.3	33.2	10.6%
Costs	126.7	128.2	(1.4)	(1.1%)
EBITDA	220.8	186.2	34.7	18.6%
Operating profit/(loss)	140.2	113.9	26.3	23.1%
Average Workforce	1,244	1,283	(39)	(3.0%)
Capex	149.2	128.8	20.4	15.9%

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
EBITDA Networks & public lighting segment	220.8	186.2	34.7	18.6%
EBITDA – Group	729.1	670.4	58.7	8.8%
Percentage	30.3%	27.8%	2.5 p.p.	

The EBITDA for the Segment on 30 June 2024 was € 220.8 million, an increase of € 34.7 million compared to 30 June 2023. The EBITDA of **areti** increased by € 34.6 million as a result of the increase in regulated tariffs (+ € 33.8 million – WACC from 5.2% to 6.0%) and for the release of the payable for the tariff subsidy for retired staff (+ € 5.0 million), partly offset by lower revenues deriving from the resilience plan (- € 5.6 million); at 30 June 2024, **areti** distributed 4,337 GWh to end customers, in line with the same period from the previous year.

EBITDA from **public lighting**, for the management of the public lighting service in the Municipality of Rome, recorded a deterioration of € 0.6 million compared to the same period of the previous year due to different scheduling of extraordinary maintenance works and new projects.

The average number of employees decreased slightly compared to the same period in the previous year (- 39 employees).

Capital expenditure amounted to € 149.2 million, an increase of € 20.4 million compared to the same period last year. The investments refer 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 € 0.9 million.



ENVIRONMENT

Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
WTE conferment	KTon	161.0	194.3	(33.3)	(17.1%)
MBT Waste and Landfill	KTon	226.0	234.1	(8.2)	(3.5%)
Conferments to composting plants	KTon	79.6	80.5	(1.0)	(1.2%)
Conferments to Selection Plants	KTon	166.9	171.8	(4.9)	(2.8%)
Intermediated waste	KTon	84.8	83.4	1.4	1.7%
Liquids treated at Plants	KTon	141.4	167.8	(26.4)	(15.7%)
Waste produced	KTon	228.6	255.0	(26.4)	(10.3%)
WTE Net electricity sold	GWh	115.2	143.6	(28.4)	(19.8%)

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
Revenues	153.0	166.9	(14.0)	(8.4%)
Costs	117.0	124.5	(7.5)	(6.0%)
EBITDA	35.9	42.4	(6.5)	(15.3%)
Operating profit/(loss)	7.9	14.9	(7.0)	(47.2%)
Average Workforce	849	882	(33)	(3.8%)
Capex	21.7	18.3	3.4	18.6%

EBITDA € million	30/06/2024	30/06/2023	Change	% Change
EBITDA – Environment Segment	35.9	42.4	(6.5)	(15.3%)
EBITDA – Group	729.1	670.4	58.7	8.8%
Percentage	4.9%	6.3%	(1.4 p.p.)	

The Environment Segment ended the first half of 2024 with an EBITDA level of € 35.9 million, down by € 6.5 million (- 15.3% compared to the same period of the previous year). The change is due to decreased margins in waste-to-energy (WTE) partially due to the energy scenario, (€-37/MWh compared to 30 June 2023) particularly affecting the San Vittore plant (€- 4.0 million), worsening in recycling performance (€- 2.2 million) influenced by reduced volumes and decreased deliveries of liquids treated (€- 1.2 million), only partly offset by increased margins in TMB-Dump (+€ 1.3 million).

The average number of employees as of 30 June 2024 was 849, slightly lower than at 30 June 2023.

Segment investments came out at € 21.7 million (+€ 3.4 million compared to 30 June 2023). The change refers mainly to the investments made by **Acea Ambiente** (€ 6.3 million) for system improvements carried out at the WTE plant in Terni, at the San Vittore and Aprilia plants offset by the decrease recorded by **AS Recycling** (€- 3.5 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.	30/06/2024	30/06/2023	Change	% Change
Energy produced	GWh	253.9	336.0	(82.1)	(24.4%)
<i>of which hydro</i>	<i>GWh</i>	<i>157.7</i>	<i>239.3</i>	<i>(81.6)</i>	<i>(34.1%)</i>
<i>of which thermal</i>	<i>GWh</i>	<i>96.2</i>	<i>96.8</i>	<i>(0.6)</i>	<i>(0.6%)</i>
(Photovoltaic) Energy Produced	GWh	67.0	73.0	(6.0)	(8.2%)
Energy produced (cogeneration)	GWh	26.9	14.9	12.0	80.5%
Economic and financial results € million		30/06/2024	30/06/2023	Change	% Change
Revenues		45.1	74.0	(28.9)	(39.1%)
Costs		27.4	43.2	(15.7)	(36.5%)
EBITDA		17.7	30.8	(13.2)	(42.7%)
Operating profit/(loss)		8.2	20.8	(12.6)	(60.7%)
Average Workforce		98	97	1	1.0%
Capex		11.6	25.3	(13.7)	(54.1%)
Economic and financial results € million		30/06/2024	30/06/2023	Change	% Change
EBITDA Production Segment		17.7	30.8	(13.2)	(42.7%)
EBITDA – Group		729.1	670.4	58.7	8.8%
Percentage		2.4%	4.6%	(2.2 p.p.)	

EBITDA as of 30 June 2024 amounted to € 17.7 million, down € 13.2 million compared to 30 June 2023, mainly attributable to **Acea Produzione** (- € 14.6 million) as a result of lower margins on energy produced by hydroelectric plants affected by both the price effect for € 4.4 million (- € 40/MWh) and lower quantities produced for € 5.3 million (- 81 GWh) due to lower rainfall.

EBITDA of the **photovoltaic** segment improved by € 1.0 million compared to the same period of the previous year.

The average workforce increased slightly (- 1 units) compared to the same period in the previous year; note that the photovoltaic companies do not have employees.

Investments amounted to € 11.6 million and decreased by € 13.7 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. Investments made by **Acea Produzione** amounted to € 3.6 million, in line with the same period of the previous year, and mainly related to upgrading and maintenance work on hydroelectric plants.



COMMERCIAL

Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
Electrical Energy sold - Free	GWh	2,182.6	2,693.4	(510.9)	(19.0%)
Electrical Energy sold – Gradual Protection	GWh	84.4	58.8	25.6	43.6%
Electrical Energy sold - Protected	GWh	424.8	544.4	(119.7)	(22.0%)
Electricity - Free market customers (P.O.D.)	N	708,161	570,467	137,694	24.1%
Electrical Energy – Gradual Protection Customers (P.O.D.)	N	84,982	113,589	(28,607)	(25.2%)
Electrical Energy - No. Protected Market Customers (P.O.D.)	N	476,536	527,978	(51,442)	(9.7%)
Gas Sold	MSmc	117.4	114.7	2.7	2.3%
Gas - No. Free Market Customers	N	364,059	272,219	91,840	33.7%

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
Revenues	859.9	1,232.3	(372.4)	(30.2%)
Costs	779.8	1,176.8	(397.0)	(33.7%)
EBITDA	80.0	55.5	24.5	44.2%
Operating profit/(loss)	46.1	21.4	24.7	115.4%
Average Workforce	446	459	(13)	(2.9%)
Capex	32.3	23.7	8.6	36.4%

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
EBITDA-Commercial Segment	80.0	55.5	24.5	44.2%
EBITDA – Group	729.1	670.4	58.7	8.8%
Percentage	11.0%	8.3%	2.7 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 H1 2024 with an EBITDA of € 80.0 million, up compared to the same period of 2023 by € 24.5 million. The change is mainly attributable to **Acea Energia** (+ € 28.6 million) as a result of the sharp improvement in the Energy and Gas margin (+ € 32.8 million), partially offset by the higher operating costs incurred (€ 2.1 million) and the reduction in the margins of the e-mobility, smart services and smart comp activities (- € 1.7 million).

The change in the segment was also affected by lower margins on e-mobility, smart services and smart comp activities (- € 3.9 million) of **Acea Innovation**, following the completion of construction sites started and concluded in the previous year. With respect to effects on the primary energy margin, note:

- an improvement in the margin for the electricity free market (+ € 26.8 million), driven by the retail segment where there was an increase in customers (+ 30%) and unit margin (+ 42%); on the other hand, the Gradual Protection Service margin was € 3.3 million;
- a reduction in margins relative to the Greater Protection Service (- € 4.9 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 (- 22%), not counterbalanced by application of higher tariffs;
- an improvement in the margin for the gas market for € 9.2 million; this change is due to the combined effect of the growth in overall revenues and the reduction in related costs. With respect to June 2023, the transmission revenues and costs experienced proportionate growth due to the increase in general system charges, particularly in the UG2 component, which was negative in 2023. With reference to performance, in the B2C sector, there was growth in the Average Customer Base (+ 32%) and higher sales volumes (+ 25%), in the B2B sector there was an increase in the Average Customer Base (+ 6%) and a reduction in the volumes (-33%) as a result of the exit of a key customer with direct M&R (with just one re-delivery point);
- Energy Management margin related to the optimisation of energy flows increased by € 0.7 million compared to the same period of the previous year.

With reference to the workforce, the average number at 30 June 2024 stood at 446 employees, slightly down compared to 30 June 2023 by 13 employees.

Investments by the Segment amounted to € 32.3 million, a small increase of € 8.6 million compared to 30 June 2023. Total investments mainly related to **Acea Energia** and mostly refer to the cost of acquiring new customers in accordance with IFRS15 (€ 11.3 million) offset by lower investments in software and implementation services (- € 2.0 million). The smart services and e-mobility projects (€ 0.9 million) developed by **Acea Innovation** also contributed to the investments of the Segment.



ENGINEERING & INFRASTRUCTURE PROJECTS

Operating figures, equity and financial results

Operating data	U.M.	30/06/2024	30/06/2023	Change	% Change
Number of projects	Number	25	29	(5)	(16.1%)
Number of EPC work sites	Number	11	22	(11)	(50.0%)
Number safety inspections	Number	7,770	7,692	78	1.0%
Number determinations	Number	560,208	500,639	59,569	11.9%
Number samples	Number	17,373	16,784	589	3.5%
Economic and financial results € million		30/06/2024	30/06/2023	Change	% Change
Revenues		61.3	61.1	0.2	0.3%
Costs		57.3	58.4	(1.1)	(2.0%)
EBITDA		4.0	2.6	1.4	51.5%
Operating profit/(loss)		1.0	(0.9)	2.0	n.s.
Average Workforce		468	478	(11)	(2.2%)
Capex		1.3	2.3	(1.0)	(43.2%)
Economic and financial results € million		30/06/2024	30/06/2023	Change	% Change
EBITDA Engineering & Infrastructure Projects Segment		4.0	2.6	1.4	51.5%
EBITDA – Group		729.1	670.4	58.7	8.8%
Percentage		0.5%	0.4%	0.2 p.p.	

EBITDA for the segment at 30 June 2024 came to € 4.0 million, up by €1.4 million with respect to the previous year. The change is attributable to SIMAM (+€ 0.4 million) as a result of a generalised increase in business, to Acea Infrastructure (+ € 0.6 million) and partly to Ingegnerie Toscane (+€ 0.3 million).

The average workforce at 30 June 2024 stood at 468 and was down compared to 30 June 2023 (478 employees). The change is mainly attributable to Acea Infrastructure (+ 8 employees).

Capital expenditure amounted to € 1.3 million, down by € 1.0 million compared with the same period of the previous year as a result of lower investments in information systems and equipment at Acea Infrastructure and lower contract developments at SIMAM.



Operating figures, equity and financial results

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
Revenues	69.9	69.2	0.7	1.0%
Costs	84.1	88.3	(4.2)	(4.7%)
EBITDA	(14.2)	(19.0)	4.9	(25.5%)
Operating profit/(loss)	(31.6)	(33.7)	2.0	(6.0%)
Average Workforce	779	726	53	7.3%
Capex	5.0	10.3	(5.3)	(51.4%)

Economic and financial results € million	30/06/2024	30/06/2023	Change	% Change
EBITDA – Corporate Segment	(14.2)	(19.0)	4.9	(25.5%)
EBITDA – Group	729.1	670.4	58.7	8.8%
Percentage	(1.9%)	(2.8%)	0.9 p.p.	

Corporate closed at 30 June 2024 with negative EBITDA of € 14.2 million, an increase of € 4.9 million compared to the same period in 2023. The change is mainly due to the decrease in external costs for € 1.3 million and to lower personnel costs for € 2.9 million. The change in external costs is partly due to lower spending on communication and representation and to lower costs for electricity consumption. The decrease in personnel costs is due to the elimination of the obligation accrued for the tariff subsidy for retired staff recognised in the financial statements (€ 9.4 million) partly offset by higher costs deriving from the increase in the workforce and by lower capitalised personnel.

EBIT was negative by € 31.6 million, an improvement of € 2.0 million on the same period of the previous year, on the one hand due to the improvement 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 30 June 2024 stood at 779 units, an increase of 53 units compared to 2023.

Investments amounted to € 5.0 million (€ 10.3 million at 30 June 2023), down with respect to the same period 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 2024 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 2024, 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: One of the Top Employers Italia 2024

On 18 January 2024, 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: Carbon Disclosure Project (CDP)

On 22 February 2024, the Carbon Disclosure Project (CDP) announced that ACEA had been promoted to leadership class with respect to fighting climate change. The Company obtained an "A-" rating, an improvement on the "B" rating received the previous year based on the CDP-Climate questionnaire. ACEA is now in the "Leadership" class with the companies most committed to combating climate change, in line with the objectives in the Paris Accords, classified above the European average (B rating) and the average energy utility rating (B).

Acea: Memorandum of Understanding between MIM and Acea

On 27 February 2024, 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 March 5, 2024, 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 29 April 2024 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 2024, 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 Ato 2, reducing water loss and improving energy efficiency and resilience.

Acea: Presentation of call for tenders for waste-to-energy plant 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 S.p.A., Suez Italy S.p.A. and RMB S.p.A.

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 2024, 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 2024 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 S.p.A. The corporate restructuring involves the activities falling within the management of integrated water services.

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, climatic changes and financial market risks (external risks) and operational and environmental risks specific to each business sector, Information Technology and Human Resources (internal risks). In order to manage these risks, analyses and monitoring are carried out by each company as part of a structured and coordinated process implemented at a Group level through the integration of two complementary approaches (Enterprise Risk Management and continuous risk management), aimed at assessing and treating the risks of the entire organisation in an integrated logic, consistent with its risk appetite, with the aim of providing management with the information needed to make the most appropriate decisions to achieve strategic and business objectives, to safeguard, grow and create value for the company.

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 a mitigation strategy and monitoring its implementation. In the monitoring phase, Group companies ensure the management of identified risk scenarios, including through the implementation of specific response actions identified to reduce their potential effects.

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 identification, regular updating and integrated reading of "sentinel" metrics.

In order to contain these types of risks, the Group has implemented mitigation and monitoring as summarised below at both a corporate and business sector level.

For Risk Mitigation long ago the ACEA Group introduced the development and adoption of a Group Insurance Plan based on the following pillars:

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

More specifically, the first two pillars transfer the economic and/or asset risk deriving from civil liability – in all its general, professional, environmental 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 CO2 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.

During 2023, the COP28, held in Dubai, hosted the first global stocktaking, an opportunity to assess the joint effect of Nationally Determined Contributions (NDC). In this context, the parties defined an agreement to accelerate the global transition, promoting the "transition away" formula, and including for the first time in history an explicit reference to moving beyond fossil fuels to reach climate neutrality by 2050 and agreeing to triple the amount of renewable energy and double efforts for energy efficiency. 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 COP28, 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 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. The Group participates each year in the Carbon Disclosure Project (CDP) and in the last year has improved its classification in the CDP assessment from B to A-. 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.

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.

Following the introduction of some crimes that expand the catalogue of predicate offences capable of triggering the responsibility of the Bodies pursuant to Italian Legislative Decree 231/2001, the ACEA Group has started the progressive updating of the companies' respective organisational models, starting with that of ACEA SpA. In addition, preparations have begun for updating the Model for the law converting Italian Law Decree no. 124/2019 of 17 December 2019 that came into force on 25 December 2019, which introduced some tax crimes among the predicate offences pursuant to Italian Legislative Decree 231/01, and Italian Legislative Decree 75 of 14 July 2020 transposing the "PIF Directive".

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

It should be noted that some consolidated companies (areti, ACEA Ato2, Acea 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. There are also complaints for corporate offences relating only to ACEA Ato5, related to investigations and proceedings for significant cases pursuant to Italian Legislative Decree 231/01 concerning the environment and corporate crimes. In particular, about corporate offences, case 2031/16 relates to financial years 2015, 2016 and 2017 and alleges that the crimes of accounting fraud and filing fraudulent financial statements were committed by the Chairpersons of the Company and the representatives of the supervisory body of this company. During 2020, notification was received that the preliminary investigations had been completed, pursuant to art. 415 bis.

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

Finally, other additional regulatory risks that may potentially be of particular relevance for the ACEA Group include those arising from the Privacy Regulation (EU) 2016/679 GDPR.

The ACEA Group's compliance programme has made it possible to define and implement a Privacy Governance Model that is valid for the Group, taking the Parent Company as a privileged area of observation in its role as the linchpin of the system and supplier of services and/or centralised activities, looking at the Companies with a logic of priority at the core processes of each business area. The online training programme offered using an e-learning platform has long been extended to Companies to provide a *first layer* of compliance with the obligation for Data Controllers to instruct data processing personnel, providing them with training on individual corporate processes as well as a particular focus on cross-cutting procedures (HR, Legal, etc.).

Corporate working groups are in place to customise the Group Model in the individual companies, with effects on the implementation and/or fine-tuning of processes having a high impact on privacy, and initiatives have also been carried out to test compliance solutions already adopted.

Commercial 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 and commercial activity with regard to greater protection service customers in the vulnerable category; (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.

Energy Infrastructure

areti, making use also of the support and assistance of the Acea S.p.A. 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 on-line training courses, in order to make field operators and all corporate management responsible for working safely, respecting the environment and ecosystems, with ethical appropriateness and with a view to eco-sustainability, 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 procedures 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 and Safety Management System (hereinafter SYSTEM or SGI), adopted by the Company pursuant to ISO 9001:2015, ISO 45001:2015 and ISO 14001:2015, certified by an accredited external control body, respectively no. 44357/23/S - EMS-5491/S - OHS-2406.

SYSTEM is intended to be a tool to:

- Q protect health and safety in the workplace and throughout the supply chain;
- Q protect the environment and biodiversity in ecosystems of interest;
- Q promote rational and knowledgeable use of energy sources and raw materials;
- Q promote a culture of quality and energy savings;
- Q achieve customer satisfaction;
- Q ensure continuous and proactive dialogue with other interested parties.

All the above is specifically detailed in the SYSTEM policy, as declared, adopted and published by the companies in the Segment.

Environment Segment

The Terni and San Vittore del Lazio plants were involved in optimisation and revamping projects that present the risks typically related to the construction of complex industrial infrastructure (e.g. any construction and performance defects).

The Orvieto plants, and more recently Aprilia and Monterotondo, have completed major upgrading of their recovery processes for composting purposes, while the Sabaudia and Chiusi plants are undergoing major expansion and upgrading work that is currently being authorised (Sabaudia) or has just been authorised (Chiusi).

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 treatment plants to a lesser extent, are characterised by a high level of technical complexity, which requires the management of qualified resources and organisational structures with a high level of know-how. Therefore, there are specific risks with regard to the continuity of technical performance of the plants, as well as connected to the possible exodus of professional skills (not easily available on the market) having specific managerial skills in this area.

These risks have been mitigated by implementing specific maintenance and management programmes and protocols, drawn up partly on the basis of the experience acquired in plant management.

Moreover, the plants and the related activities are designed to handle certain types of waste. The failure of incoming material to meet the necessary specifications could lead to concrete operational problems, sufficient to compromise the operational continuity of the plants and give rise to risks of a legal nature.

For this reason, specific procedures have been adopted for monitoring and controlling incoming materials via spot checks and the analysis of samples pursuant to legislation in force.

Information Technology risks

For years now ACEA has followed a development path focused on the use of new technologies as a driving force for the operational efficiency, safety and resilience of its industrial assets. The main business processes are now all supported by the use of advanced information systems, implemented and managed by the Group's centralised departments to support the operations of the various companies. In this sense, the Group is therefore exposed to the risks of the adequacy of the IT infrastructure to the current or future needs of the various businesses, as well as to the risks of unauthorised access to the data processed using IT procedures, with or without intent, and in any case inappropriate or not in compliance with current regulations. ACEA manages these risks with the utmost attention through specific corporate compliance structures coordinated by specialised Group safeguards.

As far as cyber security of systems, infrastructure, networks and other electronic devices is concerned within the scope of the services provided or the respective Group Companies, the current procedural and technological safeguards of the Companies themselves are implementing all the necessary actions to align their cyber security posture with the main national and international industry standards in order to increase their resilience to risks of this nature, possible repercussions in terms of business interruption and regulatory non-compliance. Technological and organisational measures 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. This audit was begun on a day in May 2023, at the end of which the GPDP indicated that an additional day would be necessary, which occurred in July. 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 and annexed to the present letter, 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

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.

Through the activities carried out by the Commodity Risk Control Unit of the Risk Management, Compliance & Sustainability Department, Acea S.p.A. ensures the analysis and measurement of exposure to market risks, interacting with the Energy Management Unit of Acea Energia S.p.A., verifying compliance with the limits and criteria adopted by the General Risk Management of the Commercial and Trading Sector in line with the Acea S.p.A. "Guidelines for the Internal Control and Risk Management System" and Acea S.p.A. "Guidelines for Risk Management for Commodity Trading in Futures Markets". as well as the specific procedures. The analysis and management of risks is carried out according to a second-level control process that involves the execution of activities throughout the year with different frequency by type of limit (annual, monthly and daily), carried out by the Commodity Risk Control Unit and by risk owners.

Specifically:

- ❑ Every year, the measures of the risk indicators, i.e. the limits in force, must be reviewed and respected in the management of the risks;
- ❑ Every day, the Commodity Risk Control Unit is responsible for verifying the exposure to market risks of the companies in the Commercial and Trading Industrial Segment and for verifying compliance with the defined limits.

The reports are sent to the Top Management on a daily and monthly basis. When requested by the Internal Control System, Commodity Risk Control prepares the information requested and available to the system in the format appropriate to the procedures in force and sends it.

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.

Restoration of the risk limits that were suspended in 2022 following extreme market conditions on the electricity and gas commodity markets is still being assessed.

Interest rate risk

The ACEA Group's approach to managing interest rate risk, which takes the structure of assets and the stability of the ACEA Group's cash flows into account, has essentially been targeted, up to now, at hedging funding costs and stabilising cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities.

The ACEA Group's approach to managing interest rate risk is, therefore, prudent and the methods used tend to be static in nature.

In particular, for static management (to be opposed to the dynamic one) we mean a type of management of interest rate risk that does not provide for daily operations on the markets but an analysis and control of the position carried out periodically on the basis of

specific needs. This type of management therefore involves daily activity in the markets, not for trading purposes but in order to hedge the identified exposure in the medium/long term.

ACEA has, up to now, opted to minimise interest rate risk by choosing a mixed range of fixed and floating rate funding instruments.

As it is known, fixed rate funding protects a borrower from cash flow risk in that it stabilises the financial outflows in the income statement, whilst heightening exposure to fair value risk in terms of changes in the market value of the debt.

Foreign exchange risk

The Group is not particularly exposed to this type of risk, which is concentrated in the conversion of the financial statements of its overseas subsidiaries.

As regards the 20 billion Yen Private Placement, the exchange rate risk is hedged through a cross-currency swap.

Liquidity risk

The Group policy for managing liquidity risk, for both ACEA and its subsidiaries, involves the adoption of a financial structure which, coherent with business objectives and within the limits defined by the Board of Directors, guarantees a suitable liquidity level that can meet short/medium-term financial requirements, while maintaining an appropriate balance between maturity and composition of debt, also taking into account the challenging objectives set out in the Business Plan in terms of developing new M&A initiatives. The various elements of uncertainty faced by the Group include the potential economic, financial and reputational impacts associated with the closing of or failure to close the aforementioned transactions. The ACEA Group has therefore adopted an articulated and structured assessment process for these risks, carried out in close coordination between the companies and the Parent Company's organisational controls of the individual types of risk.

The liquidity risk management process, which uses financial planning tools for outflows and receipts implemented at the level of the individual companies under the coordination of specific Group oversight, aimed at optimising the management of treasury hedges and to monitor the trend of consolidated financial debt, is carried out both through cash pooling management both through the support and assistance provided to the subsidiaries and associated companies with which there is no centralised finance contract.

Credit risks

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 energy and gas Free Market.

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, the underlying models will be updated again to implement the recent changes in the regulatory scenario (End of the Greater Protection Service) and changes in the company's commercial policies.

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 2023.

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 updated, leading to new amounts for "unpaid stressed".

This prudential approach was replicated for the reporting date in June 2024, which nevertheless confirmed the positive trend highlighted in recent years.

As in previous years, this year the Group has also set up non-recourse, revolving and spot transactions, of receivables from private customers and public administrations. This strategy exposes the Group to the risks involved in closing or failing to close these operations, and on the other hand allows the full 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.

A reduction in the credit rating by rating agencies could represent a limiting factor for access to the capital market and increase collecting costs with the consequent negative effects on the equity, economic and financial standing of the Group.

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

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

Business outlook

Despite ongoing geopolitical turmoil in Eastern Europe and tensions between Israel and Iran in the Middle East, the results for the first half of 2024 maintained the positive trend of growth, showing consolidated EBITDA (excluding non-recurring items and changes in the scope of consolidation) and an NFP/EBITDA ratio in line with the guidance forecasts at the end of the year.

Considering the ongoing volatility in interest rates, the Acea Group optimised its financing mix by capitalising on the broad range of instruments offered in the market, which can be utilised at both fixed and floating rates. Through continuous monitoring of rate and market trends, the most cost- and risk-efficient solutions are identified.

The increasing focus on cost and investment management through the implementation of streamlined and efficient procurement procedures continues. Additionally, lines of action were defined to contain credit risk, through prevention and managing the customer portfolio.

CONSOLIDATED FINANCIAL STATEMENTS

ACEA is one of the major Italian multiutilities and has been listed on the stock exchange since 1999. ACEA has adopted an organisational structure and operating model based on strategic guidelines, founded on growth in the water market through infrastructure development, geographic expansion, strengthening technology and protecting water resources; the resilience of the electricity network and quality of service in the city of Rome; developing new renewable capacity to help face the energy transition; a push towards the circular economy with geographic expansion, also in synergy with other businesses.

Form and Structure

General information

The Consolidated Interim Financial Report at 30 June 2024 of the ACEA Group were approved by Board of Directors' resolution on 25 July 2024, which also authorised their publication. The Parent Company ACEA is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange. The ACEA Group's principal operating segments are described in the Report on Operations.

Compliance with IAS/IFRS

This Consolidated Interim Financial Report, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.

The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "IFRS".

Basis of presentation

This Consolidated Interim Financial Report consists of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Statement of Changes in Consolidated Shareholders' Equity. The Report also includes notes prepared under the IAS/IFRS currently in effect. The consolidated income statement is classified according to the nature of the costs, the items of the consolidated balance sheet according to the criterion of liquidity, with the items classified as current and non-current, while the consolidated cash flow statement is presented using the indirect method.

The Consolidated Interim Financial Report is prepared using the going concern assumption and there are no significant uncertainties about the company as a going concern (as defined in paragraph 25 of IAS 1).

The Consolidated Interim Financial Report is presented in Euro and all amounts are rounded off to the nearest thousand Euro unless otherwise indicated.

The figures in this Consolidated Interim Financial Report are comparable to those in the previous year.

Use of estimates and assumptions

Drafting of the Consolidated Financial Statements, in application of the IFRS, requires the making of estimates and assumptions that affect the values of revenues (including the estimate of the GRC), costs, assets and liabilities in the financial statements and information on contingent assets and liabilities at the reference date. The main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.

The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The estimates and assumptions are reviewed periodically, and the effects of each change are immediately recorded in the Income Statement.

The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.

In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing. For more information on the methods in question, please refer to the following paragraphs.

Effects of the seasonality of transactions

For the type of business in which it operates, the ACEA Group is not subject to significant seasonality. Some specific operating segments, however, can be affected by uneven trends that span an entire year.

Cash flow statement

Note that certain items have been reclassified in the Cash Flow Statement for better understanding of the figure and cash flow dynamics. Therefore, the figure for 2023 has also been restated for comparability.

Consolidation policies, procedures and scope

Consolidation policies

Subsidiaries

The scope of consolidation includes the Parent Company ACEA and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.

According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.

In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.

The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the ACEA Group had control.

Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.

According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement.

To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

Associates

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.

In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.

The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.

When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill.

Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment.

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.

All intercompany balances and transactions, including any unrealised profits on intercompany transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.

The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations involving solely entities under common control

Business combinations which involve companies which are, definitively, under the control of the same company or the same companies both before and after the combination, and this control is not temporary, are classified as "Business Combinations of entities under common control". These are excluded from the scope of application of IFRS 3, nor are they governed by other IFRS. In the absence of a relevant accounting standard, the selection of the accounting standard for these transactions, relative to those for which a significant influence on future cash flows cannot be demonstrated, is guided by the principle of prudence, which leads to the application of the criteria of continuity of values for the net assets acquired. Assets are recognised at the book values found in the accounts of the companies acquired (or that of the selling company) prior to the transaction or, alternatively, the values found in the consolidated financial statements of the common parent company. Particularly with reference to the above transactions, relative to the sale of a business unit, treatment of the difference between the contractually defined payment and the accounting value of the business transferred is differentiated as a function of the equity investment relationships between the entities involved in the transfer. Relative to transfers of business units under common control, on the other hand, regardless of the pre-existing investment relationship, the transferring entity must recognise the business transferred at its historic accounting value, increasing its shareholders' equity by the same amount. The receiving entity must symmetrically recognise the equity investment in the transferring entity for an amount equal to the increase in the shareholders' equity of the latter. This accounting treatment makes reference to that proposed by Assirevi in its Preliminary Guidelines on IFRS (OPI n. 1 Revised) - "Accounting treatment of business combinations of entities under common control in annual and consolidated financial statements", issued in October 2016.

Consolidation procedure for assets and liabilities held for sale (IFRS 5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS 5.

Treatment of put options for shares of subsidiaries

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

Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company ACEA, are converted into Euro by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.

The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the Euro are recognised directly in equity and are shown separately in a specific reserve of; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

- ❑ without loss of control, the share of the exchange differences relating to the shareholding sold is attributed to the shareholders' equity pertaining to minority interests;
- ❑ without loss of joint control or significant influence, the portion of exchange differences relating to the shareholding sold is recognised in the income statement.

Main changes in the consolidation scope

The ACEA Group's Consolidated Interim Financial Report includes the financial statements of the Parent Company, ACEA, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS 10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

At 30 June 2024, the scope of consolidation, with respect to that at 31 December 2023, changed due to the following main operations:

- ❑ on 28 March 2024, the Acea Group, through its subsidiary ASM Terni, did not exercise its option to subscribe the share capital increase of Green ASM, which was reduced to zero as a result of the losses realised, thus exiting the company;
- ❑ on 22 May 2024, the acquisition by Acea Ambiente of 10% of AS Recycling was finalised, previously held by the minority shareholder Garc, thus bringing its equity investment to 100%;
- ❑ on 19 April 2024, following no subscription by the minority shareholder Diamante by the deadline set by the shareholders' meeting of 13 March 2024, in relation to its stake in the share capital increase of SER Plast, Acea Ambiente proceeded to subscribe the 30% stake not subscribed, thus bringing its equity investment to 100%;
- ❑ on 21 June 2024, Acque transferred 49% of the share capital of Acque Industriali to Acea Ambiente, which now holds 100%.

Unconsolidated equity investments:

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by ACEA, is recognised at cost. The subsidiary, entirely written off, is excluded from the consolidation scope as it is not operational and its relevance in qualitative and quantitative terms is not significant.

Accounting standards and measurement criteria

The accounting standards, recognition and measurement criteria, as well as the consolidation criteria and methods adopted for the presentation of the Consolidated Interim Financial Report are the same as those adopted to prepare the Consolidated Financial Statements at 31 December 2023, to which the reader is referred for a more extensive discussions.

Accounting standards, amendments, interpretations and improvements applied as of 1 January 2024

"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"

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

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

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

These changes did not have a material impact on the Group's financial statements.

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

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

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

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

Accounting standards, amendments and interpretations applicable after closure of the year and not adopted in advance by the Group

"Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"

On 15 August 2023, the IASB published "Lack of Exchangeability" (Amendments to IAS 21) to provide guidance on how to determine the exchange rate to be used when there is no directly observable market exchange rate, alongside the related information to be

provided in the explanatory notes. The amendments are effective for years beginning on or after 1 January 2025. The Group is assessing the potential impact deriving from the adoption of this standard.

“IFRS 18 - Presentation and Disclosure in Financial Statements”

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which introduced new concepts relating to: (i) the structure of the income statement; (ii) the information required in the financial statements for several income performance measures reported off-balance sheet (as defined by management), and (iii) reinforced principles of aggregation and disaggregation which apply to both the financial statements and the explanatory notes as a whole. The standard will come into force on 1 January 2027. The Group is assessing the potential impact deriving from the adoption of this standard.

“IFRS 19 - Subsidiaries without Public Accountability: Disclosures”

In May 2024, the IASB issued IFRS 19 – Subsidiaries without Public Accountability: Disclosures, which allows certain subsidiaries to use IFRS accounting standards with reduced disclosure requirements, more suited to the needs of their stakeholders, and to have just one set of accounting records that meets the needs of the parent company and the subsidiary. The standard will come into force on 1 January 2027 and early application is permitted. The Group is assessing the potential impact deriving from the adoption of this standard.

“Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)”

In May 2024, the IASB published Amendments to the Classification and Measurement of Financial Instruments, clarifying that a liability is eliminated at the settlement date, and introducing the choice of an accounting policy for the elimination of financial liabilities, through the use of an electronic payment system before the settlement date. Other clarifications concerned the classification of financial assets with ESG characteristics, through an additional guide on the assessment of contingent characteristics. Clarifications were also made to non-recourse loans and contractually linked instruments. Lastly, additional information was introduced for financial instruments with contingent characteristics and capital instruments classified at “fair value through OCI”. The standard will come into force on 1 January 2026 and early application is permitted. The Group is assessing the potential impact deriving from the adoption of this standard.

Consolidated Income Statement

Ref. Note	€ thousand	30/06/2024	Of which related party transactions	30/06/2023	Of which related party transactions	Change
1	Revenue from sales and services	1,928,457		2,219,783		(291,326)
2	Other revenue and income	62,769		76,387		(13,618)
	Consolidated Net Revenue	1,991,226	61,725	2,296,170	85,340	(304,944)
3	Staff costs	160,169		174,787		(14,618)
4	Costs of materials and overhead	1,104,525		1,464,003		(359,478)
	Consolidated Operating Costs	1,264,694	38,827	1,638,790	30,455	(374,097)
5	Net Income/(Expense) from commodity risk management	0		0		0
6	Profit / (loss) from non-financial equity investments	2,536		13,002		(10,466)
	EBITDA	729,068	22,898	670,381	54,885	58,687
7	Net write-downs (write-backs) of trade receivables	40,634		43,865		(3,232)
8	Depreciation, amortisation and provisions	349,834		326,487		23,348
	Operating profit/(loss)	338,600	22,898	300,029	54,885	38,571
9	Financial income	26,500	1,863	18,174	2,428	8,326
10	Financial charges	(87,828)	0	(85,563)	0	(2,264)
11	Profit/(Loss) on equity investments	734		723		11
	Profit/(loss) before tax	278,006	24,761	233,363	57,313	44,644
	Income tax	85,349		71,215		14,133
	Net profit/(loss)	192,658	24,761	162,148	57,313	30,510
	Net profit/(loss) from discontinued operations					
	Net profit/(loss)	192,658	24,761	162,148	57,313	30,510
	Profit/(loss) due to third parties	20,953		19,696		1,258
	Net profit/(loss) attributable to the Group	171,705		142,452		29,253
13	Earnings (loss) per share attributable to Parent Company's shareholders					
	Base	0.80626		0.66890		0.13736
	Diluted	0.80626		0.66890		0.13736
	Profit (loss) per share attributable to the shareholders of the Parent Company net of Treasury Shares					
	Base	0.80784		0.67021		0.13763
	Diluted	0.80784		0.67021		0.13763

Quarterly Consolidated Income Statement

€ thousand	2Q 2024	2Q 2023	Change
Revenue from sales and services	925,179	1,003,777	(78,598)
Other revenue and income	39,733	52,528	(12,795)
Consolidated Net Revenue	964,912	1,056,305	(91,393)
Staff costs	70,736	87,873	(17,137)
Costs of materials and overhead	521,887	640,694	(118,806)
Consolidated Operating Costs	592,624	728,567	(135,943)
Net Income/(Expense) from commodity risk management	0	0	0
Profit / (loss) from non-financial equity investments	(165)	6,747	(6,912)
EBITDA	372,123	334,485	37,638
Net write-downs (write-backs) of trade receivables	20,910	20,508	402
Depreciation, amortisation and provisions	180,903	163,740	17,163
Operating profit/(loss)	170,310	150,237	20,073
Financial income	15,365	10,491	4,874
Financial charges	(43,665)	(44,197)	532
Profit/(Loss) on equity investments	323	506	(183)
Profit/(loss) before tax	142,333	117,037	25,296
Income tax	43,155	36,318	6,838
Net profit/(loss)	99,178	80,720	18,458
Net profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	99,178	80,720	18,458
Profit/(Loss) due to third parties	10,038	10,866	(828)
Net profit/(loss) attributable to the Group	89,140	69,853	19,286

Consolidated Statement of Comprehensive Income

€ thousand	30/06/2024	30/06/2023	Change
Net profit/(loss) for the period	192,658	162,148	30,510
Gains/losses from the conversion of financial statements in foreign currency	1,366	369	998
Provision for exchange rate difference	12,420	15,407	(2,988)
Tax on exchange rate difference	(2,981)	(3,698)	717
Gains/losses from exchange rate difference	9,439	11,710	(2,271)
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	(24,312)	(30,407)	6,096
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	6,487	8,749	(2,262)
Profit/(loss) from the effective portion on hedging instruments, net of tax	(17,824)	(21,658)	3,834
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	3,742	(3,793)	7,535
Tax effect on the other actuarial profit/(loss) on staff benefits	(1,087)	1,115	(2,202)
Actuarial profit/(loss) on defined benefit pension plans, net of tax	2,655	(2,678)	5,333
Total of the comprehensive income components, net of tax	(4,364)	(12,258)	7,894
Total comprehensive profit/(loss)	188,293	149,890	38,404
Total comprehensive income (loss) attributable to:			
Group	166,272	130,663	35,609
<i>Third parties</i>	<i>22,021</i>	<i>19,226</i>	<i>2,795</i>

Quarterly Consolidated Statement of Comprehensive Income

€ thousand	2Q 2024	2Q 2023	Change
Net profit/(loss) for the period	99,178	80,720	18,458
Gains/losses from the conversion of financial statements in foreign currency	(474)	1,572	(2,047)
Provision for exchange rate difference	6,458	11,770	(5,312)
Tax on exchange rate difference	(1,550)	(2,825)	1,275
Gains/losses from exchange rate difference	4,908	8,945	(4,037)
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	(20,119)	(50,931)	30,813
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	5,530	14,068	(8,538)
Profit/(loss) from the effective portion on hedging instruments, net of tax	(14,589)	(36,863)	22,275
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	3,244	(3,389)	6,633
Tax effect on the other actuarial profit/(loss) on staff benefits	(942)	1,007	(1,949)
Actuarial profit/(loss) on defined benefit pension plans, net of tax	2,302	(2,382)	4,684
Total of the comprehensive income components, net of tax	(7,853)	(28,728)	20,875
Total comprehensive profit/(loss)	91,325	51,991	39,334
Total comprehensive income (loss) attributable to:			
<i>Group</i>	<i>81,205</i>	<i>41,075</i>	<i>40,130</i>
<i>Third parties</i>	<i>10,120</i>	<i>10,916</i>	<i>(796)</i>

Consolidated Statement of Financial Position

Ref. Note	ASSETS € thousand	30/06/2024	of which with related parties	31/12/2023	of which with related parties	Change
14	Tangible fixed assets	3,414,415		3,334,868		79,547
15	Real estate investments	1,964		1,990		(26)
16	Goodwill	254,596		254,626		(30)
17	Concessions and rights on infrastructure	3,949,466		3,787,263		162,204
18	Intangible fixed assets	401,544		413,162		(11,619)
19	Copyright	88,708		93,284		(4,576)
20	Equity investments in unconsolidated subsidiaries and associates	357,369		359,281		(1,913)
21	Other equity investments	8,023		8,029		(6)
22	Deferred tax assets	225,072		205,065		20,007
23	Financial assets	19,446	1,168	18,852	18,852	595
24	Other non-current assets	734,752		716,582		18,171
	Non-current assets	9,455,355	1,168	9,193,002	18,852	262,353
25	Inventories	109,550		97,843		11,708
26	Trade receivables	1,102,338	66,647	1,213,200	66,272	(110,862)
27	Other current assets	533,664		405,026		128,638
28	Current tax assets	44,945		13,075		31,870
29	Current financial assets	571,199	136,331	487,251	97,093	83,948
30	Cash and cash equivalents	409,993		359,379		50,614
	Current assets	2,771,691	202,978	2,575,774	163,365	195,917
31	Non-current assets destined for sale	18,363		18,288		75
	TOTAL ASSETS	12,245,409	202,978	11,787,064	163,365	458,345

Ref. Note	LIABILITIES AND SHAREHOLDERS' EQUITY € thousand	30/06/2024	of which with related parties	31/12/23	of which with related parties	Change
	Share capital	1,098,899		1,098,899		0
	Legal reserve	167,986		157,838		10,148
	Other reserves	150,961		73,697		77,264
	Retained earnings/(losses)	767,684		752,940		14,744
	Profit (loss) for the year	171,705		293,908		(122,203)
	Total Shareholders' Equity for the Group	2,357,234		2,377,281		(20,047)
	Third parties Shareholders' Equity	460,688		445,803		14,885
32	Total Shareholders' Equity	2,817,922		2,823,084		(5,162)
33	Staff termination benefits and other defined benefit plans	83,155		109,895		(26,740)
34	Provisions for risks and charges	312,033		224,276		87,757
35	Borrowings and financial liabilities	4,991,313		4,770,436		220,877
36	Other non-current liabilities	534,524		510,871		23,652
	Non-current liabilities	5,921,025		5,615,479		305,546
37	Borrowings	1,119,526	159,926	922,950	111,306	196,576
38	Payables to suppliers	1,592,025	25,429	1,750,473	8,661	(158,448)
39	Tax payables	17,608		13,032		4,576
40	Other current liabilities	777,051		661,857		115,194
	Current liabilities	3,506,209	185,355	3,348,313	119,967	157,897
41	Liabilities closely associated with assets held for sale	253		188		65
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,245,409	185,355	11,787,064	119,967	458,345

Consolidated Cash Flow Statement

Ref. Note	€ thousand	30/06/2024	of which with related parties	30/06/2023	of which with related parties	Change
	Profit before tax	278,006	0	233,363	0	44,644
8	Depreciation/amortisation and impairment losses	337,562	0	322,750	0	14,811
6 - 11	Profit/(Loss) on equity investments	(3,270)	0	(13,724)	0	10,455
34	Changes in provisions for risks and charges	5,256	0	(5,826)	0	11,081
33	Net change in the provision for employee benefits	(21,507)	0	(4,295)	0	(17,212)
9 - 10	Net financial income/(charges)	59,606	0	65,221	0	(5,616)
	Cash flow from operating activities before changes in net working capital	655,653	0	597,489	0	58,163
26 - 27	Provision for doubtful accounts	40,634	0	43,865	0	(3,232)
25-26-27	Increase/Decrease in receivables included in current assets	(103,053)	(375)	(60,309)	(11,785)	(42,744)
38-39	Increase/Decrease in payables included in the working capital	6,541	16,767	(167,586)	(17,403)	174,127
25	Increase/Decrease in inventories	(11,708)	0	(19,298)	0	7,590
	Income taxes paid	(45,220)	0	57,818	0	(103,038)
	Change in working capital	(112,806)	16,392	(145,509)	(29,188)	32,704
24 - 40	Change in other assets/liabilities during the period	2,064	0	(4,576)	0	6,640
	<i>Cash flow from operations of Disposal Groups/Assets held for sale</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	Cash flow from operating activities	544,911	16,392	447,404	(29,188)	97,507
	Investments in tangible and intangible assets	(567,515)	0	(547,682)	0	(19,834)
	Investments in investees, subsidiaries and business units	(13,920)	0	(47,814)	0	33,894
	Collections/payments deriving from other financial investments	(84,543)	(21,555)	(382,818)	(18,368)	298,275
	Dividends received	24	24	344	344	(320)
	Interest income received	26,158	0	18,069	0	8,089
	<i>Cash flow from investments of Disposal Groups/Assets held for sale</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES	(639,796)	(21,531)	(959,901)	(18,024)	320,105
37	New issues of long-term financial debt	435,000	0	700,000	0	(265,000)
37	Repayment of financial payables	(35,751)	0	(342,571)	0	306,820
35	Decrease/Increase in other financial debts	(26,743)	48,620	88,088	48,475	(114,831)
	Interest expense paid	(84,216)	0	(80,435)	0	(3,782)
	Dividends paid	(142,790)	(142,790)	(134,793)	(134,793)	(7,997)
	<i>Cash flow from loans of Disposal Groups/Assets held for sale</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	TOTAL CASH FLOW FROM FINANCING ACTIVITIES	145,500	(94,170)	230,289	(86,319)	(84,789)
	CASH FLOW FOR THE PERIOD	50,614	(99,309)	(282,208)	(133,531)	332,823
	Net opening balance of cash and cash equivalents	359,379		559,908		(200,529)
	Cash availability from acquisition	0		0		0
	NET CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	409,993		277,699		132,294
	<u>Cash and cash equivalents at the end of the year</u> <i>Disposal Groups/Assets held for sale</i>	0		0		0
	<u>Cash and cash equivalents at the end of the year</u> <i>Continuing Operations</i>	409,993		277,699		132,294

Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1 January 2023	1,098,899	147,501	(14,329)	44,825	16,592	718,056	279,725	2,291,268	463,975	2,755,243
Income statement profit	0	0	0	0	0	0	142,452	142,452	19,988	162,440
Other comprehensive income (loss)	0	0	(2,643)	(21,188)	12,043	0	0	(11,789)	(469)	(12,258)
Total comprehensive income (loss)	0	0	(2,643)	(21,188)	12,043	0	142,452	130,663	19,519	150,182
Allocation of result for 2022	0	10,337	0	0	0	269,388	(279,725)	0	0	0
Distribution of dividends	0	0	0	0	0	(180,666)	0	(180,666)	(5,564)	(186,230)
Change in consolidation scope	0	0	45	(68)	(2)	0	0	(25)	(1,682)	(1,707)
Other changes	0	0	18	(18)	0	12,169	0	12,169	(519)	11,650
Balance at 30 June 2023	1,098,899	157,838	(16,910)	23,551	28,632	818,947	142,452	2,253,409	475,729	2,729,138
Income statement profit	0	0	0	0	0	0	151,456	151,456	13,548	165,004
Other comprehensive income (loss)	0	0	756	(37,494)	(3,259)	0	0	(39,996)	(3,286)	(43,282)
Total comprehensive income (loss)	0	0	756	(37,494)	(3,259)	0	151,456	111,460	10,262	121,722
Allocation of result for 2022	0	0	0	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	0	(4,566)	(4,566)
Change in consolidation scope	0	0	4	(364)	0	25,200	0	24,840	(35,537)	(10,697)
Other changes	0	0	1	(0)	0	(12,428)	0	(12,427)	(85)	(12,512)
Balance as at 31 December 2023	1,098,899	157,838	(16,149)	(14,307)	25,374	831,719	293,908	2,377,281	445,803	2,823,084

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1 January 2024	1,098,899	157,838	(16,149)	(14,307)	25,374	831,719	293,908	2,377,281	445,803	2,823,084
Income statement profit	0	0	0	0	0	0	171,705	171,705	20,953	192,658
Other comprehensive income (loss)	0	0	2,473	(18,181)	10,275	0	0	(5,433)	1,068	(4,364)
Total comprehensive income (loss)	0	0	2,473	(18,181)	10,275	0	171,705	166,272	22,021	188,293
Allocation of result for 2023	0	10,148	288	0	0	283,471	(293,908)	0	0	0
Distribution of dividends	0	0	0	0	0	(187,042)	0	(187,042)	(5,671)	(192,713)
Change in consolidation scope	0	0	(64)	4	2	1,216	0	1,158	(1,754)	(596)
Other changes	0	0	16,759	(7)	(0)	(17,187)	0	(435)	289	(147)
Balance at 30 June 2024	1,098,899	167,986	3,308	(32,492)	35,651	912,177	171,705	2,357,234	460,688	2,817,922

Notes to the Consolidated Income Statement

Consolidated net revenue

At 30 June 2024, net revenues amounted to € 1,991,226 thousand (€ 2,296,170 thousand at 30 June 2023), recording a decrease of € 304,944 thousand compared to the same period the previous year.

€ thousand	30/06/2024	30/06/2023	Change	% Change
Revenue from sales and services	1,928,457	2,219,783	(291,326)	(13.1%)
Other revenue and income	62,769	76,387	(13,618)	(17.8%)
Consolidated Net Revenue	1,991,226	2,296,170	(304,944)	(13.3%)

1. Revenue from sales and services – 1,928,457 thousand

This item recorded a total decrease of € 291,326 thousand (- 13.1%) compared to the same period of the previous year, which closed with € 2,219,783 thousand. The composition of the item is shown below.

€ thousand	30/06/2024	30/06/2023	Change	% Change
Revenue from electricity sales and services	899,222	1,158,383	(259,161)	(22.4%)
Revenue from gas sales	130,578	104,979	25,599	24.4%
Revenue from electricity incentives	6,048	74	5,974	n.s.
Revenue from the Integrated Water Service	635,190	619,218	15,972	2.6%
Revenue from Overseas Water Services	45,312	49,220	(3,908)	(7.9%)
Revenue from waste disposal and landfill operations	112,773	122,013	(9,241)	(7.6%)
Revenue from customer services	79,372	106,293	(26,921)	(25.3%)
Connection fees	17,424	15,795	1,629	10.3%
Revenues from sustainable development	2,539	43,808	(41,269)	(94.2%)
Revenue from sales and services	1,928,457	2,219,783	(291,326)	(13.1%)

Revenue from electricity sales and services

Amounted to € 899,222 thousand and are broken down as follows:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Electricity and heat generation	4,206	6,541	(2,335)	(35.7%)
Electricity sales	566,961	873,920	(306,959)	(35.1%)
Transport and metering of energy	322,978	274,078	48,899	17.8%
Sale of energy from Waste-to-energy and Biogas	1,221	954	267	28.0%
Co-generation	3,856	2,889	967	33.5%
Revenue from electricity sales and services	899,222	1,158,383	(259,161)	(22.4%)

The main change refers to the sale of electricity (- € 306,959 thousand), in which the decrease was influenced by higher unit prices in the first half of 2023 and partly by lower quantities in the first half of 2024. Electricity sales on the Free Market totalled 2,183 GWh with a 19% reduction on the previous year, while electricity sales on the Greater Protection Service totalled 425 GWh with a 22% decrease on an annual basis. This reduction was affected by the automatic assignment of “small” customers and “micro” enterprises to the Gradual Protection Service, created starting from 1 January 2021 and in part to the decrease in the number of customers.

Revenue from gas sales

These revenues amounted to € 130,578 thousand and recorded an increase of € 25,599 thousand with respect to 30 June 2023, influenced by the transmission revenues (and costs) that experienced proportionate growth due to the increase in general system charges, particularly in the UG2 component, which was negative in 2023. Excluding this change, revenue from gas sales fell due to lower turnover as a result of the exit of a key customer with “direct M&R” (with just one re-delivery point), albeit against an improvement in overall margins.

Revenue from electricity incentives

These revenues amounted to € 6,048 thousand and recorded growth of € 5,974 thousand compared to the same period in the previous year, mainly due to the different scheduling of GRIN incentives by the GSE (+ € 4,052 thousand). In 2023, the incentives for Salisano and Orte were not recognised due to the high price reported in 2022.

Revenue from the Integrated Water Service

As mentioned in the section of the Report on Operations to which reference should be made for more detailed explanations, revenue from the Integrated Water Service is almost exclusively generated by the companies managing the service in Lazio, Campania and Tuscany. Said revenue amounts in total to € 635,190 thousand and shows an increase of € 15,972 thousand (+ 2.6%) compared to the same period in the previous year (€ 619,218 thousand), mainly due to greater investments and the increase in tariff revenue, as well as the estimate for adjustments for pass-through items (electricity, wholesale water, etc.).

The quantification of the revenues deriving from the management of the integrated water service is a consequence of the application of the water tariff method relating to the third regulatory period (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/ldr of 27 December 2019 and took into account the approvals of the 2022-2023 tariff preparations that have taken place and of the provisions of the tariff update for the fourth regulatory period 2024-2029 (MTI-4) in relation to known components already quantifiable at 30 June 2024. Further details are provided in the section "Service concession report".

Revenue from Overseas Water Services

These revenues amounted to € 45,312 thousand and show a decrease of € 3,908 thousand compared to the same period of the previous year (€ 49,220 thousand at 30 June 2023) as a result of the end of several contracts.

Revenue from waste disposal and landfill operations

These revenues amounted to € 112,773 thousand and showed a decrease of € 9,241 thousand compared to the same period in the previous year. The breakdown of the item is shown below:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Revenue from waste disposal and transport	13,961	12,961	1,000	7.7%
Revenues from street sweeping and collection	14,787	21,471	(6,684)	(31.1%)
Revenue from selection and processing	25,109	15,680	9,428	60.1%
Revenue from landfill management and transport	9,358	13,621	(4,262)	(31.3%)
Revenue from sludge recovery	4,080	6,962	(2,882)	(41.4%)
Revenue from conferment of biomasses	45,478	51,318	(5,840)	(11.4%)
Revenue from waste disposal and landfill operations	112,773	122,013	(9,241)	(7.6%)

The change is particularly attributable to lower revenues from street sweeping and collection of ASM Terni (- € 6,684 thousand), primarily a result of the transfer of end customer invoicing activities in 2024 from the Municipalities managed by CNS – Cosp Tecno Service to the latter. The remaining overall decrease was partly influenced by the effect of the energy scenario and partly by the lower volumes in the first half of 2024.

Revenue from customer services

These amounted to € 79,372 thousand (€ 106,293 thousand at 30 June 2023) and decreased by € 26,921 thousand. The changes can be represented as follows:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Public Lighting - Rome	17,473	24,868	(7,395)	(29.7%)
Work for third parties	33,346	43,369	(10,023)	(23.1%)
Inter-company services	6,041	5,366	675	12.6%
Photovoltaic	257	432	(175)	(40.5%)
GIP revenue	3,151	3,174	(22)	(0.7%)
Change in inventories	19,104	29,085	(9,981)	(34.3%)
Revenue from customer services	79,372	106,293	(26,921)	(25.3%)

The decrease is mainly due to the change in contract work in progress for energy efficiency projects (- € 10,023 thousand), the negative change in inventories linked to multi-year contracts (- € 9,981 thousand) of SIMAM and lower revenue realised in relation to the public lighting contract with the Municipality of Rome (- € 7,395 thousand) due to different scheduling of extraordinary maintenance works and new projects.

Connection fees

These amounted to € 17,424 thousand, recording an increase of € 1,629 thousand compared to 30 June 2023, broken down as follows:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Water connection fees	2,113	1,902	212	11.1%
Electricity market connection fees	11,433	10,251	1,182	11.5%
Ancillary revenue	3,877	3,643	235	6.4%
Connection fees	17,424	15,795	1,629	10.3%

Revenues from sustainable development

These revenues amounted to € 2,539 thousand and showed a decrease of € 41,269 thousand compared to the same period in the previous year. These revenues are related to the fees deriving from the management of energy efficiency measures pending completion.

2. Other revenue and income – € 62,769 thousand

This item decreased by € 13,618 thousand compared to 30 June 2023 (€ 76,387 thousand at 30 June 2023). The following table shows a breakdown of this item:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Contributions from Entities for Energy Efficiency Certificates	4,767	2,956	1,811	61.3%
Non-recurring gains	8,696	11,481	(2,785)	(24.3%)
Other revenue	12,395	22,937	(10,542)	(46.0%)
Refunds for damages, penalties, collateral	9,713	10,296	(583)	(5.7%)
Feed-in tariff	1,248	1,294	(47)	(3.6%)
Regional grants	11,130	13,181	(2,051)	(15.6%)
Seconded personnel	427	507	(80)	(15.8%)
Real estate income	1,038	862	176	20.4%
IFRIC 12 margin	11,897	11,540	356	3.1%
Revenue for disconnections and connections	1,459	1,333	126	9.4%
Other revenue and income	62,769	76,387	(13,618)	(17.8%)

The decrease is mainly attributable to the following offsetting effects:

- lower regional contributions (–€ 2,051 thousand) prevalently due to Gori in relation to the recognition in 2023 of contributions for Regional Works for the years 2018-2021;
- lower other revenues mainly attributable to areti in relation to the resilience plan for € 5,373 thousand and lower revenues for energy tax credits for € 3,739 thousand of Gori;
- higher contributions from Entities for Energy Efficiency Certificates (+ € 1,811 thousand) attributable to areti.

Consolidated operating costs

At 30 June 2024 operating costs amounted to € 1,264,694 thousand (€ 1,638,790 thousand at 30 June 2023), recording a decrease of € 374,097 thousand (– 22.8 % compared to the same period of the previous year). The breakdown is as follows:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Staff costs	160,169	174,787	(14,618)	(8.4%)
Costs of materials and overhead	1,104,525	1,464,003	(359,478)	(24.6%)
Consolidated Operating Costs	1,264,694	1,638,790	(374,097)	(22.8%)

3. Personnel costs – € 160,169 thousand

€ thousand	30/06/2024	30/06/2023	Change	% Change
Personnel costs including capitalised costs	260,886	276,021	(15,135)	(5.5%)
Costs capitalised	(100,718)	(101,234)	516	(0.5%)
Staff costs	160,169	174,787	(14,618)	(8.4%)

Personnel costs, including capitalised costs, showed an overall decrease equal to € 15,135 thousand, influenced by the release of the payable for tariff subsidies for retired staff (– € 17,327 thousand) following the agreement reached between the Group and the trade unions on 13 June 2024; this agreement is a direct result of the current market and regulatory context and establishes that Tariff

Subsidies for former employees of the Group will cease from 1 July 2024, providing, in replacement of this institution, for the payment of a *one-off* amount, established based on the age of those eligible at the date of 30 June 2024.

The change in labour costs net of the aforementioned release shows an increase for € 2,193 thousand deriving mainly from the increase in the remuneration components and the adjustment of the national collective labour contracts. Capitalised costs were in line with those over the same period the previous year, increasing slightly by € 516 thousand.

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

End-of-period composition	30/06/2024	30/06/2023	Change	% Change
Environment	834	876	(42)	(4.8%)
Commercial	441	459	(18)	(3.9%)
Water (Overseas)	1,405	2,475	(1,070)	(43.2%)
Water	3,960	3,976	(16)	(0.4%)
Network and public lighting	1,233	1,268	(35)	(2.8%)
Production	97	95	2	2.1%
Engineering & Infrastructure Projects	465	479	(14)	(2.9%)
Corporate	784	720	64	8.9%
Total	9,219	10,348	(1,129)	(10.9%)
Average number of employees	30/06/2024	30/06/2023	Change	% Change
Environment	848.5	881.7	(33.1)	(3.8%)
Commercial	445.8	459.3	(13.5)	(2.9%)
Water (Overseas)	1,614.5	2,530.8	(916.3)	(36.2%)
Water	3,966.7	3,988.9	(22.2)	(0.6%)
Network and public lighting	1,243.5	1,282.5	(39.0)	(3.0%)
Production	98.0	97.0	1.0	1.0%
Engineering & Infrastructure Projects	467.5	478.2	(10.7)	(2.2%)
Corporate	778.7	725.5	53.2	7.3%
Total	9,463.2	10,443.8	(980.7)	(9.4%)

4. Costs of materials and overheads – € 1,104,525 thousand.

This item shows an overall decrease of € 359,478 thousand (- 24.6% compared to 30 June 2023).

€ thousand	30/06/2024	30/06/2023	Change	% Change
Electricity, gas, fuel	700,651	990,472	(289,821)	(29.3%)
Materials	61,357	75,116	(13,759)	(18.3%)
Services and contract work	251,692	306,861	(55,169)	(18.0%)
Concession fees	34,528	34,426	102	0.3%
Cost of leased assets	26,538	24,229	2,309	9.5%
Other operating costs	29,758	32,898	(3,140)	(9.5%)
Costs of materials and overhead	1,104,525	1,464,003	(359,478)	(24.6%)

Electricity, gas and fuel

€ thousand	30/06/2024	30/06/2023	Change	% Change
Electricity and gas purchases and transportation	696,701	987,539	(290,838)	(29.5%)
White certificates	343	327	16	4.8%
Green certificates and CO2 rights	3,608	2,606	1,002	38.4%
Electricity, gas, fuel	700,651	990,472	(289,821)	(29.3%)

The decrease in costs to purchase and transport electricity and gas (- € 290,838 thousand) is in line with the decrease in revenues and is consistent with that already described in detail in relation to price trends and quantities.

Materials

The cost of materials amounted to € 61,357 thousand and represents the cost of materials used net of capital expenditure, as shown in the table below.

€ thousand	30/06/2024	30/06/2023	Change	% Change
Purchase of materials	94,945	96,174	(1,229)	(1.3%)
Change in inventories	8,539	12,707	(4,167)	(32.8%)
Costs capitalised	(42,128)	(33,764)	(8,364)	24.8%
Materials	61,357	75,116	(13,759)	(18.3%)

The reduction in this item was largely influenced by the lower inventories of SIMAM resulting from fewer construction sites.

Services and contract work

These revenues amounted to € 251,692 thousand and show a decrease of € 55,169 thousand (€ 306,861 thousand at 30 June 2023). The changes can be represented as follows:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Technical and administrative Services (including consulting and collaborations)	32,061	27,709	4,352	15.7%
Contract work	48,916	90,356	(41,440)	(45.9%)
Disposal and transport of sludge, slag, ash and waste	56,191	66,164	(9,974)	(15.1%)
Other services	32,962	38,773	(5,811)	(15.0%)
Personnel services	10,913	11,286	(373)	(3.3%)
Insurance costs	7,894	7,520	374	5.0%
Electricity, water and gas consumption	25,534	28,996	(3,463)	(11.9%)
Internal use of electricity	4,924	4,927	(3)	(0.1%)
Intragroup services and otherwise	5,659	6,763	(1,104)	(16.3%)
Telephone and data transmission costs	3,181	3,590	(410)	(11.4%)
Postal expenses	1,763	1,657	106	6.4%
Maintenance fees	3,843	3,457	386	11.2%
Cleaning, transport and portage costs	3,667	3,344	323	9.7%
Advertising and sponsorship costs	5,408	4,995	413	8.3%
Corporate bodies	2,606	2,498	108	4.3%
Meter readings	2,605	1,939	667	34.4%
Bank charges	2,190	1,873	317	16.9%
Travel and accommodation expenses	1,002	961	41	4.3%
Seconded personnel	342	23	319	n.s.
Printing expenses	35	31	3	10.6%
Services and contract work	251,692	306,861	(55,169)	(18.0%)

The decrease was due mainly to:

- ❑ lower costs for contract work (- € 41,440 thousand) for the most part associated with energy efficiency and smart services projects, in line with that recognised in the revenue section;
- ❑ lower costs for disposal and transport of sludge, slag, ash and waste (- € 9,974 thousand) mainly in relation to the ASM Terni collection and sweeping service (- € 4,460 thousand) in line with the change in revenues;
- ❑ lower costs for other services (- € 5,811) deriving from a general decrease in the items of expenditure mainly attributable to Corporate.

Concession fees

Concession fees totalled € 34,528 thousand, in line with the previous year and referring to companies that manage Area Authorities under concession in Lazio and Campania. The table below shows the breakdown by Company:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Aistribuzione gas	1,424	1,429	(5)	(0.3%)
Notaresco Gas	47	47	(0)	(0.3%)
ACEA Ato2	26,529	25,902	628	2.4%
ACEA Ato5	1,295	1,868	(572)	(30.6%)
Acea Molise	26	26	0	0.0%
Gesesa	175	175	0	0.0%
Gori	1,387	1,222	165	13.5%
Acquedotto del Fiora	2,413	2,426	(13)	(0.5%)
Integrated Water Service	1,232	1,249	(17)	(1.3%)
Other	0	83	(83)	(100.0%)
Total	34,528	34,426	102	0.3%

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

Cost of leased assets

The item amounts to € 26,538 thousand, up by € 2,309 thousand with respect to the previous year (€ 24,229 thousand at 30 June 2023); the increase is partially attributable to greater costs for software application licenses of the Parent Company (+ € 1,577 thousand).

In line with IFRS 16, this item contains costs relating to short-term leases and leases of modest value, which contributed to the increase in the item for € 930 thousand.

Other operating costs

These amounted to € 29,758 thousand at 30 June 2024, a decrease of € 3,140 thousand. The table below provides details of this item by type:

€ thousand	30/06/2024	30/06/2023	Change	% Change
Taxes and duties	8,830	9,436	(606)	(6.4%)
Damages and outlays for legal disputes	4,045	4,907	(861)	(17.6%)
Contributions paid and membership fees	1,829	2,272	(443)	(19.5%)
Losses on receivables	513	500	13	2.7%
General expenses	8,670	8,147	523	6.4%
Contingent liabilities	5,871	7,636	(1,765)	(23.1%)
Other operating costs	29,758	32,898	(3,140)	(9.5%)

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

At 30 June 2024, the Group had not subscribed to derivatives to hedge trading operations.

6. Income/(Expenses) from equity investments of a non-financial nature - € 2,536 thousand

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

€ thousand	30/06/2024	30/06/2023	Change	% Change
EBITDA	74,260	76,263	(2,003)	(2.6%)
Amortisation, depreciation, impairment and provisions	(61,953)	(55,792)	(6,161)	11.0%
Profit/(Loss) on equity investments	444	0	444	n.s.
Financial operations	(5,253)	(2,672)	(2,581)	96.6%
Taxes	(4,962)	(4,797)	(165)	3.4%
Income from equity investments of a non-nature	2,536	13,002	(10,466)	(80.5%)

Income from equity investments fell by € 10,466 thousand, mainly due to greater amortisation/depreciation of the water companies associated with the growth in investments and the decrease recorded in relation to Drop Mi and Aqua lot for € 5,533 thousand as a result of the losses made in relation to unrealised projects. The companies' assessments are detailed below.

	30/06/2024	30/06/2023	Change	% Change
Powertis Group	(10)	(14)	4	(29.5%)
Acea Sun Capital Group	(1,994)	(99)	(1,895)	n.s.
Umbria Distribuzione Gas	(417)	113	(530)	n.s.
DropMI	(5,533)	0	(5,533)	n.s.
Energy	79	201	(123)	(60.8%)
Acque	5,111	5,414	(303)	(5.6%)
Intesa Aretina	728	(140)	868	n.s.
Geal	113	199	(86)	(43.2%)
Nuove Acque	39	319	(280)	(87.6%)
Publiacqua	2,168	5,043	(2,875)	(57.0%)
Umbra Acque	1,695	1,805	(110)	(6.1%)
Ingegnerie Toscane	556	160	396	n.s.
Total	2,536	13,002	(10,466)	(80.5%)

7. Net write-downs (write-backs) of trade receivables – € 40,634 thousand

This item recorded a decrease of € 3,232 thousand compared to the previous year, with a substantially stable impact compared to revenues (2.04% vs 1.91%). This result is primarily attributed, alongside the robust collection performance of the main companies, to the decline in sales volumes and outstanding receivable within the Commercial sector, caused by the risk-sharing commercial policies and trends in commodities prices.

8. Depreciation, amortisation and provisions – € 349,834 thousand

Compared to 30 June 2023, an increase of € 23,348 thousand was registered, with the details presented below.

€ thousand	30/06/2024	30/06/2023	Change	% Change
Depreciation and amortisation	337,562	322,750	14,811	4.6%
Provisions	12,273	3,737	8,536	n.s.
Depreciation, amortisation and provisions	349,834	326,487	23,348	7.2%

Depreciation/amortisation and impairment losses

€ thousand	30/06/2024	30/06/2023	Change	% Change
Depreciation	93,870	90,718	3,152	3.5%
Amortisation	243,656	230,971	12,685	5.5%
Impairment losses	36	1,061	(1,025)	(96.6%)
Depreciation/amortisation and impairment losses	337,562	322,750	14,811	4.6%

The increase in the item of € 14,811 thousand is mainly linked to natural growth in amortisation/depreciation for regulated business, for the most part in the “Water” segment (+ € 9,190 thousand) and the “Networks & Public Lighting” segment (+ € 4,691 thousand), as a consequence of greater investments, of assets in progress beginning to be utilised and, growth in amortisation/depreciation relative to commissioning costs to acquire new Acea Energia customers (+ € 2,375 thousand).

Provisions

Net of sums released, provisions amounted to € 12,273 thousand and are divided by type as follows:

	30/06/2024	30/06/2023	Change	% Change
Legal Risks provision	1,512	501	1,011	n.s.
Tax provision	136	122	13	11.0%
Regulatory risks provision	1,357	1,577	(220)	(13.9%)
Provision for investees	0	488	(488)	(100.0%)
Fee risks provision	221	15	206	n.s.
Tenders and supplies provision	407	111	296	n.s.
Insurance deductibles provision	972	976	(5)	(0.5%)
Other risks and charges provision	3,749	2,836	913	32.2%
Provisions for risks	8,353	6,625	1,728	26.1%
Early retirements and redundancies provision	13	25	(12)	(50.0%)
Provision for Expenses payable to others	6,376	185	6,191	n.s.
Expenses provision	6,388	210	6,178	n.s.
Total Provisions	14,741	6,835	7,906	115.7%
Release of risks provisions, release of fees provisions	(2,468)	(3,098)	630	(20.3%)
Total	12,273	3,737	8,536	n.s.

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

9. Financial income - € 26,500 thousand

€ thousand	30/06/2024	30/06/2023	Change	% Change
Interest on financial receivables	144	53	91	173.9%
Bank interest income	1,267	161	1,106	n.s.
Interest on trade receivables	12,772	7,298	5,475	75.0%
Interest on other receivables	7,425	8,326	(901)	(10.8%)
Financial income from discounting to present value	61	90	(28)	(31.7%)
Income from fair value hedges measurement	19	14	4	28.2%
Other income	4,812	2,233	2,579	115.5%
Financial income	26,500	18,174	8,326	45.8%

Financial income amounted to € 26,500 thousand, an increase of € 8,326 thousand with respect to the same period in the previous year. This increase derives from **i)** the increase in bank interest income (+ € 1,106 thousand) mainly in relation to interest income on the Parent Company's short-term deposits; **ii)** greater interest income from customers for € 5,475 thousand mainly attributable to the increase in market rates; **iii)** the recognition of financial income deriving from the recognition of energy efficiency tax credits of Acea Innovation (+ € 4,160 thousand).

10. Financial costs - € 87,828 thousand

€ thousand	30/06/2024	30/06/2023	Change	% Change
Costs (Income) on Interest Rate Swaps	1,825	1,947	(122)	(6.3%)
Interest on bonds	40,342	38,926	1,416	3.6%
Interest on medium/long-term borrowings	21,378	16,294	5,084	31.2%
Interest on short-term debt	5,488	5,528	(40)	(0.7%)
Default interest and interest on deferred payments	6,293	6,918	(625)	(9.0%)
Interest cost net of actuarial gains and losses	1,722	2,168	(446)	(20.6%)
Factoring fees	6,671	7,479	(808)	(10.8%)
Discounting charges	687	803	(117)	(14.5%)
IFRS 16 financial charges	1,745	1,577	168	10.6%
Other financial charges	1,676	1,743	(66)	(3.8%)
Interest payable to end users	543	1,599	(1,057)	(66.1%)
Foreign exchange gains (losses)	(542)	581	(1,123)	(193.4%)
Financial charges	87,828	85,563	2,264	2.6%

Financial charges for € 87,828 thousand were up by € 2,264 thousand due to the combined effect of higher interest rates and the increase in the average debt during the period. In particular, the increase in financial charges was affected by higher interest recorded on bond loans (+ € 1,416 thousand) and higher interest on medium/long-term borrowings (+ € 5,084 thousand) mainly pertaining to the Parent Company; these were partly offset by a general decrease in other items due to the efficiency policy on financial costs. The average overall all-in cost of the ACEA Group's debt stood at 2.17% compared to 2.02% in the same period of the previous year.

11. Income and costs from Equity Investments – € 734 thousand

€ thousand	30/06/2024	30/06/2023	Change	% Change
Income from equity investments in associates	969	748	220	29.4%
(Costs) of shares in related companies	(235)	(26)	(209)	n.s.
Profit/(Loss) on equity investments	734	723	11	1.5%

Revenue from equity investments refers to consolidation according to the net worth method of some Group companies.

12. Income Tax - € 85,349 thousand

Estimated tax expenses for the period were € 85,349 thousand, compared to € 71,215 thousand in the same period of the previous year. Taxes are broken down as follows:

- Current taxes: € 99,341 thousand (€ 91,182 thousand at 30 June 2023);
- Net deferred tax liabilities/(assets): - 13,992 thousand (- 19,967 thousand at 30 June 2023).

The increase in terms of absolute value in taxes recorded during the period derives from the combined effect of the higher pre-tax profit and, to a lesser extent, the higher tax rate. The table below shows the breakdown of taxes and the correlated percentage weight calculated on consolidated profit before tax.

€ thousand	June 2024		June 2023	
	Tax	Impact	Tax	Impact
Consolidated profit/(loss) before tax	278,006	%	233,363	%
Theoretical IRES calculated using the parent company rate	66,722	24.00%	56,007	24.00%
Reconciliation with the before tax result taxable for IRES purposes	69,867	25.13%	44,752	19.18%
IRES fiscal effect of permanent differences, increase	9,312	3.35%	5,086	2.18%
IRES fiscal effect of permanent differences, decrease	(71,307)	(25.65%)	(34,157)	(14.64%)
IRES fiscal effect of temporary differences, increase	14,687	5.28%	14,696	6.30%
IRES fiscal effect of temporary differences, decrease	(13,822)	(4.97%)	(16,993)	(7.28%)
IRES fiscal effect of ACE deduction	0	0.00%	(1,207)	-0.52%
IRES for the period	75,459	27.14%	68,184	29.22%
<i>of which relative to companies included in tax consolidation</i>	64,485	23.20%	59,462	25.48%
<i>of which relative to companies not included in tax consolidation</i>	10,974	3.95%	8,722	3.74%
IRAP for the period	20,313	7.31%	24,005	10.29%
Taxes, foreign companies	4,712	1.69%	3,229	1.38%
Tax contingencies, previous years	156	0.06%	(2,876)	(1.23%)
Net deferred tax assets/liabilities	(15,292)	(5.50%)	(21,327)	(7.67%)
Total taxes accruing for the year	85,349	30.70%	71,215	30.52%

The tax rate for the financial year is 30.7% (30.5% at 30 June 2023).

13. Earnings per share

Earnings per share are calculated by dividing profit for the year attributable to ACEA by the weighted average number of ACEA shares outstanding during the year, excluding treasury shares. The weighted average number of shares outstanding was € 212,547,907 at 30 June 2024. Diluted profit per share is calculated dividing profit for the financial year attributable to ACEA by the weighted average number of ACEA shares in circulation during the year, excluding treasury shares, increased by the number of shares which could potentially be put in circulation. At 30 June 2024 there were no shares that could potentially be put into circulation and, accordingly, the weighted average number of shares for the calculation of basic earnings per share coincides with the weighted average number of shares for the calculation of diluted earnings per share.

Earnings per share, determined in accordance with IAS 33, are shown below:

	30/06/2024	30/06/2023	Change
Net profit attributable to the Group (€/000)	171,705	142,452	29,253
Net profit attributable to ordinary equity holders of the Group (€/000) (A)	171,705	142,452	29,253
Weighted average number of ordinary shares for the purpose of determining earnings per share			
basic (B)	212,548	212,548	0
basic (C)	212,548	212,548	0
Earnings per share (€)			
<i>basic (A/B)</i>	<i>0.80784</i>	<i>0.67021</i>	<i>0.13763</i>
<i>diluted (A/C)</i>	<i>0.80784</i>	<i>0.67021</i>	<i>0.13763</i>

Notes to the Consolidated Statement of Financial Position

ASSETS

At 30 June 2024, these amounted to € 12,245,409 thousand (€ 11,787,064 thousand at 31 December 2023), recording an increase of € 458,345 thousand or 3.9% on the previous year, broken down as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Non-current assets	9,455,355	9,193,002	262,353	2.9%
Current assets	2,771,691	2,575,774	195,917	7.6%
Non-current assets destined for sale	18,363	18,288	75	0.4%
Total Assets	12,245,409	11,787,064	458,345	3.9%

14. Property, plant and equipment - € 3,414,415 thousand

The incidence of the infrastructure used for the distribution and generation of electricity amounts to 80.4% of property, plant and equipment, € 2,743,820 thousand.

The remaining 19.6% refers to:

- facilities belonging to the Environment Segment companies for € 352,536 thousand;
- infrastructures related to the Parent Company for € 101,749 thousand;
- infrastructure related to the Water Segment for € 159,717 thousand;
- infrastructure related to the Water Segment (Overseas) for € 34,866 thousand;
- fixed assets related to the Commercial Segment for € 12,703 thousand;
- facilities belonging to the Engineering & Infrastructure Projects Segment for € 9,025 thousand.

€ thousand	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress	Assets to be relinquished	Total
Initial historic cost	673,137	4,062,995	1,205,240	211,390	135,451	16,272	6,304,486
Assets Held for Sale	0	0	0	0	0	0	0
Investments / Acquisitions	3,632	102,620	53,111	4,225	17,361	425	181,373
Disposals/ Sales	(2)	(206)	(918)	(497)	(156)	0	(1,779)
Writedowns/Impairment	0	0	0	0	0	0	0
Changes in consolidation scope	0	6,958	0	0	(6,958)	0	0
Other changes	3,235	19,676	1,270	792	(31,081)	0	(6,108)
Final historic cost	680,002	4,192,042	1,258,703	215,910	114,617	16,697	6,477,972
Initial amortisation provision	(209,395)	(2,141,506)	(456,151)	(155,481)	0	(7,084)	(2,969,618)
Depreciation/amortisation and Writedowns/impairment	(7,501)	(53,675)	(24,801)	(7,219)	0	(576)	(93,771)
Assets Held for Sale	0	0	0	0	0	0	0
Investments / Acquisitions	0	0	0	0	0	0	0
Disposals/ Sales	0	83	411	449	0	0	943
Changes in consolidation scope	0	(6)	0	9	0	0	3
Other changes	100	(1,029)	(100)	(85)	0	0	(1,113)
Final amortisation provision	(216,795)	(2,196,132)	(480,641)	(162,327)	0	(7,660)	(3,063,556)
Net carrying amount	463,206	1,995,910	778,062	53,583	114,617	9,036	3,414,415

Investments totalled € 181,373 thousand and mainly refer to those incurred by:

- areti for € 135,261 thousand in relation to network renewal, upgrading and digitisation measures, smartification of the network through the mass replacement of 2G metering units. Activities related to the NRRP continued;
- Acea Ambiente for € 15,475 thousand for plant improvements carried out at the WTE plant in Terni, the plants in San Vittore and Aprilia, and in Monterotondo Marittima;
- Acea Produzione for € 3,475 thousand mainly for the upgrading and maintenance of hydroelectric plants, the extension and restoration of the district heating grid, for maintenance work on the Tor di Valle power plant and work at the Montemartini power station;

- Acea Solar for € 7,135 thousand for the construction of photovoltaic plants on both agricultural and industrial land;
- Acea for € 1,876 thousand mainly for extraordinary maintenance at offices hosting company activities, as well as investments relating to the hardware required for technological development projects for the improvement and evolution of the IT network, furnishings and office machines;
- Aguas De San Pedro for € 3,239 thousand for maintenance and new constructions.

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

15. Real estate investments – € 1,964 thousand

Real estate Investments primarily include land and buildings not used in operations and held for rental. The decrease with respect to the end of the previous year, of € 26 thousand, derives from amortisation/depreciation and write-downs recognised during the period.

16. Goodwill - € 254,596 thousand

At 30 June 2024, this item amounted to € 254,596 thousand and had not changed since the reporting date of 31 December 2023. As laid down in the standards of reference and in the regulations on the subject, and as provided for in the Group procedure approved in February 2021 in relation to impairment tests on assets, the company must assess at each reporting date whether there is some “indication” that suggests that an asset may have suffered an impairment loss. If there is any sign of this, the company must estimate the recoverable value of the asset.

Irrespective of the existence or non-existence of such an indication, a company must in any case:

- calculate at least annually the recoverable value of an intangible asset with indefinite useful life or of an intangible asset not yet ready for use (at any moment of the year provided that it is always the same date);
- check at least annually the goodwill acquired following a business combination.

The annual check on goodwill is performed on the occasion of the end of the fiscal year, if there are no indications of impairment prior to this date.

The analyses conducted found impairment indicators referring to the consolidated CGUs for which goodwill is allocated, substantially in line with the CGUs already subject to focus at 31 December 2023, including Acquedotto del Fiora, Adistribuzione gas for the Water segment, Berg, Ecologia Sangro (already written down during the test at 31 December 2023), Acea Ambiente, Plastic Box, Tecnoservizi and Ferrocarril for the Environment segment, Acea Produzione for the Generation segment and, lastly, Acea Innovation for the Commercial & Trading segment. The impairment test was therefore carried out on these CGUs, which showed no lasting impairment. Lastly, as already developed last year in the 2023 Consolidated Interim Financial Report, Acea has developed and applied an econometric model to estimate the existing relationships between the main economic-financial data relevant to the different companies and Acea plants, and more specifically the margins and main macroeconomic values (e.g. electricity prices, gas prices, CO2 emissions, average temperatures, average rainfall, etc.), as well as Montecarlo analysis used to understand the relationships between individual key variables and support the definition of possible alternative scenarios and, more generally, the level of volatility in the forecasts. Furthermore, in order to analyse the possible impact on Acea business under different macroeconomic conditions, a multi-scenario analysis was developed, where possible impairment losses arise in certain scenarios that appear *«more likely than not»* from a statistical perspective.

17. Concessions and Rights on Infrastructure – € 3,949,466 thousand

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

- the values of concessions received from the Municipalities (€ 83,756 thousand);
- the overall amount of all tangible infrastructures for the management of water and gas distribution services (€ 3,732,565 thousand), in accordance with IFRIC 12.

Concessions refer for € 67,637 thousand to the thirty-year concession from Roma Capitale on the assets consisting of water and sewage treatment facilities, and to the right arising from taking over the management of the integrated water service in the Municipality of Formello. Rights are amortised on the basis, respectively, of the remaining term of the concession signed between ACEA and Roma Capitale and the term of the Management Agreement signed by the Mayors in Ato2. The balance is completed by the thirty-year concession for the management of the integrated water service of the city of San Pedro Sula in Honduras for a total amount of € 6,362 thousand and the Consorzio Agua Azul for € 8,212 thousand.

Capital expenditure for the period relating to Infrastructure rights amounted to € 329,608 thousand and mainly refers to:

- ACEA Ato2 for € 237,272 thousand for the modernisation, expansion and reclamation of the water and sewerage pipes of the various municipalities; to the extraordinary maintenance of the water centres of the treatment plants and to the actions aimed at reducing water leaks;
- ACEA Ato5 for € 17,324 thousand for the replacement, maintenance and expansion of water supplies and sewerage pipes and of water treatment plants;
- Gori for € 48,840 thousand, for the replacement of the water pipelines as well as for the extraordinary maintenance of the works for the water and sewerage service;
- Acquedotto del Fiora for € 16,076 thousand, mainly due to reclamation and extraordinary maintenance, optimisation of networks/plants and new works, as well as the increased efficiency for the networks;
- SII for € 7,376 thousand mainly for modernisation and expansion of the infrastructures, and for reordering and improvement of the waste collection and treatment system.

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

18. Intangible fixed assets - € 401,544 thousand

The item has a net book value as at 30 June 2024 of € 401,544 thousand and can be represented as follows:

€ thousand	Patent rights	Other intangible fixed assets	Contract Costs	Investments in progress and advances	Total
Net opening balance	203,027	126,687	62,533	20,916	413,162
Depreciation/amortisation and impairment losses	(34,999)	(11,673)	(16,017)	0	(62,690)
Assets Held for Sale	0	0	0	0	0
Investments / Acquisitions	15,477	991	27,237	12,829	56,535
Disposals/ Sales	(29)	(2)	0	(98)	(130)
Changes in consolidation scope	0	71	0	0	71
Other changes	4,542	194	0	(10,141)	(5,404)
Net closing balance	188,018	116,267	73,753	23,506	401,544

The item saw a decrease of € 11,619 thousand, deriving from investments incurred during the period (€ 56,535 thousand), net of amortisation and reductions in value (€ 62,690 thousand) and reclassifications.

Investments for the period are mainly attributable to:

- Q areti for € 12,993 thousand for charges incurred for the re-engineering of the information and commercial distribution systems and for the harmonisation of systems to support measurement activities;
- Q Acea Energia for € 30,264 thousand, for the most part associated with the costs of acquiring new customers pursuant to IFRS15 (€ 26,436 thousand) and implementation of the new CRM, as well as improvements made to the invoicing, credit and decision-making support systems for development and progressive projects linked to integrating systems on the new CRM platform;
- Q The Parent Company for € 4,039 thousand for the purchase and implementation of software to support the development of IT platform management systems, the corporate security and the administrative management.

19. Right of use - € 88,708 thousand

This item includes rights to use the assets of others which are recognised as leased assets and amortised over the duration of the contracts in line with the IFRS 16 international standard. As at 30 June 2024 the net book value of these assets is € 88,708 thousand and the nature of these assets can be represented as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Land and buildings	68,350	73,460	(5,110)	(7.0%)
Cars and motor vehicles	9,154	8,102	1,052	13.0%
Machinery and equipment	9,209	9,493	(285)	(3.0%)
Distribution cabins	1,582	1,719	(137)	(8.0%)
Other	414	511	(97)	(18.9%)
Total	88,708	93,284	(4,576)	(4.9%)

The book value of the assets consisting of the right of use at 30 June 2024 for each class of underlying asset and the related changes in the period are shown below:

€ thousand	Land and buildings	Cars and motor vehicles	Machinery and equipment	Distribution cabins	Other	Total
Opening balances	73,460	8,102	9,493	1,719	511	93,284
Acquisitions	0	0	0	0	0	0
New contracts	1,587	2,272	321	0	0	4,181
Remeasurement	(1,009)	992	(8)	(6)	(18)	(50)
Depreciation	(5,688)	(2,212)	(598)	(131)	(78)	(8,707)
Total	68,350	9,154	9,209	1,582	414	88,708

With regard to extension or termination options, it should be noted that for regulated businesses, with regard to contracts relating to concession activities, the estimated term for contract renewals is the year of the end of the concession itself. There are also no guarantees on residual value, variable payments and leases not yet signed, for a significant amount, to which the Group has committed itself.

Finally, it should be noted that costs relating to short-term leases and assets of modest value are recognised in the income statement item "leases and rentals" in line with the requirements of IFRS 16 and in continuity with previous years.

20. Equity investments in unconsolidated subsidiaries and associates – € 357,369 thousand

€ thousand	31/12/2023	Gains/losses from valuation of shareholders' equity	Increase/Decrease for dividends	OCI	Other changes/reclassifications	30/06/2024
Acque	127,903	5,111	(1,076)	668	90	132,695
GEAL	9,950	113	(693)	5	0	9,376
Nuove Acque and Intesa Aretina	12,903	767	(646)	(4)	(70)	12,951
Publiacqua	124,353	2,168	(2,685)	54	367	124,256
Umbra Acque	29,872	1,695	86	(80)	0	31,573
Ingegnerie Toscane	9,692	556	(1,006)	(8)	0	9,235
Energy	17,288	79	(998)	0	0	16,368
Picena Ambiente	1,805	15	0	0	0	1,821
Acea Sun Capital	7,660	(1,174)	(63)	0	(1)	6,423
DropMi	4,732	(5,533)	0	0	801	0
Aqua Iot	368	0	0	0	(368)	0
Marmaria Group	9,119	(10)	0	0	263	9,372
Aguazul Bogotá	852	47	0	0	0	900
Other equity investments	2,785	(417)	0	0	32	2,400
Total Equity Investments	359,281	3,419	(7,081)	635	1,115	357,369

The changes that occurred during the period refer primarily to the valuation of the results of companies consolidated using the equity method, which have a positive impact on the Income Statement for a total of € 3,419 thousand. These valuations are mainly reflected in the item "*Income/(Expenses) from equity investments of a non-financial nature*" and residually in the item "*Income/Expenses from equity investments*". The change was contributed to by dividend distribution (- € 7,081 thousand), the change in the reserves of "*other comprehensive income*" (- € 635 thousand).

€ thousand 30/06/2024	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net Financial Position
Acque	274,146	43,848	(130,234)	(55,978)	(41,618)	(5,111)	(102,497)
AQUA.IOT	0	368	0	0	0	0	0
Intesa Aretina	14,244	287	0	(101)	0	(728)	171
DropMI	0	324	(258)	(866)	(0)	5,533	(8)
Ecomed	37	323	(539)	(556)	0	0	162
Energy	10,648	935	(3)	(2,036)	(839)	(79)	237
Geal	17,088	5,046	(6,039)	(6,286)	(5,901)	(113)	(1,568)
Ingegnerie Toscane	752	9,558	(372)	(4,263)	(4,235)	(556)	269
Poweris Group	2,859	962	(20)	(279)	0	10	(6)
Nuove Acque	18,349	6,351	(5,670)	(4,441)	(4,931)	(375)	(1,764)
Acea Sun Capital Group	86,851	17,465	(60,299)	(8,154)	(3,743)	1,994	(37,262)
Publiacqua	219,436	75,309	(60,479)	(100,389)	(56,192)	(2,168)	(42,489)
Umbria Distribuzione Gas	7,890	5,178	(3,359)	(8,208)	0	417	946
Umbra Acque	89,858	18,125	(46,668)	(30,784)	(19,973)	(1,695)	(22,320)

€ thousand 31/12/2023	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Valuation of companies using the equity method	Net Financial Position
Acque	258,614	44,581	(118,749)	(57,173)	(80,767)	(7,400)	(94,967)
AQUA.IOT	0	368	0	0	0	0	0
Intesa Aretina	13,892	534	0	(9)	0	235	192
DropMI	4,990	645	0	(963)	0	179	337
Ecomed	37	323	(539)	(556)	0	646	162
Energy	10,572	959	(2)	(1,137)	(1,682)	(488)	378
Geal	18,299	4,327	(7,079)	(5,155)	(13,032)	(943)	(2,729)
Ingegnerie Toscane	702	11,829	(413)	(5,945)	(9,969)	(1,002)	(2,336)
Powertis Group	2,676	907	(20)	(293)	0	45	27
Nuove Acque	18,473	5,983	(6,343)	(3,896)	(10,110)	(777)	(2,668)
Acea Sun Capital Group	91,038	14,621	(54,428)	(10,839)	(10,991)	7,491	(35,563)
Publiacqua	226,727	60,865	(56,363)	(105,283)	(120,670)	(9,347)	(42,036)
Umbria Distribuzione Gas	6,397	6,263	(2,526)	(8,215)	0	(113)	892
Umbra Acque	82,246	15,514	(43,611)	(25,631)	(40,952)	(2,863)	(24,576)

21. Other equity investments - € 8,023 thousand

These total € 8,023 thousand (they were € 8,029 thousand at 31 December 2023) and are composed of investments in shareholder securities that do not represent control, association or joint control.

22. Deferred tax assets - € 225,072 thousand

At 30 June 2024, deferred tax assets, net of deferred tax liabilities, amounted to € 225,072 thousand (€ 205,065 thousand at 31 December 2023). The following table presents the breakdown and details the changes during the period:

	31/12/2023	Changes			30/06/2024
€ thousand	Balance	Changes in shareholders' equity	Uses	IRES/IRAP provisions	Balance
Prepaid taxes					
Tax losses	67	0	0	11,517	11,584
Remuneration of BoD members	140	(16)	(16)	25	133
Provisions for risks and charges	37,458	0	(1,246)	2,859	39,070
Impairments of receivables and equity investments	67,881	1,949	(8)	3,945	73,767
Depreciation and amortisation	144,694	2,751	(5,064)	4,792	147,172
Defined benefit and defined contribution plans	13,386	(466)	(2,534)	393	10,779
Tax assets on consolidation adjustments	219	0	0	22	241
<i>Fair value commodities</i> and other financial instruments	29,042	(13,243)	(15)	0	15,784
Others	53,364	3,765	(7,059)	5,938	56,008
Total	346,251	(5,259)	(15,943)	29,490	354,538
Deferred taxes					
Depreciation and amortisation	55,919	562	(3,722)	2,656	55,416
Defined benefit and defined contribution plans	24,202	481	(558)	16	24,140
<i>Fair value commodities</i> and other financial instruments	31,797	(16,877)	(82)	1,551	16,389
Others	29,267	4,561	(684)	377	33,522
Total	141,186	(11,273)	(5,045)	4,600	129,467
Net	205,065	6,014	(10,897)	24,889	225,072

The Group recognised deferred tax assets based on earnings forecasts in the Group's business plans, which confirm the probability that sufficient future taxable profit will be available against which all of the deferred tax assets recognised in the financial statements can be recovered.

23. Non-current financial assets - € 19,446 thousand

These amounted to € 19,446 thousand (€ 18,852 thousand at 31 December 2023) and recorded an increase of € 595 thousand mainly attributable to Adistribuzione gas (+ € 2,000 thousand) in relation to the establishment of a deposit as a guarantee of the loan entered into, partly offset by the Parent Company (- € 1,567 thousand), mainly in relation to the Public Lighting service.

The balance includes for the receivable for the fair value on derivatives to cover loans for an amount equal to € 9,175 thousand referring to Acquedotto del Fiora (€ 3,530 thousand), Gori (€ 4,357 thousand) and Servizio Idrico Integrato (€ 1,234 thousand).

24. Other non-current assets - € 734,752 thousand

Other non-current assets at 30 June 2024 are composed as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Other receivables	15,500	15,275	225	1.5%
Advances and deposits	1,952	1,608	343	21.4%
Long-term receivables for tariff adjustments	506,927	499,650	7,277	1.5%
Long-term receivables for Regulatory Lag	199,232	188,540	10,692	5.7%
Accrued income and prepayments	11,141	11,507	(366)	(3.2%)
Other assets	734,752	716,582	18,171	2.5%

This item also includes long-term receivables for tariff adjustments for € 506,927 thousand (€ 499,650 thousand at 31 December 2023) of the water companies, while € 199,232 thousand (€ 188,540 thousand at 31 December 2023) is the long-term portion of the receivables registered in areti for regulatory lag.

Current assets - € 2,771,691 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Inventories	109,550	97,843	11,708	12.0%
Trade receivables	1,102,338	1,213,200	(110,862)	(9.1%)
Other current assets	533,664	405,026	128,638	31.8%
Current tax assets	44,945	13,075	31,870	n.s.
Current financial assets	571,199	487,251	83,948	17.2%
Cash and cash equivalents	409,993	359,379	50,614	14.1%
Current assets	2,771,691	2,575,774	195,917	7.6%

25. Inventories – € 109,550 thousand

The item inventories amounted to € 109,550 thousand (€ 97,843 thousand at 31 December 2023) and shows an increase of € 11,708 thousand, mainly due to the increase in inventories of SIMAM (€ 3,518 thousand), higher inventories of areti (+ € 3,062 thousand) and Acea Innovation (€ 1,840 thousand).

26. Trade Receivables – € 1,102,338 thousand

These amounted to € 1,102,338 thousand, recording a decrease of € 110,862 thousand compared to 31 December 2023, when the figure was € 1,213,200 thousand. The breakdown for the item is provided below:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Trade receivables	1,040,769	1,169,967	(129,198)	(11.0%)
Receivables due from the parent company	42,316	20,993	21,323	101.6%
Receivables from jointly controlled subsidiaries and associates	19,253	22,240	(2,987)	(13.4%)
Trade receivables	1,102,338	1,213,200	(110,862)	(9.1%)

Trade receivables

These amounted to € 1,040,769 thousand, a decrease of € 129,198 thousand compared to 31 December 2023 and are represented as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Receivables due from end users for bills issued	324,605	311,554	13,051	4.2%
Receivables due from end users for bills to be issued	523,739	561,290	(37,551)	(6.7%)
Receivables due from non-user customers for bills issued	133,361	257,026	(123,665)	(48.1%)
Receivables due from non-user customers for bills to be issued	59,004	40,037	18,967	47.4%
Other current receivables and assets	59	59	0	0.0%
Trade receivables	1,040,769	1,169,967	(129,198)	(11.0%)

Receivables are shown net of the provision for doubtful receivables, which at 30 June 2024 amounted to € 640,865 thousand and increased by € 12,766 thousand compared to the previous year. The change in the stock of receivables compared to 31 December 2023 derives from the opposing effects of the decrease in receivables recorded in the Commercial segment (-€ 217,348 thousand),

mainly referring to Acea Energia resulting from the dynamics on the energy market, and the increase in the regulated sectors (+ € 91,357 thousand).

Receivables due from the Parent Company Roma Capitale

As regards relations with Roma Capitale, the net balance at 30 June 2024 was € 6,300 million payable by the Group (the receivable balance at 31 December 2023 was € 17,190 thousand).

Trade and financial receivables increased by € 40,930 million in total compared to the previous year, mainly due to:

- the accrual of ACEA Ato2 receivables for the supply of water for € 25,591 thousand;
- the accrual of receivables for the Public Lighting service for € 19,607 thousand;
- the collection/offset of receivables mainly for ACEA Ato2 utilities for € 4,727 thousand.

Payables increased by € 64,420 thousand compared to the previous year; the main changes during the period are as follows:

- greater payables for recognition of 50% of share dividends accrued for 2023 by Acea for € 47,789 thousand (note that in June 2024, when the coupon was detached, Roma Capitale was paid 50% of the dividends for the year, equal to € 47,789 thousand);
- higher payables due to the recognition of the ACEA Ato2 concession fee for 2023 for € 13,169 million;
- higher payables due to the recognition of the areti current payables for road excavation licences for € 4,312 thousand.

It is reported that areti paid the road excavation licences to municipalities in 2024 totalling € 7,807 thousand, plus the payable for Cosap 2024 for € 1,912 thousand.

Additionally, in June ACEA Ato2 offset the dividends recognised in 2024 for € 2,958 thousand, as part of the aforementioned compensation with trade receivables.

Recall that as part of the activities required for the first consolidation of the ACEA Group in the 2018 Financial Statements of Roma Capitale, a round table was launched to reconcile the Roma Capitale receivables and payables. The Group companies chiefly concerned are Acea and ACEA Ato2. After several meetings and communications, on 22 February 2019 the Technical Department of the Municipality (SIMU) in charge of the management of the contracts with the ACEA Group communicated several objections relating to the supply of both works and services for the period 2008-2018. These objections were completely rejected by the Group. In order to arrive at a complete resolution of the differences, during 2019 a specific Joint Technical Committee was set up with the ACEA Group. Following several meetings, on 18 October 2019, the Joint Technical Committee drew up a report on the closure of the work, highlighting the results that emerged and proposing a favourable restart of the ordinary execution of the mutual obligations between the ACEA Group and Roma Capitale. As a first step after the completion of the work, the parties took steps to implement the results that emerged from the discussions, restarting the payment of their respective receivables and payables.

For the Public Lighting contract at the end of 2020 the AGCM made its position clear regarding the legitimacy of the existing contract, to this day a source of audits, works and joint investigation. Among other things, the measure also gave rise to audits on the congruity of the prices applied. In February 2021, following the aforesaid feedback and works, Roma Capitale confirmed the absolute congruity and convenience of the current economic terms with respect to the CONSIP parameters. Hence, again in 2021, while awaiting the conclusion and finalisation of these aspects,

Acea continued to provide the Public Lighting service. The service has therefore been invoiced and has partly already been paid by Roma Capitale, as seen in the data below:

- in 2020 at total of € 33.3 million of receivables referred to the aforementioned report were settled in the Group;
- During 2021 a new Public Lighting Technical Panel comprising Acea and Roma Capitale was set up with the intention of continuing the resolution of issues preventing the liquidation of receivables. As a result of this work, Roma Capitale paid Acea the Public Lighting receivables for € 75.3 thousand through offsets;
- during 2022, settlement activities with Roma Capitale continued, which allowed continuation of the liquidation of ACEA receivables, through offsetting of a total of € 56.5 million, of which € 27.6 million relative to fees for previous years.

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

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

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 S.p.A.

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 date of this consolidated interim financial report, 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.

Receivables due from Roma Capitale	30/06/2024	31/12/2023	Change
Utility receivables	38,633	17,597	21,036
Provisions for impairment	(1,753)	(1,753)	(0)
Total receivables from users	36,880	15,844	21,036
Receivables for water works and services	4,011	3,804	207
Receivables for water works and services to be invoiced	1,005	931	74
Contributions	0	0	0
Provisions for impairment	(2,449)	(2,191)	(258)
Receivables for electrical works and services	4,570	4,512	58
Receivables works and services - to be billed	632	425	207
Provisions for impairment	(326)	(326)	0
Total receivables for works	7,442	7,155	287
Total trade receivables	44,322	22,999	21,323
Financial receivables for Public Lighting services billed	169,988	139,132	30,856
Provisions for impairment	(57,994)	(57,994)	0
Financial receivables for Public Lighting services to be billed	40,893	46,873	(5,981)
Provisions for impairment	(18,395)	(13,706)	(4,689)
M/L term financial receivables for Public Lighting services	1,007	1,587	(580)
Total Public Lighting receivables	135,499	115,892	19,607
Total Receivables	179,821	138,891	40,930
Payables due to Roma Capitale	30/06/2024	31/12/2023	Change
Electricity surtax payable	(5,503)	(5,503)	(0)
Concession fees payable	(13,169)	0	(13,169)
Other payables	(11,793)	(8,331)	(3,462)
Dividend payables	(155,656)	(107,867)	(47,789)
Total payables	(186,121)	(121,702)	(64,420)
Net balance receivables payables	(6,300)	17,190	(23,490)

Trade receivables from associates and joint ventures

€ thousand	30/06/2024	31/12/2023	Change	% Change
Receivables from associates	5,974	4,458	1,516	34.0%
Receivables from jointly controlled entities	13,279	17,782	(4,503)	(25.3%)
Receivables from jointly controlled subsidiaries and associates	19,253	22,240	(2,987)	(13.4%)

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

27. Other Current Assets – € 533,664 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Receivables from others	461,338	348,482	112,856	32.4%
Accrued income and prepaid expenses	60,711	34,192	26,519	77.6%
Payables arising from commodity derivatives	11,615	22,352	(10,737)	(48.0%)
Other current assets	533,664	405,026	128,638	31.8%

Receivables from others

These amounted to a total of € 461,338 thousand and were made up as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Receivables due from the Equalisation Fund	63,652	30,178	33,474	110.9%
Receivables from Equalisation Fund for Tariff Contribution from cancellation	4,642	3,360	1,282	38.1%
Other receivables from Equalisation Fund	14,674	3,579	11,095	n.s.
Regional grants receivable	539	532	7	1.3%
Security deposits	6,638	6,568	70	1.1%
Receivables from social security institutions	2,088	3,332	(1,244)	(37.3%)

€ thousand	30/06/2024	31/12/2023	Change	% Change
Suppliers' advances	10,368	13,119	(2,750)	(21.0%)
Receivables due from Municipalities	10,463	9,173	1,290	14.1%
Receivables for accrued Green Certificates	2,035	365	1,670	n.s.
Receivables for advances to employees	3,004	4,020	(1,016)	(25.3%)
Other Tax Receivables	240,863	181,318	59,545	32.8%
Other receivables	102,373	92,939	9,434	10.2%
Receivables from others	461,338	348,482	112,856	32.4%

The increase of € 112,856 thousand mainly refers to: **i)** increase in tax receivables (+ € 59,545 thousand) mainly relative to receivables accrued on energy efficiency projects for companies in the Commercial sector (+ € 93,399 thousand) net of the decrease in VAT receivables (- € 23,762) which at 31 December 2023 were affected by the recognition of the advance payment; **ii)** higher receivables due from the Energy Equalisation Fund (+ € 33,474 thousand) mainly referring to *areti* and Acea Energia; **iii)** higher other receivables due from the Equalisation Fund (+ € 11,095 thousand) mainly related to Acea Energia; **iv)** lower advances to suppliers (- € 2,750 thousand) attributable to Acea Innovation; **v)** higher receivables registered at ACEA Ato2 and ACEA Ato5 due from CSEA (€ 7,621 thousand) following the recognition of the water social bonus for the years 2021 and 2022 to all households that benefited in the same year from the electricity social bonus for economic hardship.

Accrued income and prepaid expenses

These amounted to € 60,711 thousand (€ 34,192 thousand at 31 December 2023) and refer mainly to rent on public land, lease payments and insurance, as well as the portion of user licences accruing to subsequent years and IT infrastructure maintenance fees. The change is mainly attributable to higher prepaid expenses linked to the suspension of the costs related to the activities for the WTE project in Rome (+ € 12,235 thousand) and partly to the suspension of the Parent Company's user licences pertaining to subsequent financial years.

Active derivative instruments on commodities

Active derivative instruments on commodities represent the valuation of hedging derivatives on commodities, referring entirely to Acea Energia and amounting to € 11,615 thousand, down by € 10,737 thousand at 31 December 2023 due to the change in the fair value measurement at the end of the period in question and the change in the quantities hedged. For these transactions classified as cash flow hedges, changes in fair value were recognised, limited only to the effective portion, in a specific equity reserve called "cash flow hedge reserve" through the statement of comprehensive income. There were no changes in fair value referable to the ineffective portion to be recognised in the income statement.

We note that among the "Other current liabilities" the item "Current derivative instruments" is recognised for € 3,397 thousand.

28. Current tax assets – € 44,945 thousand

These amounted to € 44,945 thousand (€ 13,075 thousand at 31 December 2023) and include IRAP and IRES receivables (€ 3,562 thousand and € 41,378 thousand respectively).

29. Current financial assets – € 571,199 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Financial receivables from the Parent Company Roma Capitale	134,491	114,305	20,187	17.7%
Financial receivables from jointly controlled subsidiaries and associates	9,586	4,738	4,848	102.3%
Financial receivables from third parties	425,920	365,577	60,343	16.5%
Securities	1,202	2,631	(1,429)	(54.3%)
Current financial assets	571,199	487,251	83,948	17.2%

Financial receivables from the Parent Company Roma Capitale

These totalled € 134,491 thousand, up by € 20,187 thousand compared to 31 December 2023. They represent the unconditional right to receive cash flows in line with the methods and timing envisaged in the service agreement for public lighting management. Further details are provided in the note "Receivables due from the Parent Company Roma Capitale".

Financial receivables from associates and joint ventures

These amounted to € 9,586 thousand and increased by € 4,848 thousand compared to 31 December 2023 in relation to receivables for dividends from companies consolidated with the equity method.

Financial receivables from third parties

These amounted to € 425,920 thousand (€ 365,577 thousand at 31 December 2023) and are made up of short-term deposit lines of the Parent Company for € 385,000 thousand (€ 330,000 thousand at 31 December 2023).

30. Cash and cash equivalents – € 409,993 thousand

The balance at 30 June 2024 of bank current accounts and postal accounts, opened with the various banks and BancoPosta by the consolidated companies amounted to € 409,993 thousand. A breakdown and changes in this item by operating segment are shown in the table below:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Bank and postal deposits	386,325	338,887	47,439	14.0%
Cheques	13,606	12,078	1,528	12.6%
Cash and similar items of value on hand	10,063	8,415	1,648	19.6%
Cash and cash equivalents	409,993	359,379	50,614	14.1%

31. Assets held for sale - € 18,363 thousand

At 30 June 2024, “Non-current assets held for sale” amounted to € 18,363 thousand (€ 18,288 thousand at 31 December 2023) and refer to the reclassification of assets destined for sale pursuant to IFRS 5 in the context of the disposal of majority stakes relative to photovoltaic assets.

LIABILITIES

At 30 June 2024 these amounted to € 12,245,409 thousand (€ 11,787,064 thousand at 31 December 2023), recording an increase of € 458,345 thousand (3.9%) over the end of the previous year, and can be broken down as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Total Shareholders' Equity	2,817,922	2,823,084	(5,162)	(0.2%)
Non-current liabilities	5,921,025	5,615,479	305,546	5.4%
Current liabilities	3,506,209	3,348,313	157,897	4.7%
Liabilities closely associated with assets held for sale	253	188	65	34.7%
Total liabilities	12,245,409	11,787,064	458,345	3.9%

32. Shareholders' equity - € 2,817,922 thousand

At 30 June 2024, shareholders' equity amounted to € 2,817,922 thousand (€ 2,823,084 thousand at 31 December 2023). Changes in shareholders' equity during the period are shown in the specific statement.

Share capital

This amounts to € 1,098,899 thousand, represented by 212,964,900 ordinary shares with a par value of € 5.16 each, as shown in the Shareholders' Register. The share capital is subscribed and paid-up in the following manner:

- **Roma Capitale: 108,611,150** ordinary shares for a total par value of € 560,434 thousand;
- **Market: 103,936,757** shares for a total par value of € 536,314 thousand;
- **Treasury shares: 416,993** for a total par value of € 2,151 thousand.

Legal reserve

The legal reserve includes 5% of the profits from previous years, in accordance with Article 2430 of the Italian Civil Code, and amounts to € 167,986 thousand, an increase of € 10,148 thousand, for the allocation of the previous year's result.

Other reserves and retained earnings

At 30 June 2024, other reserves amounted to € 150,961 thousand, while retained earnings were equal to € 767,684. At 31 December 2023, they amounted to € 73,697 and € 752,940 respectively. In addition to the allocation of the previous year's result, the changes of € 77,264 thousand and € 14,744 derive mainly from: **i)** the distribution of dividends of the parent company for € 187,042 thousand; **ii)** the decrease in cash flow hedges of financial instruments and commodities for € 18,181 thousand; **iii)** the decrease of € 2,473 thousand in actuarial gains and losses reserves; **iv)** increase in the exchange rate reserve for € 10,275 thousand.

At 30 June 2024 ACEA held 416,993 treasury shares to be used for future medium/long-term incentive schemes. At this time there are no medium/long-term share-based payment schemes planned.

Third parties Shareholders' Equity

This amounted to € 460,688 thousand and recorded an increase of € 14,885 thousand compared to 31 December 2023. The change between the two periods in question, in addition to the change in the portion of profits due to third parties and the distribution of dividends (- € 5,671 thousand), is mainly due to the change in the scope (- € 1,754 thousand) following the acquisition of an additional stake in SER Plast (+ 30%) and AS Recycling (+ 10%).

Non-current liabilities - € 5,921,025 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Staff termination benefits and other defined benefit plans	83,155	109,895	(26,740)	(24.3%)
Provisions for risks and charges	312,033	224,276	87,757	39.1%
Borrowings and financial liabilities	4,991,313	4,770,436	220,877	4.6%
Other non-current liabilities	534,524	510,871	23,652	4.6%
Non-current liabilities	5,921,025	5,615,479	305,546	5.4%

33. Employee severance indemnity and other defined benefit plans - € 83,155 thousand

At 30 June 2024, this item amounted to € 83,155 thousand (€ 109,895 thousand as at 31 December 2023) and represents termination and other benefits payable to employees on retirement or termination of employment.

The following table shows the change in actuarial liabilities during the period.

€ thousand	30/06/2024	31/12/2023	Change	% Change
Employee severance indemnities (TFR)	54,138	56,391	(2,253)	(4.0%)
Pegaso Fund	55	48	7	15.7%
- Employee severance indemnity	54,193	56,439	(2,246)	(4.0%)
Extra months	6,795	6,859	(64)	(0.9%)
- Extra months	6,795	6,859	(64)	(0.9%)
LTIP plans	3,102	3,118	(16)	(0.5%)
- Long-Term Incentive Plans (LTIP)	3,102	3,118	(16)	(0.5%)
Benefits due at the time of termination of employment	64,090	66,416	(2,326)	(3.5%)
Employees tariff subsidy	5,077	5,207	(130)	(2.5%)
Managers tariff subsidy	118	133	(14)	(10.8%)
Pensioners tariff subsidy	0	17,660	(17,660)	(100.0%)
- Tariff subsidies	5,195	23,000	(17,804)	(77.4%)
Post-employment benefits	5,195	23,000	(17,804)	(77.4%)
Isopensione fund	13,869	20,479	(6,610)	(32.3%)
- Isopensione (early retirement)	13,869	20,479	(6,610)	(32.3%)
Staff termination benefits and other defined benefit plans	83,155	109,895	(26,740)	(24.3%)

In addition to the provision which, pursuant to the revised legislation on Termination Benefits, consists of the employee termination benefits accrued until 31 December 2006, the change reflects the revised discount rate used for the valuation according to IAS 19.

As required by paragraph 78 of IAS 19, the interest rate used to calculate the present value of the obligation was based on returns, at the end of the reporting period, on securities of major companies listed on the same financial market as ACEA, and on returns on government bonds in circulation at the same date that have terms to maturity similar to the residual term of the liability for the workforce in question.

As regards the economic and financial scenario, the following table shows the main parameters used for the evaluation.

	30/06/2024	31/12/2023
Discount Rate	3.6%	3.2%
Revenue growth rate (average)	3.0%	3.0%
Long-term inflation	2.1%	2.1%

With regard to the measurement of the Group Employee Benefits (Employee severance indemnity (TFR), Monthly bonuses, tariff subsidies for current and retired staff) a sensitivity analysis was performed to assess the changes in the liability resulting from both positive and negative shifts of the rate curve (+0.5% shift /-0.5% shift). The results of this analysis are summarised below.

Type of plan (€ million)	0.50%	-0.50%
Employee severance indemnities (TFR)	(2.4)	2.6
Extra months	(0.4)	0.1
Tariff subsidies	(0.1)	0.2

Furthermore, a sensitivity analysis was performed related to the age of the group, hypothesizing a group one year younger than the actual one. Sensitivity analyses were not performed for other variables such as, for example, inflation rate.

Type of plan (€ million)	-1 year of age
Employee severance indemnities (TFR)	0.8
Extra months	0.3
Tariff subsidies	0.3

Lastly, as described above, the payable for tariff subsidies for retired staff was reduced to zero as a result of the agreement reached between the Group and the trade unions on 13 June 2024, which replaced this institution for former employees of the Group with the payment of a one-off amount.

34. Provisions for risks and charges - € 312,033 thousand

At 30 June 2024, the provision for risks and charges amounted to € 312,033 thousand (€ 224,276 thousand at 31 December 2023) and is allocated to hedge among other things probable liabilities that may derive from ongoing legal disputes, on the basis of what is stated by internal and external lawyers, without considering those that could be successful and those that could be lost being assessed exclusively as possible.

When calculating the size of the provisions, account is taken both of the estimated costs that may derive from litigation or other disputes arising during the year and an update of estimates of the potential liabilities deriving from the litigation involving the Company in previous years.

The following table shows a breakdown of provisions and movements in the period:

€ thousand	31/12/2023	Uses	Provisions	Release for Excess Provisions	Reclassification s/Other changes	30/06/2024
Legal	12,999	(673)	1,512	(667)	(22)	13,149
Taxes	5,029	(33)	136	0	0	5,131
Regulatory risks	35,987	0	1,357	0	(1,500)	35,844
Investees	12,767	0	0	0	433	13,201
Contributory risks	3,654	0	221	(4)	2	3,872
Insurance deductibles	11,046	(956)	972	(993)	0	10,069
Other risks and charges	38,997	(3,706)	4,156	(454)	(6,125)	32,868
Total Provision for Risks	120,479	(5,368)	8,353	(2,118)	(7,212)	114,134
Early retirements and redundancies	11,436	(1,049)	13	0	0	10,399
Post Mortem	72,355	(207)	0	0	687	72,834
Provision for Expenses payable to others	19,921	(403)	6,376	(350)	5,317	30,860
Provisions for Interim Taxes	0	10	83,627	0	0	83,638
Provisions for Reinstatement Expenses	86	0	0	0	83	168
Total Provisions for Expenses	103,798	(1,649)	90,015	(350)	6,086	197,899
Total Provisions for Risks and Charges	224,276	(7,017)	98,368	(2,468)	(1,126)	312,033

The increase compared to the end of the previous year for € 87,757 is mainly due to the recognition of taxes for the period which are set aside, as provided for in the international accounting standards, in specific "Provisions for interim taxes" (€ 83,627 thousand). Note also the allocation to the provision for "expenses payable to others" for an amount of € 6,006 thousand linked to a one-off payment linked to the write-off of the tariff subsidies for retired staff, as mentioned above, defined on the basis of the agreements signed with the trade unions including any additional expenses borne by the Group. Provisions to other risks and charges mainly include the estimated supplemental bonuses and possible disputes with Agents of Acea Energia (€ 938 thousand) and areti (€ 1,232 thousand) mainly for public lighting fines (formerly ACIP).

ACEA considers that the settlement of ongoing disputes and other potential disputes should not create any additional charges for Group companies, with respect to the amounts set aside, which represent the best estimate possible on the basis of elements available as of today.

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

35. Non-current borrowings and financial liabilities - € 4,991,313 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Bonds	3,780,869	3,939,174	(158,305)	(4.0%)
Medium/long-term borrowings	1,134,952	752,698	382,255	50.8%
IFRS 16 financial payables	75,491	78,564	(3,073)	(3.9%)
Borrowings and financial liabilities	4,991,313	4,770,436	220,877	4.6%

The figures in the table include the *fair value*, at 30 June 2024, of hedging instruments entered into and certain Group companies which are shown separately from the hedged instrument in the table below.

€ thousand	Hedged instrument	Derivative fair value	30/06/2024	Hedged instrument	Derivative fair value	31/12/2023
Bonds	3,780,869	0	3,780,869	3,906,265	32,909	3,939,174
Medium/long-term borrowings	1,134,952	0	1,134,952	752,698	0	752,698
Non-current borrowings and financial liabilities	4,915,822	0	4,915,822	4,658,963	32,909	4,691,872

Medium and long-term bonds

The bonds amounted to € 3,780,869 thousand at 30 June 2024 (€ 3,939,174 thousand at 31 December 2023) and refer to the following:

- € 498,563 thousand (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by Acea on 24 October 2016, maturing on 24 October 2026, with a fixed rate of 1% under the EMTN programme. Interest accrued during the period amounted to € 2,486 thousand;

- Q **€ 696,505 thousand** (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by ACEA on 8 February 2018, maturing on 8 June 2027, with a fixed rate of 1.5% under the EMTN programme. Interest accrued during the period amounted to € 5,223 thousand;
- Q **€ 497,259 thousand** (including the long-term portion of the costs associated with the stipulation) relating to the bond loan issued by ACEA on 23 May 2019, maturing on 23 May 2028, with a fixed rate of 1.75% under the EMTN programme. Interest accrued during the period amounted to € 4,354 thousand;
- Q **€ 497,545 thousand** (including the long-term portion of costs associated with the conclusion) relating to the bond loan issued by ACEA on 6 February 2020, maturing on 6 April 2029, with a rate of 0.50% under the EMTN programme. Interest accrued during the period amounted to € 1,245 thousand;
- Q **€ 299,968 thousand** (including the long-term portion of costs associated with the conclusion), related to the Green Bond issued on 28 January 2021, maturing on 28 September 2025, with a rate of 0%;
- Q **€ 593,289 thousand** (including the long-term portion of costs associated with the conclusion) related to the Green Bond issued on 28 January 2021, maturing on 28 July 2030, with a rate of 0.25%. Interest accrued during the period amounted to € 746 thousand;
- Q **€ 697,739 thousand** (including the long-term portion of costs associated with the conclusion) related to the Green Bond issued on 24 January 2023, maturing on 24 January 2031, with a rate of 3.875%. Interest accrued during the period amounted to € 13,493 thousand.

The decrease compared to 31 December 2023 is also attributable for € 161,342 thousand (including the long-term portion of the costs associated with the conclusion and associated negative fair value of the hedge) relating to the reclassification into the short-term position of the Private Placement (AFLAC) maturing in March 2025. Interest accrued during the period amounted to € 1,429 thousand.

The following is a summary of the bonds, including the short-term portion:

€ thousand	Gross Payables (*)	FV hedging instrument	Interest accrued (**)	Total
Bonds:				
Issued in 2014	599,970	0	15,148	615,117
Private Placement issued in 2014	116,002	45,548	632	162,183
Issued in 2016	497,483	0	3,429	500,912
Issued in 2018	694,799	0	662	695,461
Issued in 2019	496,357	0	935	497,292
Issued in 2020	496,914	0	589	497,503
Issued in 2021	891,824	0	1,389	893,213
Issued in 2023	697,354	0	11,784	709,138
Total	4,490,702	45,548	34,568	4,570,818

(*) measured at amortised cost

(**) including deferrals on hedging instruments

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

These come to a total of € 1,246,798 thousand (€ 858,147 thousand at 31 December 2023) and consist of: i) the payable for the capital portions of instalments coming due within the year for € 111,846 thousand (€ 105,450 thousand at 31 December 2023), ii) the portions relative to the same loans expiring after the year for € 1,134,952 thousand (at 31 December 2023 these were € 752,698 thousand).

The increase in the medium/long-term portion for a total of € 382,255 thousand is due to Corporate for € 419,348 thousand and partially offset by areti for - € 14,425 thousand, Acquedotto del Fiora for - € 7,198 thousand and Gori for - € 5,118 thousand. The change in Corporate is due to the disbursements of the loan for € 435,000 thousand granted by the European Investment Bank (EIB). 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 Ato 2, reducing water loss and improving energy efficiency and resilience.

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

€ thousand	30/06/2024	By 30/06/2025	From 30/06/2025 to 30/06/2029	After 30/06/2029
fixed rate	241,124	31,900	117,072	92,151
floating rate	790,678	49,831	213,252	527,594
floating rate cash flow hedge	214,996	30,114	145,009	39,873
Total	1,246,798	111,846	475,334	659,619

The **fair value** of Gori's hedging derivatives was a positive € 4,357 thousand (as at 31 December 2023, it was a positive € 4,193 thousand). Acquedotto del Fiora was a positive € 3,530 thousand (as at 31 December 2023, it was a positive € 3,329 thousand), and that of SII was a positive € 1,235 thousand (as at 31 December 2023 it was a positive € 1,010 thousand). Positive fair values are found under "Non-current financial assets" and hence at 30 June 2024 are not considered in the balance of correlated loans.

The Group's main medium/long-term borrowings are subject to covenants to be complied with by the borrowing companies in accordance with normal international practices.

In particular, the loan taken out by areti is subject to a financial covenant. On this point we can note that while awaiting the formalisation of the correct and updated interpretation of the method of calculating the financial parameter, Acea and Cassa Depositi e Prestiti agreed, in a Letter of Consent signed on 18 February 2022, to change, limited to the Company and not to the Consolidation, the threshold value of the same going from 0.65 to 0.75, with effect starting from the financial statements at 31 December 2021 and until expiry of the loan contract.

The loan agreements entered into by the Parent Company envisage:

- standard Negative Pledge and Acceleration Events clauses;
- clauses requiring compulsory credit rating monitoring by at least two major agencies;
- clauses requiring the company to maintain a credit rating above certain levels;
- the obligation to arrange insurance cover and maintain ownership, possession and usage of the works, plant and machinery financed by the loan through to the maturity date;
- periodic reporting requirements;
- clauses giving lenders the right to call in the loans on the occurrence of a certain event (i.e. serious errors in the documentation provided when negotiating the agreement, default on repayments, the suspension of payments, etc.), giving the bank the right to call in all or a part of the loan.

During the year there was no evidence that any of the covenants had not been complied with.

The table below shows the *fair value* of borrowings broken down by type of loan and interest rate as at 30 June 2024. The fair value of medium and long-term debt is calculated on the basis of the risk-free and the risk-adjusted interest rate curves. As regards the type of hedge for which the fair value is calculated and with reference to the hierarchies required by the IASB, given that they are composite instruments, they are categorised as level 2 in the fair value hierarchy.

Loans	Amortised cost	RISK-LESS FV	Delta	RISK ADJUSTED FV	Delta
€ thousand	(A)	(B)	(A)-(B)	(C)	(A)-(C)
Bonds	4,570,818	4,416,863	153,955	4,308,084	262,734
fixed rate	241,124	240,006	1,118	231,082	10,042
floating rate	790,678	820,091	(29,413)	770,898	19,780
floating rate cash flow hedge	214,996	221,407	(6,411)	215,173	(177)
Total	5,817,617	5,698,367	119,250	5,525,237	292,380

IFRS 16 financial payables

This item includes the long-term portion of the financial payable deriving from the impact of IFRS 16 which at 30 June 2024 amounted to € 75,491 thousand, of which the short-term portion amounts to € 14,907 thousand. The cash flows the Group is potentially exposed to are shown below, broken down by maturity date:

€ thousand	Within 12 months	Within 24 months	Within 5 years	After 5 years	Total
IFRS 16 financial payables	14,907	10,804	21,651	43,036	90,398

It should be noted that the debt is discounted using a risk-free rate with a maturity equal to the residual duration for each contract, plus the credit spread assigned to ACEA by Moody's.

36. Other non-current liabilities - € 534,524 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Advances and other Payables	163,625	157,696	5,928	3.8%
Water and electrical connection fees	50,629	48,322	2,306	4.8%
Capital grants	275,919	260,834	15,085	5.8%
Accrued expenses and deferred income	44,352	44,019	332	0.8%
Other non-current liabilities	534,524	510,871	23,652	4.6%

Advances and other Payables

The item advances includes advances from end users and customers, in particular: (i) the amount of the security deposits and consumption advances of the water companies and (ii) the amount of the deposits concerning the liabilities for advances on electricity consumption paid by the customers of the standard market and interest-bearing under the conditions envisaged by the rules of the ARERA (resolution no. 204/99).

€ thousand	30/06/2024	31/12/2023	Change	% Change
Advances from users	7,996	8,484	(488)	(5.8%)
User guarantee deposits	136,377	135,073	1,303	1.0%
Advances from other customers and non-current payables	19,252	14,139	5,113	36.2%
Advances and other Payables	163,625	157,696	5,928	3.8%

Capital grants and water and electrical connection fees

Water connection contributions amounted to €50,629 thousand (€ 48,322 thousand at 31 December 2023), while plant contributions amounted to € 275,919 thousand (€ 260,834 thousand at 31 December 2023). The change in plant contributions (+ € 15,085 thousand) is partly related to the collection under the request to access the Fund for the adjustment of prices of building materials.

These payments on behalf of plants registered in the liabilities annually are attributed by share to the profit and loss account in relation to the duration of the investment to which the issuance of the contribution is connected. The amount recognised as income is determined on the basis of the useful life of the asset to which it refers.

Current liabilities - € 3,506,209 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Borrowings	1,119,526	922,950	196,576	21.3%
Payables to suppliers	1,592,025	1,750,473	(158,448)	(9.1%)
Tax payables	17,608	13,032	4,576	35.1%
Other current liabilities	777,051	661,857	115,194	17.4%
Current liabilities	3,506,209	3,348,313	157,897	4.7%

37. Financial payables - € 1,119,526 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Payables to banks for short-term credit lines	16,805	10,112	6,693	66.2%
Payables to banks for loans	111,846	105,450	6,396	6.1%
Short-term bonds	789,949	641,387	148,562	23.2%
Payables to the controlling shareholder Municipality of Rome	159,908	111,306	48,601	43.7%
Payables to subsidiaries and associates	30	12	19	159.6%
Payables to third parties	26,081	39,425	(13,344)	(33.8%)
IFRS 16 financial payables within one year	14,907	15,258	(351)	(2.3%)
Borrowings	1,119,526	922,950	196,576	21.3%

Payables to banks for short-term credit lines

These amounted to € 16,805 thousand (€ 10,112 thousand at 31 December 2023), showing an increase of € 6,693 thousand, mainly attributable to ASM Terni for € 2,944 thousand and Umbria Energy for € 2,377 thousand.

Payables to banks for loans

These amounted to € 111,846 thousand (€ 105,450 thousand at 31 December 2023), and refer to the current portion of bank loans falling due within twelve months.

Short-term bonds

These amounted to € 789,949 thousand (€ 641,387 thousand at 31 December 2023). The increase of € 148,562 thousand in short-term bonds is due for € 161,342 thousand to the reclassification of the Private Placement (AFLAC) maturing in March 2025, including the negative fair value of the hedge for € 45,548 thousand.

Payables to the Parent Company Roma Capitale

These amounted to € 159,908 thousand (€ 111,306 thousand at 31 December 2023) and recorded an increase of € 48,601, resulting from the combined effect of the resolution of the Parent Company's dividends, offset by the payment of dividends during the period.

Payables to subsidiaries and associates

These amounted to € 30 thousand and increased by € 19 thousand, compared to 31 December 2023.

Payables to third parties

These amounted to € 26,081 thousand (€ 39,425 thousand at 31 December 2023). The item can be represented as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Dividends payable to shareholders	1,803	524	1,279	n.s.
Financial payables due to factors	12,471	32,724	(20,253)	(61.9%)
Other financial payables	11,807	6,177	5,630	91.1%
Payables to third parties	26,081	39,425	(13,344)	(33.8%)

IFRS 16 financial payables within one year

These payables, totalling € 14,907 thousand (€ 15,258 thousand at 31 December 2023), represent the short-term portion of the financial debt at 30 June 2024 recorded following the application of the IFRS 16 international standard. For additional information refer to note 35.

38. Trade payables – € 1,592,025 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Payables to third-party suppliers	1,566,123	1,741,770	(175,647)	(10.1%)
Payables to the parent company	20,710	4,892	15,818	n.s.
Payables to jointly controlled subsidiaries and associates	5,192	3,811	1,381	36.2%
Payables to suppliers	1,592,025	1,750,473	(158,448)	(9.1%)

Payables to suppliers

Payables to third-party suppliers amounted to € 1,566,123 thousand. The decrease of € 175,647 thousand was influenced by the reduction in payables to suppliers as a result of lower energy and gas prices and the significant reduction in smart services and energy efficiency activities.

The Group has entered into factoring agreements, typically in the reverse factoring technical form. On the basis of the contractual structures in place the supplier has an option sell, at its discretion, the receivables from the company to a lending bank. In some cases, the payment deadline set in the invoice is further deferred by agreement between the supplier and the Group; these delays are granted against payment of a fee.

If the payment has been deferred, a quantitative analysis is performed aimed at verifying whether the change of contractual terms is material; this is made through a quantitative test in accordance with the provisions of IAS 39 “AG62”. In this context, the relationships for which the primary obligation with the supplier is maintained and the deferral of the payment deadline, if granted, does not involve a substantial change in payment terms, retain their nature and are therefore classified as trade payables.

Trade payables due to the Parent Company Roma Capitale

These amounted to € 20,710 thousand (€ 4,892 thousand at 31 December 2023) and are commented on with the trade receivables in paragraph 26 of these Notes.

Trade payables due to jointly controlled subsidiaries and associates

Trade payables to subsidiaries and associates amounted to € 5,192 thousand (€ 3,811 thousand at 31 December 2023) and include payables to companies consolidated using the equity method.

39. Tax payables – 17,608 thousand

These amounted to € 17,608 thousand (€ 13,032 thousand at 31 December 2023) and include the IRAP and IRES tax payable.

40. Other current liabilities – 777,051 thousand

€ thousand	30/06/2024	31/12/2023	Change	% Change
Payables to social security institutions	35,206	31,650	3,556	11.2%
Current accrued expenses and deferred income	142,998	94,625	48,373	51.1%
Other current liabilities	595,449	534,221	61,228	11.5%
Payables from commodity derivatives	3,397	1,361	2,036	149.5%
Other current liabilities	777,051	661,857	115,194	17.4%

Accrued expenses and deferred income

This item amounted to € 142,998 thousand (€ 94,625 thousand at 31 December 2023). The change is largely related to accrued expenses of ACEA Ato2 (+ € 32,863 thousand) as a result of the advance on public financing envisaged in the National Recovery and Resilience Plan (NRRP), arising from Ministerial Decree no. 517 of 16 December 2021 of the Italian Ministry of Infrastructure and Sustainable Mobility.

Other current liabilities

These amounted to € 595,449 thousand, an increase of € 61,228 thousand compared to 31 December 2023 and can be broken down as follows:

€ thousand	30/06/2024	31/12/2023	Change	% Change
Payables to Equalisation Fund	169,789	134,655	35,134	26.1%
Payables to Municipalities for concession fees	60,654	64,409	(3,755)	(5.8%)
Payables for collections subject to verification	25,380	24,060	1,320	5.5%
Payables due to personnel	53,526	60,880	(7,355)	(12.1%)
Other payables to Municipalities	23,677	21,190	2,487	11.7%
Other tax payables	77,659	73,447	4,211	5.7%
Other payables	184,764	155,578	29,187	18.8%
Other current liabilities	595,449	534,221	61,228	11.5%

The change mainly comes from the following effects: **i)** increase in payables to the Equalisation Fund for a total of € 35,134 thousand due for € 22,415 thousand to *areti* and partly to Acea Energia for € 8,104 thousand as an effect of covering imbalances in the equalisation system of acquisition and dispatching costs for electricity destined for the Greater Protection Service; **ii)** increase in other payables for a total of € 29,187 thousand, attributable for € 37,530 thousand to Gori relating to the advances received from provider entities for plant contributions and accrued expenses, partly offset by the reduction in payables of Acea Ambiente (- € 10,552 thousand) for payments pertaining to M&A transactions relating to the Ex Cirsu Technology Hub and Grasciano landfills, the payable for the integration of the price of the equity investment in the company Deco and for the payment of the earn-out linked to the equity investment in the company Meg.

41. Liabilities closely associated with assets held for sale - € 253 thousand

At 30 June 2024, "Liabilities closely associated with assets held for sale" amounted to € 253 thousand and refer to the reclassification of liabilities closely associated with assets held for sale held for sale in terms of IFRS 5; reference is made to the specific paragraph for more information.

Commitments and contingencies

Endorsements, sureties and guarantees

At 30 June 2024 they totalled € 1,123,655 thousand (€ 1,053,829 thousand at 31 December 2023).

The balance is composed of the following main transactions:

- € 113,008 thousand for guarantees in the interest of Acea Energia relative to the electricity and gas dispatching and transport service;
- € 20,000 thousand for the Sole Purchaser and in the interests of Acea Energia as a back-to-back guarantee relating to the electricity sale agreement signed between the parties;
- € 53,666 thousand in the form of a guarantee issued by ACEA to Cassa Depositi e Prestiti (the Deposit and Loans Account) in relation to refinancing of the loan issued to areti. This is a sole guarantee giving the lender first claim and covering all obligations linked to the original loan (€ 493 million). The sum of € 53,666 thousand refers to the guaranteed portion exceeding the loan originally disbursed (€ 439 million);
- € 11,072 thousand issued by insurance companies on behalf of Acea Ambiente in relation to waste collection plants and waste recovery plants with electricity production;
- € 23,856 thousand issued by insurance institutions in favour of the Umbria Region for management of the operating and post-operating activities for the Orvieto landfill, in the interest of Orvieto Ambiente;
- € 8,336 thousand released by banks on the account of Orvieto Ambiente in favour of the Umbria Region for management of the Orvieto landfill;
- the guarantee of € 287,000 thousand for various traders in the interest of Acea Energia as a back-to-back guarantee on electricity and gas trading transactions;
- € 21,506 thousand for the guarantees issued for areti in favour of Terna relative to the electricity transmission service contract;
- € 17,427 thousand for two bank guarantees issued in the interest of areti, in favour of the Ministry of Environment and Energy Security to cover the contribution granted to the Company as an advance of 10% of the amount for projects to be carried out under the NRRP;
- € 38,888 thousand in bank and insurance sureties issued in the interest of GORI, in favour of the Campania Region and the Campania Water Authority relative to financed works as required by the Agreements signed;
- € 2,701 thousand for the bank guarantee issued in favour of Roma Capitale in relation to the "Progetto Tecnologico" contract for the construction of the new multi-service pipe network of Via Tiburtina and adjacent streets, in the interest of areti;
- € 4,000 thousand relating to the bank guarantee issued for Roma Natura in connection with works to upgrade the network in the Marcigliana Reserve;
- € 7,568 thousand relative to ACEA Ato5 and in particular the obligatory surety required under article 31 of the Technical Specifications, issued by UNICREDIT to OTAA, calculated on 10% of the three-year average of the Financial-Tariff Plan of the OTAA Area Plan, which during 2023 was extended until 28 February 2026 with the amount adjusted through a new issue for the difference;
- € 38,500 thousand for the issuing of a back to back guarantee in favour of a pool of banks providing financing for the Acquedotto del Fiora;
- € 2,565 thousand for a surety to the Area Authority to guarantee the obligations deriving from the management of the Integrated Water Service of the subsidiary Gori S.p.A.;
- € 67,079 thousand for bank sureties issued in favour of INPS as part of the Isopensione programme;
- € 8,502 thousand for five bank sureties issued in favour of SEDAPAL for the maintenance of the water and sewerage network in the North zone, and for the maintenance and management of wastewater treatment plants in Lima North-East zone;
- € 20,650 thousand for various guarantees associated with the authorisation request to build and manage photovoltaic parks;
- € 6,496 thousand issued by insurance companies on behalf of DECO relating to the landfill and waste treatment plant;
- € 106,516 thousand issued in the interest of Acea Ambiente in favour of Roma Capitale for the presentation of project financing proposals for assignment of the systems hub concession relative to the design, authorisation, construction and management of a waste to energy plant and correlated ancillary systems;
- € 6,322 thousand for a bank surety issued in the interest of Acea Molise in favour of ATI SIRACUSA for participation in the tender to select a private operating partner for the to be established company, which will be granted the integrated water service concession in the Syracuse area;
- € 5,720 thousand for two bank guarantees issued in the interest of Acea Ambiente for participation in two tenders to assign the transport, discharge and treatment/recovery service of solid waste produced by AMA treatment plants in the Roma Capitale territory and of organic waste produced in the Maccarese composting plant.

Application of the IFRS 5 standard

An agreement was signed on 23 December 2021 with the British investment fund Equitix for the sale of photovoltaic plants held by the ACEA Group for a total of approximately 105 MW. The agreement was then finalised on 22 March 2022 with the transfer of Acea Sun Capital to the Newco AE Sun Capital, held for 40% by Acea Produzione and for 60% by Equitix; the transfer resulted in the handover of the plants already connected to the network, whereas in terms of the agreements, the transfer of the plants undergoing completion or connection is subject to obtaining the connection certificate. These plants are held by Acea Solar, Acea Renewable and Fergas Solar 2 and are included in this Report in line with the provisions of IFRS5 and in line with what was reported in the 2023 Consolidated Financial Statements, namely:

- the measurement of such assets was made at the lower between historical cost, decreased by the related accumulated depreciation or amortisation, and the estimated realisable value;
- the assets and liabilities closely associated with the group held for sale were measured and presented in the balance sheet in two specific items of the financial situation ("assets held for sale" and "liabilities closely associated with assets held for sale"). Neither IFRS 5 nor IAS 1 provide indications on the methods of presenting transactions between Continuing and Discontinued Operations. The method chosen led to presenting the reclassification of the asset and liability financial balances with the values net of the elimination of intercompany transactions;
- the economic items were presented in continuity with the previous year; from the date on which the changed destination of the assets has been resolved, depreciation and amortisation are no longer calculated.

The contribution of the operation to the equity situation of the Acea Group (in €/million) as at 30 June 2024 is presented below:

ASSETS	Effect of application of IFRS 5
NON-CURRENT ASSETS	17.7
CURRENT ASSETS	0.7
Non-current assets destined for sale	18.4
LIABILITIES	Effect of application of IFRS 5
NON-CURRENT LIABILITIES	0.0
CURRENT LIABILITIES	(0.3)
Liabilities closely associated with assets held for sale	(0.3)

Furthermore, with regard to the transfer of Acea Sun Capital and its subsidiaries, it is noted that the economic items of the first six months of 2024 were presented in continuity with the previous year (line-by-line consolidation including intercompany elimination) and from the date on which the changed destination of the assets has been resolved, depreciation and amortisation were no longer recognised.

Service Concession Arrangements

The ACEA Group operates water, environmental and public lighting services under concession. It also manages the selection, treatment and disposal of urban waste produced in Municipalities in Optimal Territorial Area 4 Ternano–Orvietano through ACEA Ambiente.

As for the water segment, the ACEA Group provides the Integrated Water Service (IWS) under a concession arrangement in the following regions:

- ❑ Lazio, where ACEA Ato2 S.p.A. and ACEA Ato5 S.p.A. provide services in the provinces of Rome and Frosinone, respectively;
- ❑ Campania, where Gori S.p.A. provides services in the area of the Sorrento Peninsula and Capri island, the Vesuvio area, the Monti Lattari Area, as well as in the hydrographic basin of the Sarno river;
- ❑ Tuscany, where the ACEA Group operates in the province of Pisa, through Acque S.p.A., in the province of Florence, through Publiacqua S.p.A., in the provinces of Siena and Grosseto, through Acquedotto del Fiora S.p.A. in the province of Arezzo through Nuove Acque S.p.A. and in the province of Lucca and periphery through GEAL S.p.A.;
- ❑ Umbria, where the Group operates in the province of Perugia through Umbra Acque S.p.A., and in Terni through ASM Terni and S.I.I. ScpA.

The Group is also in charge of several former CIPE services in the province of Benevento with GESESA S.p.A. and in the municipality of Termoli with ACEA Molise S.p.A.

Finally, it is to be noted that since 2019, the ACEA Group also distributes gas in Abruzzo, in the provinces of Pescara, Aquila and Chieti, in Campania in the province of Salerno and in Molise in the provinces of Campobasso and Isernia.

For additional information on the legislative and regulatory framework, please refer to the Report on Operations.

Public Lighting - Rome

The service is carried out by the Parent Company based on a deed of concession issued by Roma Capitale for a period of thirty years (from 1 January 1998). No fee was paid for this concession, which is implemented through a special service agreement, which gives its ancillary nature, expires on the same date of the concession (2027).

The service agreement envisages, among other clauses, an annual update of the fee concerning consumption of electricity and maintenance and the annual increase of the lump-sum fee in relation to the new lighting installed.

Furthermore, the investments required for the service may be (i) applied for and funded by the Municipality or (ii) financed by ACEA. In the former case, such works will be paid based on a price list agreed by the parties (and subject to review every two years) and will result in a percentage decrease in the ordinary fee. In the latter case, the Municipality is not bound to pay a surcharge; however, ACEA will be awarded all or part of the savings expected in both energy and economic terms according to pre-established methods.

Upon natural or early expiry – also due to cases envisaged under Law Decree no. 138/2011 – ACEA will be awarded an allowance corresponding to the residual carrying amount, that will be paid by the Municipality or the incoming operator if this obligation is expressly set out in the call for tenders for the selection of the new operator.

Lastly, the contract sets out a list of events that represent a reason for advance revocation of the concession and/or termination of the contract by the will of the parties. Among these events, reference is made to newly arising needs linked with public interests, according to which ACEA has the right to receive an allowance according to the product, that is discounted based on the percentage of the annual contractual amount and the number of years until expiry of the concession.

On the basis of the number of public lighting plants as at 31 December 2009, the supplemental agreement establishes the ordinary annual fee as € 39.6 million, including all costs relative to the provision of electricity to supply the plants, ordinary operations and ongoing and extraordinary maintenance.

In June 2016, ACEA and Roma Capitale signed a private agreement aimed at regulating commitments and obligations arising from the implementation of the LED Plan and, consequently, amending article 2.1 of the Supplementary Agreement signed in 2011.

More specifically, the agreement provides for the installation of 186,879 fittings (which became 182,556 at the request of Roma Capitale), in the number of 10,000; the price was set at € 48.0 million for the entire LED Plan.

As a result of the implementation of the LED Plan, the parties partially amended article 2.1 of the 2011 Supplementary Agreement with reference to the price list and the composition of the service management fee.

As regards the Public Lighting Service, following the opinion given by the AGCM (Antitrust Authority) in Bulletin no. 49 of 14 December 2020, Roma Capitale began checking the conditions of congruity and economic convenience of the performance terms pursuant to the service contract between the Administration and ACEA S.p.A. (and through it areti) compared with the terms pursuant to the Consip Luce 3 Convention and, in addition, on the basis of the positions expressed by the AGCM in the said opinion, expressed queries over the legitimacy of the award to ACEA S.p.A. On 8 February 2021, with a note ref. DG 1585/2021, Roma Capitale communicated the results of the said checks, affirming definitively “the congruity and convenience of the economic terms currently in being with respect to the qualitative and economic parameters of the CONSIP – LUCE 3 convention” and confirming “the correctness of the prices applied for the public lighting service”, overcoming definitively all reserves on the congruity of the prices charged in the context of the contractual relationship in being between Roma Capitale and ACEA S.p.A. With the same note, which, in any event, does not affect the Administration's intention to issue a new call for tenders in order to re-tender the service, the Administration therefore ordered the resumption of the procedures for the payment of ACEA's ascertained receivables in relation to the Service Contract. Following this intention, Roma Capitale, in July 2021, undertook to settle the acknowledged receivables and to adopt resolutions for the acknowledgement of the off-balance-sheet payable in relation to the receivables which cannot be settled immediately. Although there are still some receivable items in dispute, following the discussions of July 2021 and up to November 2021, a large part of the outstanding amount relating to previous years was paid by Rome Capital and the verification and comparison activities with the Municipality of Rome continued. These comparisons led Roma Capitale to pay ACEA further collections relating mainly to current

receivables. In 2022, reconciliation activities continued with reference to credit items and, again through offsetting, € 56.5 million has been liquidated to date.

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

On 27 September 2023, the Acea Board of Directors approved a proposal for a possible settlement agreement with Roma Capitale intended to govern their reciprocal positions and the methods for an early consensual termination of the contractual relationship between the parties relative to the Public Lighting service provided by the Acea Group. Given its status as an essential public service under applicable regulations, the consensual termination will necessarily occur on the date the operator that wins the tender called by Roma Capitale effectively takes over the service.

We can inform you that while awaiting the conclusion and definition of all the aspects regarding the service, Acea continued the Public Lighting service proceeding regularly to the invoicing as described at length in the Notes to the Statements in the paragraph on Relations with Roma Capitale.

Integrated Water Service

ACEA Ato2

Lazio – ACEA Ato2 S.p.A. (Ato2 - Central Lazio - Rome)

The Integrated Water Service in OTA2 Central Lazio - Rome started on 1 January 2003. The services for the municipalities of the ATO were taken on gradually and at 30.06.2024 the municipalities operated, with respect to the total of 113 related to ATO, came to 91 for the complete integrated water service (aqueduct, sewer and purification) and 15 in which ACEA Ato2 provides one or two services. The remaining 7 municipalities have the option to not participate in the sole management, based on article 148, paragraph 5 of Legislative Decree 152/2006.

Pending the definition of the tariffs for the territory served by ACEA Ato2 for the fourth regulatory period (2024-2029) pursuant to ARERA resolution 639/2023/R/ldr (MTI-4), as envisaged by paragraph 8.2 of the same, ACEA Ato2 applies the tariffs calculated on the basis of the tariff multiplier resulting from the Economic Financial Plan approved previously with ARERA resolution 11/2023/R/ldr. The tariff increase applied from 1 January 2024 will therefore be 5.31% with respect to the tariff applied at 31 December 2023.

In relation to the Conference of Mayors decisions of interest to the reporting period, we note the approval of the Implementation Regulation for the 2024 integrated water bonus (Resolution 5-23 of 27 December 2023). As in previous years, the amount of the bonus is calculated as an expense (based on the tariffs in effect in the reference year) corresponding to the fixed and variable fees for aqueduct, sewer and purification for a consumer up to:

- 40 m3 per year for every member of the household, for direct and indirect users with ISEE up to € 9,530.00;
- 20 m3 per year for every member of the household, for direct and indirect users with:
 1. ISEE indicator up to € 13,939.11 and household of up to 3 members;
 2. ISEE indicator up to € 15,989.46 and household with 4 members;
 3. ISEE indicator up to € 18,120.63 and household with 5 or more members.

With Resolution 3-24 of 17 May 2024, the “Guidelines for the use (irrigation, industrial, domestic, environmental) of refined urban wastewater in ATO2 Central Lazio, Rome” received unanimous approval. These guidelines, prepared in agreement with the operator ACEA Ato2 and the Operational Technical Secretariat (OTS) of the EGATO, in application of the most recent legislative and regulatory guidelines, seek to allow for the implementation of measures aimed at achieving the objectives of resource protection and savings through the use of refined urban wastewater originating from the purification plants of the integrated water service.

The main measures issued by ARERA – the Regulatory Authority for Energy, Networks and the Environment – in the reference period of this report are shown below.

Following the adoption of the tariff method for the fourth regulatory period (resolution 639/2024/R/ldr), in March, with determination 1/2024 – DTAC, procedures were defined for technical and tariff data collection, providing the EGATO and operators with the related forms (namely the file for technical and tariff data collection – RDT2024 – comprising the works programme, strategic works plan and economic financial plan, and the basic schedules for the accompanying reports respectively for the tariff data and quality objectives and associated planning).

Note also the opening of procedures for the quantitative assessments, relating to the 2022-2023 two-year period, envisaged by the contractual quality and technical quality incentive mechanisms of the integrated water service (with resolutions 37/2024/R/ldr and 39/2024/R/ldr respectively, both approved in February). The aforesaid resolutions illustrate, in substantial continuity with the previous two-year period of 2020-2021, the stages into which the procedures will be structured as well as the criteria for assessing operator performance, for the purpose of admission to the incentive mechanism and application of the bonuses and penalties envisaged by current regulations (resolution 655/2015/R/ldr for contractual quality and 917/2017/R/ldr for technical quality).

Also of relevance was the consultation, opened in June with DCO 245/2024/R/ldr, intended to define a basic schedule for tenders to assign the integrated water service, in line with the provisions of Article 7, paragraph 2 of Legislative Decree 201/22 on restructuring the regulations for local public services of economic relevance. With this measure, the Authority intends for competitive pressure (due to outsourcing or the selection of the private partner) to encourage improvements with reference to the parameters already adopted on a permanent basis in the context of regulation, of tariffs as well as technical and contractual quality. The deadline for submitting observations and proposals by stakeholders is set for 24 July 2024.

Also in June, with Opinion 244/2024/I/ldr, the Authority issued a favourable opinion to the Ministry for Infrastructure and Transport on the draft Prime Ministerial Decree on adopting the National Plan for Infrastructure Interventions and Safety in the Water Sector

(PNISSI), chosen in application of the methods and criteria defined by interministerial decree 350/2022. In particular, the Authority pursued the dual aim of guaranteeing the centrality of the PNISSI as the main tool for public financing, and of launching a procedure simplification process on the formation and updating of the Plan, as well as the on the reporting and monitoring of financed investments.

Lastly, in relation to EU infractions due to non-compliance with regulations on urban wastewater collection and treatment, it should be noted that in May the Single Special Commissioner for purification sent a note to the MASE requesting that it communicate to the European Commission the compliance of the Rome agglomeration with Directive 91/271, since, following the works implemented by ACEA Ato2, the conditions that led to European Court of Justice sentence C668/19 had been overcome.

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

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

The ruling of the regional administrative court of Lombardy no. 892 of 20 April 2022 confirmed the guidelines already expressed by the Council of State in the cases on resolution 585/2012/R/IDR relating:

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

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

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

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

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

In February 2020, ACEA Ato2 also challenged Resolution 580/2019/R/Idr which approved the Tariff Method of the integrated water service for the third regulatory period (MTI-3), reiterating many of the reasons for previous appeals in tariff matters and introducing new ones related to specific aspects introduced for the first time with the new tariff methodology. Other subsidiaries and/or investees of the ACEA Group that have challenged MTI-3 are ACEA Ato5, Acea Molise Srl and GESESA (which had not previously challenged the resolutions relating to the TTM, MTI and MTI-2. Resolution 235/2020/R/IDR for the adoption of urgent measures in the integrated water service, in the light of the COVID-19 emergency was also appealed). We are awaiting the scheduling of the hearing.

In February 2022, ACEA Ato2 filed an appeal against resolution 639/2021/R/Idr relating to the two-year tariff update for 2022 and 2023. The challenge of the provision, also carried out by the subsidiaries and/or investee companies of the ACEA Group such as ACEA Ato5, ACEA Molise Srl, Publiacqua, Acquedotto del Fiora, Gori, GESESA, Umbra Acque and SII Terni, confirms many of the reasons already advanced against the previous tariff resolutions, adding new ones linked to the new regulation enunciated by ARERA. In relation to the reasons pertaining to the new provisions, note both the mechanism for recognition of the cost of energy, deemed inefficient to intercept the real contingent situation, as well as the provisions with which ARERA declared that it wishes to comply with the law of the Council of State on financial expenses on adjustments, treatment of the New Investments Fund and redefinition of the quota subject to reimbursement to users pursuant to Resolution no. 273/2013.

Pending the approval of the tariffs with the new tariff method for the fourth regulatory period (MTI-4) pursuant to resolution 639/2023/R/Idr, the quantification of the revenues deriving from management of the integrated water service is the consequence of application of the new water tariff method for the third regulatory period (MTI-3), as approved by the Authority (ARERA) with

Resolution no. 580/2019/R/ldr of 27 December 2019 and subsequent updates, taking into account the approval of the 2022-2023 tariff provisions which occurred in the meantime.

For ACEA Ato2, the revenues of the period amounted to € 389 million: they include the estimate of adjustments to pass-through items (electricity, wholesale water, etc.), the FoNI component of € 39 million (of which € 24.7 million for the FNI component and € 14 million for the Amm.Foni).

ACEA Ato5

Lazio – ACEA Ato5 S.p.A. (OTA 5 - Southern Lazio - Frosinone)

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

The management of the integrated water service in the ATO5 region - Southern Lazio - Frosinone involves a total of 86 Municipalities (the management of the Municipality of Paliano still remains to be acquired, while the Municipalities of Conca Casale and Rocca D'Evandro are "outside the scope") for a total population of about 489,000 inhabitants, a population served of 450,991 inhabitants, with a service coverage equal to approximately 93% of the territory. The number of users is 202,124.

With regard to the acquisition of the systems relating to management in the Municipality of Paliano, the IWS is currently still managed by AMEA, in which the Municipality of Paliano is an investor. Relative to this management, in November 2018 the Council of State issued a definitive judgement on the appeal filed by the Municipality of Paliano against the Regional Administrative Court judgement 6/2018, which accepted the Company's appeal relative to the Municipality, to obtain annulment of the provision with which the Municipality rejected the transfer of service. Hence, with judgement 6635/2018, the Council of State rejected the appeal presented by the Municipality of Paliano and confirmed the Latina Regional Administrative Court's decision, noting that the protective regime in favour of AMEA was "circumscribed to a period of three years starting from the signing of the Management Agreement between AATO5 and ACEA Ato5; this term was to expire in 2006, after which date the management by AMEA was considered without title".

Since ACEA Ato5 has so far failed to initiate compliance proceedings with a view to verifying the voluntary compliance of the Municipality, which is suitable for preventing the possible appointment of an acting commissioner as has already happened in similar cases, a series of meetings have taken place at the Operational Technical Secretariat of AATO5 Lazio Meridionale - Frosinone aimed at seeking an amicable settlement of the dispute and at initiating the preparatory activities for the transfer to ACEA Ato5 of the management of the IWS in the Municipality of Paliano. In this perspective, the Parties – with deeds of 26 November 2018 and 29 November 2018 – performed the update of the previous survey of networks and existing plants in the Municipality of Paliano, necessary for the management of the SII, subsequently updated in 2020 and 2021, also identifying necessary projects for the work in terms of purification and sewage.

The Parties subsequently held other meetings, together with the Operational Technical Secretariat of OTA5, in order to define not only the technical scope but also the administrative and commercial scope in order to finalise the transfer of the Management of the Water Service of the Municipality of Paliano to ACEA Ato5. The fact that not all required information has been received and disputes relative to the methods used to transfer the infrastructure and management of the IWS have been documented in notes sent between the parties and in reports sent to the Operational Technical Secretariat and the Lazio Region, with the latter asked to begin commissioner proceedings to apply the substitute powers pursuant to article 172, paragraph 4 of Legislative Decree 152/2006, as amended.

Lastly, the Area Authority, in the absence of feedback from the Municipality of Paliano, on 26 June 2024, once again requested that the Lazio Region activate the substitute powers pursuant to Art. 172 paragraph 4 of Legislative Decree 152/2006, as amended. On 1 July 2024, the Municipality of Paliano requested that the Lazio Region, ACEA Ato5 and other Entities involved, convene a technical panel for the purpose of agreeing on the time frames and methods for the transfer of the Integrated Water Service.

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

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

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

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

With reference to Tariffs, on 10 March 2021, the Conference of Mayors for Optimal Territorial Area Authority no. 5 - Southern Lazio (hereafter, "OTAA 5"), approved the Tariff Structure for the regulatory period 2020-2023 with resolution 1/2021.

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

With reference to operating costs note that the lack of recognition by OTAA 5 of the operating costs suffered by the Operator, documented in the requests presented during the preparatory work for the tariff structure, definitively formalised by the Operator in

the tariff update request sent on 15 December 2020, was not adequately justified and technically represented in the Technical Report issued by OTAA 5 and accompanying its tariff proposal. Hence at present the Operator is not aware of the reasons these costs were excluded from the tariff recognition approved by OTAA 5 on 10 March 2021.

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

- an appeal against this resolution is before the Latina Regional Administrative Court (docket No. 308/2021 section 1);
- submission of the request for economic-financial rebalancing (in accordance with the provisions of Articles 9 and 10 of the Standard Agreement approved by the Regulatory Authority for Energy, Networks and Environment by resolution 656/2015/Idr).

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

On the other hand, with reference to the request for rebalancing, containing an illustration of the causes and the extent of the economic and financial imbalance in the management of the IWS of ATO5 and the proposal of the rebalancing measures assumed, including the request for access to the financial equalisation measures, the AATO5 Operational Technical Secretariat responsible for transmitting the request to ARERA began the necessary checks in 2021, making use of qualified external consultants.

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

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

After publication of the stated resolution, the Company provided the Area Authority with data, information and clarifications useful for preparation of the tariff update 2022-2023. Despite the sending of these documents, the Area Authority did not prepare the tariff proposals for the 2022-2023 period by the deadline set in the regulations (30 April 2022). Therefore, seeing the inaction of the Area Authority, on 30 November 2022 the Company sent to the OTAA 5 and to ARERA, via certified email, the tariff request pursuant to art. 6, para. 6.3 of Resolution 580/2019/R/Idr.

On 22 December 2022, ARERA sent OTAA 5 a formal warning to take action, within 30 days, to make the tariff decisions for which it was responsible for the regulatory period 2020 - 2023, noting that, after this deadline the Operator's request would be understood to have been accepted and would be sent to the Authority for evaluation in the subsequent 90 days.

On 11 January 2023, the Conference of Mayors approved the tariff update for the regulatory period 2022-2023 with resolution no.1/2023.

This is in contrast with the tariff adjustment request, prepared and sent by the Operator to ARERA on 30 November 2022.

Notably, the Tariff Structure approved by the Conference of Mayors on 11 January 2023 shows, for the 2022-2023 two-year period, differences in reference to the following tariff components:

- operating costs;
- FoNI component;
- tariff multiplier.

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

Specifically, the stated Economic Financial Plans:

- do not set a certain date for the billing of the past tariff adjustments amounting to around € 50 million (of a total of € 124 million at 31 December 2022, which totalled € 101 million at 31 December 2021);
- call for invoicing of around € 51 million only after the start of 2023 (one year recovered with respect to the 2020-2023 EFP, which called for invoicing starting in 2024), not in a single solution, but made over time;
- do not recognise operating costs of € 3.3 million for the years 2020-2021, resulting in a financial loss for 2021 of the corresponding amount and of € 4.5 million for 2022-2023;
- sets a tariff change that is incompatible with the level of investment and operating costs over the Plan time period, as it does not take into account the financial deficit created for the operator from the previous tariff orders.

This delayed financial coverage is also aggravated by the dragging out of the process by which ARERA approves the tariffs for 2016-2019 and 2020-2023, as well as the 2018-2019 and 2022-2023 update. Consequently, although the Mayors' Conference has authorised the GRC for 2016-2019, 2020-2023 and 2022-2023 to cover the allowable costs (albeit for a lower amount compared to 2020-2023 and 2022-2023), the operator is exposed to the uncertainty surrounding the billing of the past adjustments, which are needed to maintain financial equilibrium over the short-term and also in the medium-long term.

In view of the restrictions imposed by ARERA's tariff method, particularly with regard to the two-year time lag in recognising the allowable costs on the tariff, in the current tariff plan for 2020-2023 and 2022-2023 the AATO5 Mayors' Conference has not guaranteed the funding needed in order for the operator to cover its financial commitments, specifically the plan for repayment of the debt and water service management costs deriving from OTAA 5's previous violations of the tariff approvals.

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

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

On 20 February 2024, with a note ref. 0036266/24, the company asked Acea S.p.A. to adopt the measures established by the Parent Company's Board of Directors meeting of 16 June 2022, namely to renounce the interest accrued and the principal maturing for the year 2023 in reference to the interest-bearing shareholder loan signed on 30 June 2016, which amounted to a total of € 14,551,276.13 (of which € 10 million as principal amount and € 4.55 million in interest). This request was in line with that already approved by the ACEA Board of Directors on 16 June 2022 – which authorised the restructuring of the liability on the interest-bearing shareholder loan by waiving the interest accruing from year to year and the capital line, which year on year would become due in 2022, 2023 and 2024. The capitalisation operation performed by the parent Acea S.p.A. is intended to re-establish financial equilibrium, thanks to the reduction in the stock of accounts payable to the parent company and to the significantly positive effects on NFP, thus freeing up financial resources to be allocated gradually to paying off prior trade payables to third-party suppliers.

On 22 June 2023 a new rebalancing application was sent. However, nor was this rebalancing request approved by the AGB or by ARERA within the terms indicated in the current regulations.

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

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

The objectives of these actions mainly included:

- beginning meetings with the government entity to define a new EFP and approve the tariffs with the new MTI-4 method within the limits of the maximum tariff increase allowed;
- the request made to the EGA to update the technical panel intended to update the items subject to the Conciliation Board and the creditor items;
- sending a repayment plan proposal to EGA for fees payable (not subject to the Conciliation Board), to date formally accepted;
- repayment plans to pay off outstanding liabilities towards third-party suppliers and infragroup payables;
- the implementation of a set of coordinated actions designed to reduce bill collection times and thus improve the percentages of amounts received;
- the request for and awarding of contributions (of around € 12 million) for investments planned in the 2024-2025 two-year period;
- the request that Acea renounce interest and the capital portion accrued and over due at 31 December 2023 with reference to the interest-bearing shareholders' loan for a total of € 14.55 million (of which € 10 million in capital and € 4.55 million in interest). This request was in line with that already approved by the ACEA Board of Directors on 16 June 2022;
- a request for financial support from Acea S.p.A., through an extension on the payment with reference to the trade payable accrued at 31 December 2023 of € 7,867,191.48, in the form of 112 instalments starting in March 2024 and maturing on 30 June 2033 (an action not envisaged in the 2024-2028 plan);
- the request for the provision of two interest-bearing shareholders' loans from Acea S.p.A., to be used solely to serve its financial requirements for 2024, 2025 and 2026, deriving from the realisation of NRRP investments (action not envisaged in the plan 2024-2028 plan);

In relation to the first point, note that with resolution 639/2023/R/Idr of 28 December 2023, ARERA approved the water tariff method for the fourth regulatory period 2024-2029 (MTI-4), defining the rules to calculate costs which can be recognised in the tariff.

The duration of the fourth regulatory period is six years. Two biennial updates of the established tariffs are envisaged, and a possible infra-period adjustment to the tariff proposal, based on a justified request from the Area Governing Body (EGA) or other competent party, which may be presented at any time during the regulatory period under extraordinary circumstances that affect the economic and financial balance of the management.

Following the publication of this resolution, with a note ref. 5718 of 11 January 2024, the company communicated its willingness to the EGA to establish a working group intended for the 2024-2029 tariff update proposal. With note no. 289 of 1 February 2024, the EGA, having regard to ARERA resolution of 28 December 2023 and following the ARERA seminar held on 30 January 2024, communicated its intention to the company to establish a schedule of weekly meetings intended to promote the sharing of data and information useful for the tariff update to be approved by 30 April 2024.

On 26 March 2024, ARERA published resolution 1/2024/DTAC regarding the *"definition of the procedures for the collection of technical and tariff data as well as the basic schemes for the report accompanying the works programme and the tariff provision update for the fourth regulatory period 2024-2029, pursuant to resolutions 917/2017/R/Idr, 637/2023/R/Idr and 639/2023/R/Idr"*.

On 19 April 2024, the Operator presented to the Operational Technical Secretariat (hereinafter "OTS") of the Area Authority (EGA) 5 Southern Lazio – Frosinone, requests for recognition of the operating costs OP Mis, OP Social, emerging costs, Op New, Opex QC, Opex QT and CMor, in line with the provisions of resolution 639/2023/R/Idr.

On the basis of the documents published by ARERA on 26 March 2024, the Operator sent a note to the EGA on 30 April 2024 with ref. no. 90681/24, with which it sent file "RDT2024 ACEA Ato5 SpA_1205_13805" containing its tariff proposal and accompanying report to the 2024-2029 tariff data.

In light of the ongoing inaction by the EGA to approve the tariff update, on 27 June 2024, with a note ref. 150881/24, the Operator submitted a tariff update request pursuant to Art. 5, paragraph 5.5 of ARERA resolution 639/2023/R/Idr containing the Regulatory Scheme for the 2024-2029 period of the water service management.

With a note ref. 160748/24 of 4 July 2024 the Operator asked ARERA to open the portal to carry out the procedure available via extranet. On 8 July 2024, the Operator proceeded to upload all documentation.

However, albeit in the presence of multiple significant uncertainties which could give rise to serious doubts about the ability of the company to function as a going concern, in particular: i) the favourable outcome of the Technical Panel with the EGA intended for the definition of the reciprocal items as a whole (including those subject to the Conciliated Board); ii) the approval of the 2024-2029 tariff proposal in the terms proposed by the operator (in particular with regards to invoicing of adjustments by 2029 and the recognition of costs for arrears in the amount of 10% as from 2026), the directors of the subsidiary have maintained the going-concern assumption

in the preparation of the half-yearly financial reports to 30 June 2024, considering that the actions taken to preserve continuity, together with the decisions of Acea S.p.A. intended to strengthen the Company's capitalisation and financial support, will be enough to allow the ordinary management of the business. They are also confident that the Conciliated Board proceedings described above, and the ARERA tariff approvals, will be completed within a reasonable period of time.

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

- ❑ IWS revenues (GRC) were prepared using the MTI4 tariff method published in December 2023. The simulation includes (i) measuring the GRC consistent with the Regulatory WACC of 6.13%; (ii) the assumption of Cmor component recognition at 3.5% for 2024-2025 and 10% in 2026-2033, (iii) invoicing of previous adjustments by 2030 for around € 105 million, still within the limits of the maximum allowed theta. Prudentially, impacts deriving from possible greater opex recognised were not estimated;
- ❑ Continuation of the process to improve efficiency for non-pass-through operating costs, while pass-through operating costs were projected in line with the revenue profile recognised;
- ❑ Amortisation/depreciation guarantees consistency between net fixed capital and the gross RAB recognised;
- ❑ The investment plan, until the end of the concession, is in line with the Action Plan the Company is defining with EGATO utilising the MTI-4 method. In particular, € 12 million in contributions for investments in NRRP projects are foreseen in 2024-2025;
- ❑ The residual value (investments made, net of amortisation/depreciation and contributions) of the operator in the case of a transfer was calculated by the Company on the date the Concession expires, as the algebraic sum of net fixed capital, work in progress and grants. The residual value was determined in line with the EFP prepared by the company (ARERA formula) and takes into account the end of the due dates for investments made in the last year.

Given the circumstances, a scenario worse than the assessments made cannot be hypothesised, given that in the case the aforementioned recognition goals are not achieved, the Area Authority cannot avoid identifying alternative methods, including the request to access financial balancing measures called for in the regulations, in order to guarantee the required economic/financial balance for the Manager and regular management of the service. Also note that with the approval of the new tariff method MTI-4, the regulator provided a clear indication regarding the possibility of recovering adjustments, thereby limiting the degree of discretion available to government entities in the context of postponing tariff recognition. Specifically, article 28.2 of annex A to ARERA resolution 639/2023 (MTI-4) establishes that the EGAs insert all the adjustments resolved in the new EFP, calling for invoicing by 31 December 2029, without prejudice to the possibility, in agreement with the operator and to ensure the social sustainability of the tariff, of presenting a reasoned request to ARERA to exceed this deadline, in any case requiring respect for economic and financial balance.

With regard to **relations with OTAA 5**, the Company has tried to reach a settlement of the various disputes pending against the Area Authority, convinced of the need to put an end to a very long season of clear conflict between the Granting Body and the Licensee Company, culminating with the resolution passed by the Conference of Mayors of OTAA5 aimed at the termination of the Management Agreement that forced the Company to appeal to the Latina Regional Administrative Court that annulled the above resolution.

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

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

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

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

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

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

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

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

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

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

- o allocating interest at 30 June 2024 of around € 730,000.00 based on the note sent to EGATO5 on 6 February 2024 and based on that established in the judgement of 31 May 2023. The amount allocated derives from the application of the rate at which the entity's liquidity gains interest (Euribor 3 months for the reference year plus 70 bps);
- o releasing it for around € 1,200,000.00 following the judgement in question.
- Q quantification of the concession fee relative to the period 2012-2018, and the linked destination of any economies for a total of € 12,798,930.00 - the Board proposes, also taking into account the regulatory guidelines provided by ARERA, that these are taken out of the tariff adjustments in favour of the Operator;
- Q recognition of the amount owed by the Operator (€ 10,700,00.00) - the Board proposes recognition of this credit in favour of the Operator;
- Q compensation of damages suffered by ACEA Ato5 against delayed delivery of services by the Municipalities of Cassino, Atina and Paliano - the Board holds the Operator's claim to be founded but, in consideration of the difficulty in quantifying the damage suffered and with an eye to amicable settlement, proposes that the Operator renounces this claim with regards to the Area Authority;
- Q compensation of damages for the lack of handover of the ASI and Cosilam plants, assessed in the amount of € 2,855,000.00 - the Board holds that the requirements to dispute a deed which is now final are not met; nonetheless, the Operator will renounce the claim against recognition of the credit for € 10,700,000.00;
- Q recognition of penalties totalling € 10,900,000.00 applied by OTAA 5 against the Operator and annulled by the Latina Regional Administrative Court by judgement no. 638/2017. Although the Operator has substantially renounced the application of the said penalties related to the period 2014-2015, the Board proposes partial acceptance of the Area Authority's claim for a total amount of € 4,500,000. In relation to this point, the Conciliation Proposal provides for an irrevocable commitment to make investments, in the territory of the ATO5, of an amount corresponding to the quantification made by the Conciliation Board, with no tariff recognition and therefore at the total expense of the Operator;
- Q recognition of interest on the delayed payment of concession fees on the part of ACEA Ato5, assessed in the amount of € 650,000.00 - the Board proposes recognition of this claim;
- Q request for an Operator repayment plan in relation to the Area Authority for debt positions relating to the concession fee for 2013/2018 which, at 30 June 2019, amount to around € 10,167,000; the Board proposes offsetting this debt by the recognition of a credit of € 10,700,000;
- Q discounting of the Adjustments 2006/2011, and for 2014, 2015, 2016 and 2017, assessed in the amount of € 1,040,000.00 - the Board proposes recognition of this credit in favour of the Operator;
- Q non-invoicing of adjustments 2006/2011, due to the adjustment of 2012 volumes, assessed in the amount of € 1,155,000 - the Board proposes recognition of this claim in favour of the Operator.

The "Conciliation Proposal" and the draft "Conciliation Deed" were approved by the Company's BoD at a meeting held on 19 December 2019. On 4 February 2020, the Company informed the TOS of AATO5, with note no. 53150/20, that on 19 December 2019 the BoD approved the Conciliation Proposal formulated by the Conciliation Board and the draft of the Conciliation Deed between OTAA 5 and ACEA Ato5 and that, moreover, the Chairperson was given a mandate to sign the Conciliation Deed, confirming in particular the commitment to carry out interventions for a total amount of € 4,500,000 without any tariff recognition, in conciliation and for the reasons set out above.

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

To date, the Conference of Mayors has not yet been scheduled for final approval of the two documents. Specifically, it should be noted that the Mayors' Conference on 28 October 2021 resolved that the approval of the Conciliation Deed could only be considered upon the outcome of, at least, the preliminary phase of the Criminal Proceeding 2031/2016 pending before the Court of Frosinone. Subsequently, on 26 January 2022, the OTS of OTAA 5 sent the Company a letter ordering it to set up an interest-bearing escrow account within 15 days at the latest, into which the sum of € 12.8 million relating to the aforementioned savings on concession fees for the period 2012-2018, as quantified in the joint report of 29 April 2019 attached to the work of the conciliation round table, which - according to the OTS - was allegedly invoiced by the Manager, would be transferred. The Company acknowledged this letter on 10 February 2022, pointing out, among other things, that the Conciliation Board itself in its report, with specific reference to the savings

on the 2012-2018 licence fees, had clarified that "these sums can only be considered virtually and abstractly (and not also in actual financial terms) as being available to the Manager" and that they would indeed represent a suitable financial source to cover the debt of € 10,7 million owed to the Manager or, alternatively, - as proposed in the draft conciliation agreement - to reduce the total amount of the tariff adjustments still due to the Manager, which far exceed the amount in question.

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

In view of the foregoing and pending the examination of the Conciliation Proposal by the Conference of Mayors of OTAA 5, the Company considers the draft Conciliation approved by the Board of Directors of ACEA Ato5 at the meeting of 19 December 2019, as a still valid reference in relation to the overall composition of the issues submitted by the parties to the Conciliation Board and, therefore, considers that the same continues to represent - to the extent of the net amount of € 4.5 million to be paid to the AGB under it - an implicit obligation that can be enforced against it. Therefore, the provision for risks originally recorded in the financial statements as at 31 December 2019 is deemed to be reconfirmed when preparing the Company's 2024 interim financial report.

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

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

In a letter of 29 April 2022, the OTS repeated its claims about the concessionary charges and called a meeting for 6 May 2022. On 9 May 2022, the meeting between the parties took place, who agreed on the need to begin technical talks to analyse all the outstanding issues.

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

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

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

As discussed during the meeting, the result of this research must then be shared with the respective reference bodies for subsequent assessment. Initially, the Board had a period of 60 days to formulate an update of the amicable settlement proposal. The aforesaid term was mandatory and not peremptory. In the first half of 2024 the Board met various times, but at the latest meeting on 11 July 2024 the Board deemed it necessary to acquire an extension on the terms to complete the works until 30 September 2024 in order to have the necessary and sufficient time to draft and present the proposal.

On 17 July 2024, case RG no.6227/2017 was scheduled at the Court of Appeal of Rome; the issue in question of the above case represents one of the main issues discussed by the Conciliation Board, any definition of the judgement pending with the Court of Appeal – including as result of its extent and relevance – inevitably risks altering the balance painstakingly achieved in the conciliation proposal which would be reissued to the Parties, substantially jeopardising all progress made thus far. As a result of the above, a justified request for deferral was submitted to the Court of Appeal in relation to the hearing scheduled on 17 July 2024; the case was then further postponed until 11 December 2024.

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

Acea Molise

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

In brief, the Project Finance involves:

- € 7.6 million of investments borne by the Operator, to be allocated to the water sector as a whole (water, purification and sewerage);

- € 3.8 million in regional finance, for the “Delocalisation and decommissioning of the port treatment plant” in the municipality of Termoli (Campobasso);
- a 15-year management timeframe to complete the works;
- remuneration of the works through the water tariff, according to the ARERA regulatory criteria;
- management of the municipal Integrated Water Service.

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

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

Due to the above, the take over from Gestione Risorse Idriche Molisane S.c.a.r.l. (hereafter, “GRIM”) to Acea Molise Srl, in terms of operating the integrated water service for Termoli (CB) is technically plausible prior to the 15-year expiration of the Agreement.

Although no request in this regard has yet been received from GRIM, Acea Molise - in view of its commitments with Project Financing and in particular the borrowings necessary to complete the new works - has advised EGAM of the objective difficulties in continuing with the planning and execution of the upgrading works without having a clear view of the overall strategic picture of the regional plans for the water sector, or of the role of GRIM.

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

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

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

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

In May 2024, the Mayor of Termoli, with certified email sent on 9 May 2024, took formal note of the higher costs of the Project Finance, resulting from the general and specific increase in building materials and construction costs, and made an immediate commitment to authorise the review of the economic framework of the project and consequent update of the Economic Financial Plan set out by the Agreement, deed no. 2246 of 3 August 2022.

The EGAM and the Molise Region also took formal note of the higher costs of the project and of the commitment of the Municipality of Termoli to authorise the review of the economic framework.

On 29 May 2024, the company formally began works to delocalise the purifier at the port of Termoli.

With regards to the tariff update, it should be noted that on 18.12.2023, with Executive Resolution 3309, the Municipality of Termoli (CB) approved the tariff update for Acea Molise 2022-2023 and also approved the RAB and tariff updates accrued up to that point. It should be noted that, as regards the MTI-4 tariffs, their approval by the competent authority is currently expected in October 2024.

Finally, note that as the agent for the temporary joint venture to be established, on 10 November 2023 Acea Molise participated in the call for tenders issued by Sicily Region's Special Office - Central Single Contracting Authority, for the acquisition of a 49% stake in the share capital of the to be established Aretusacque, to operate the integrated water service in the municipality and province of Syracuse. The water service in the Province of Syracuse includes 19 municipalities, with 166 thousand users served, covering an area of 2,100 km² and operating 2,000 km of water network and 1,300 km of sewer network. The concession is set to last 30 years (until 2053) and the total value of the award envisaged in the tender is € 1.264 billion, against annual hypothesised revenue for the new operator of between € 37 - 46 million and total investments of € 366 million (as in the 30 year Action Plan).

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

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

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

On 11 March 2024, the Sicily Region's Central Single Contracting Authority published the determination appointing the Tender Commission. Following the dismissals of the Catania Regional Administrative Court, the following claimants submitted an appeal to the Administrative Justice Council of the Sicily Region: Ireti on 5 April 2024; DAM (SIAM parent company, current operator of the city of Syracuse) on 3 May 2024. The hearing on the merits of the Ireti appeal was set for 17 July, while the hearing on the merits of the DAM appeal has not yet been set.

On the following dates (21 March, 11 April, 23 April, 2 May and 23 May 2024), public sessions were held during which the Tender Commission examined and assessed the offer presented by the temporary grouping of companies formed of Acea Molise and Cogen.

On 23 May 2024, the Chair of the Commission approved the contract award proposal for the aforesaid temporary grouping of companies, transmitting the deeds to the project manager (RUP) for the relative decisions.

GORI

Campania – GORI S.p.A. (Sarnese Vesuviano)

The Company manages the integrated water service in the Sarnese Vesuviano District of the Campania Region (which includes 59 municipalities in the Province of Naples and 19 in the Province of Salerno), for a total of 78 municipalities. Note that on 9 October 2023, GORI, the municipality of Roccapiemonte and the Campania Water Authority (EIC) signed an agreement for GORI to begin operating the integrated water service starting from 1 January 2024. At present, solely the municipality of Calvanico in the Province of Salerno is managing its water services, having not yet ensure the start of IWS operation by the company, even if the EIC has begun the procedures to implement the transfer.

The award of the aforesaid IWS management lasting thirty years and starting from 1 October 2002 (and expiring in 2032) was finalised with the signing of a specific agreement with the granting authority Sarnese-Vesuviano Area Authority (now replaced by the Campania Water Authority as per Law 15/2015 of the Campania Region) on 30 September 2002.

Established pursuant to regional law 15/2015, the Sarnese-Vesuviano District of the Campania Region covers an area of approximately 900 square kilometres with a population of approximately 1,411,416 inhabitants. (last Istat figure Year 2020)

A total of 5,284 km of water network is currently managed, consisting of 828 km of primary abstraction network and 4,456 km of distribution network, and a 2,772 km drainage system.

GORI currently manages 13 water sources, 117 wells, 203 tanks, 118 water pumping stations, 221 wastewater pumping stations and 12 waste treatment plants.

Regulatory scheme for the fourth regulatory period (2024-2029)

As is known, in late 2023, on 28 December 2023, with resolution 639/2023/R/Idr of 28 December 2023, following extensive consultation with the stakeholders, the Authority approved the water tariff method for the fourth regulatory period 2024-2029 (MTI-4), defining the rules to calculate costs which can be recognised in the tariff. ARERA maintained the stability of the guidance criteria, in continuation with the rules introduced in 2012, implementing a long-term perspective by establishing a regulatory period of 6 years and an update of the Strategic Works Plan (POS) until 2035 (thus extending the time frame of reference by eight years). Two biennial updates of the established tariffs are envisaged, according to the methods and criteria to be defined with subsequent measures, and a possible infra-period adjustment to the tariff proposal, based on a justified request from the Area Governing Body (EGA) or other competent party, which may be presented at any time during the regulatory period under extraordinary circumstances that affect the economic and financial balance of the management.

ARERA specified that by 30 April 2024 the Area Governing Body must adopt and send to ARERA the relevant regulatory scheme, formed of the following deeds:

- ❑ the works programme (Pdl), of which the Strategic Works Plan (POS) forms an integral part, prepared according to the methods defined by ARERA, which specifies the critical issues found in the related territory, the objectives to be pursued in response to the aforesaid critical issues, as well as the prompt indication of works for the 2024-2029 period, distinguishing between the strategic works detailed in said POS and other works; ARERA specified that the POS must, among other things, outline the strategic works necessary to achieve the increased objectives of technical quality, in addition to the elements of consistency with the overarching plans (also taking into account the relevance that the new macro-indicator “M0 – Water resilience” will have for the purposes of district basin planning
- ❑ the Economic Financial Plan (EFP), formed of the tariff plan, the income statement, the cash flow statement and the balance sheet, prepared in line with the criteria set out by Annex A to this resolution the EFP must specify the constraint on the revenues of the operator and the tariff multiplier θ that the operator must apply for the individual years of the 2024-2029 period, with the exception any possible updates;
- ❑ the management agreement, containing the amendments necessary to implement the regulations introduced with this measure.

The regulatory scheme adopted must be sent alongside an accompanying report that summarises the methodology applied and the deed(s) of resolution for tariffs or approval of the update to the Economic Financial Plan.

In order to define the Works Programme, by 30 April 2024, the Area Governing Body must define the objectives and, having acquired the proposal from the operator regarding the works necessary to achieve them, prepares the Strategic Works Plan and updates the works programme.

On 25 January 2024, the Campania Water Authority established a standing technical panel with the operators in Campania, including GORI, for activities regarding the implementation of ARERA resolution 639/2023/R/Idr (MTI-4); this panel is still ongoing. Furthermore, on 1 February 2024, a report was signed by the Campania Water Authority and GORI for the definition of the objectives of the Works Programme (Pdl), for the purposes of the tariff update provisions in the context of the MTI-4 (2024-2029 period). In June 2024, the Operator will be validating the input data for tariff purposes with the Campania Water Authority, required for the approval of the regulatory scheme.

GESESA

Campania – GESESA S.p.A. (OTA 1 - Calore Irpino)

Ge.se.sa manages the Integrated Water Service in 21 Municipalities in the province of Benevento, within the Sannita District, for a total resident population of 114,772 inhabitants spread over an area of about 710 square kilometres with a water infrastructure of about 1,547 km, a sewerage network of 553 km and about 332 plants managed. The total number of user accounts amounts to 56,214, for which 2023 consumption has been estimated at about 7.5 million cubic metres of water.

In particular, in a regulatory context dependent on the financial impact of the tariff decisions made by ARERA and the Campania Water Authority (hereinafter “EIC”), it is clear that the situation of financial tension in which the Company has found itself since 2018 as a result of the non-approval of the tariff increase did not change with the approval of the 2018-2023 regulatory schemes, since these were prepared with a tariff multiplier equal to 1, generating a large amount of tariff adjustments, which could not be invoiced in the regulatory period, and went on to constitute the takeover value that the incoming operator would pay to Gesesa.

As for the evolution of the follow-up activities that the EIC offices had to implement following the determination of the Sannita district on 25 October 2022 which proceeded the “Selection of management form pursuant to Art. 14, paragraph 1, lett. b) of Regional Law no.15/2015”, resolving that the management of the integrated water service in the Sannita District Area would be assigned to a mixed public/private limited company, we note the following:

- With note issued 9 January 2024, the General Manager of the EIC sent to the relevant offices of the Campania Region the aforementioned documentation in order to allow for the start of tender procedures.
- The General Directorate for Integrated Water and Waste Cycle and Environmental Authorisations of the Campania Region – with note issued 10 April 2024, following discussions with the regional attorney general, sent to the Campania Water Authority the by-laws of the company Sannio Acque Srl adjusted to the findings of the Financial Court alongside the schedule of shareholder agreements for the purposes of the obligations relating to the notice of public consultation envisaged by Art. 5 paragraph 2 of Legislative Decree 175/2016 “Consolidated Law on Public Companies”.
- With the same note, the General Directorate, in requesting the assessment of the indispensability of the publication of shareholder agreements in the context of the public consultation procedure, communicated that upon the outcome of said public consultation the deeds would have to be re-approved by the competent bodies of the Campania Water Authority with subsequent transmission to the Italian Antitrust Authority, to the Financial Court and to the Municipalities of the Sannita District Area, as well as to the same General Directorate for the purposes of the subsequent obligations pertaining to the exercise of the substitute powers envisaged by current legislation to assign the integrated water service in the Sannita district area.

8 May marked the end of the public consultation, launched with determination of the GD of the Campania Water Authority on 23 April 2024.

On 5 June, the Council of the Sannita District, and on 19 June, the Executive Committee of the Campania Water Authority, re-approved the deeds drafted following the investigation after the public consultation.

Following these resolutions, two procedures are to be launched at the same time, namely, on the one hand the Campania Water Authority will send the approved documents to the Financial Court and, on the other hand, will send the same documents to the Campania Region *“for the purposes of the subsequent obligations pertaining to the exercise of the substitute powers envisaged by current legislation to assign the integrated water service in the Sannita district area.”*

It should be noted that all preliminary activities to the publication of the tender, after the documentation is sent by the Campania Water Authority, are carried out by the structures of the Campania Region and that the time frames of such activities are unknown, as is the level of priority reserved to them.

In relation to proceeding 231 associated with the company, note progress in the criminal proceeding 5548/2016, with a preventive seizure of 12 water treatment plants managed by Gesesa and appointment of a Judicial Administrator and of the proceeding begun involving the position of the company relative to which action was taken with regards to certain crimes contemplated under Legislative Decree no. 231 of 2001, for which notification was received on 12 June 2022 by the legal persons and the company requesting committal for trial, at the latest hearing on 13 May 2024, in relation to the position of the Company, the judge declared the claims for compensation by the civil claimants inadmissible. The proceedings were adjourned until the hearing on 22 July 2024.

With regard to the treatment plants subject to seizure, on 26 March 2024 release of seizure was served for the 10 plants still subject to seizure with the right of use.

Acque

Tuscany - Acque S.p.A. (OTA 2 - Basso Valdarno)

The management agreement, which came into force on 1 January 2002 with a 20-year duration (expiry is now in 2031), was signed on 21 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of Ato2, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 57 Municipalities.

With CD Resolution 14/2022 of 25 November 2022, AIT approved the biennial tariff update for 2022 and 2023. ARERA has not yet approved the AIT proposal.

Following the approval of resolution 639/2023 MTI-4 the company adjusted the Tariff Plan drafted by AIT pursuant to the MTI-3, in order to take into account the changes to the new MTI-4 resolution and the effects of the 2022 final figures. The following hypotheses were made:

- Adjustment of the monetary parameters;
- Adjustment of the costs of fixed assets;
- Adjustment of inflation and operating costs recognised;
- Adjustment of the denominator of the GRC formula;
- Reduction to zero of the FoNI component;
- Restructuring of the equalisations.

For the year 2024, an increase in the theta from the current 2.5% to 5.4% was hypothesised. To date, AIT has not yet approved the tariff update pursuant to the MTI-4, so for the purposes of preparing the 2024 interim report, in relation to the GRC hypothesis, the hypotheses made for the 2024 budget were maintained. The 2024 GRC used represents the best estimate calculated using the rules and parameters (inflation, financial charges, etc.) of the aforementioned ARERA resolution. The theta calculated for 2024 simulates a

tariff increase of 5.45% with respect to 2023. The FoNI component within the 2024 tariff is currently simulated at zero. At the moment, tariff data are being collected for the purposes of sending to the EGA for the preparation of the tariff proposal for the year 2024 and later. In any case, following AIT approval, changes may occur, particularly in the components where the EGA is authorised to intervene. The finance agreement signed in 2018 was initially set to mature at the end of 2023. For this reason, in 2022 the Company began a process that, by the maturity date of the stated finance agreement, allowed it to achieve a new and more streamlined financial structure, more in line with investment financing requirements.

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

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

The purpose of the restructuring of Acque’s borrowings, is to refinance the existing bank finance, including the early termination of the hedging agreements related to the finance contract, to cover additional ordinary cash flow requirements over a period of 12 months and to cover the costs of the operation in order to allow the Company to focus on implementing its new Action Plan.

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

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

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

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

On 27 December 2023 the first EIB drawdown was carried out for € 71 million at a fixed rate of 3.363%.

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

On 26 June 2024, a drawdown was carried out on the EIB fixed-rate loan of 34 million.

It should be noted that in relation to the average defined cost for electricity, the Company appears to have purchased at an average cost below the defined threshold, thus being entitled to full recognition of the adjustment. Finally, note that on 2 November 2023 Acque Spa saw the merger by incorporation of its subsidiary Acque Servizi Srl.

Publiacqua

Tuscany - Publiacqua S.p.A. (OTA 3 - Medio Valdarno)

The management agreement, which came into force on 1 January 2002 with a twenty-year duration, was signed on 20 December 2001. In accordance with said agreement, the Operator took over the exclusive integrated water service of OTA 3, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Area includes 49 Municipalities, of which 6 managed via agreements inherited from the previous operator, Fiorentinagas. In return for awarding the concession, the Operator pays a fee to all the Municipalities, including accumulated liabilities incurred prior to the awarding of the related contracts.

Note that on 26 June 2020, the AIT approved the tariffs for the third regulatory period (2020-2023) and promptly sent the tariff proposal to ARERA. Substantially, the regulatory Economic and Financial Plan (EFP) highlights a tariff trend, and consequently a Guaranteed Revenue Constraint (GRC), that is constant over time, with application only of annual inflation.

On 16 February 2021, with Resolution No 59/2021/R/idr, ARERA approved the specific regulatory framework containing the tariff provisions for 2020-2023 pursuant to Authority Decision of 27 December 2019, 580/2019/R/IDR and related Annex A, containing “2020-2023 Water Tariff Method MTI-3”. Also note that on 31 March 2021, following ARERA resolution 59/2021, the agreement which approved the extension of the concession to 31 December 2024 was signed with the AIT.

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

In Q4 2022 activities with the Tuscany Water Authority (AIT) involved various aspects of regulation. After Publiacqua sent the proposed Addendum to the Single Regulation in May, with the technical schedules and prices for services, dialogue with AIT led to approval of the tariffs for 2022-2023.

With shareholders’ resolution no. 8/2024 of 10 May 2024, AIT approved the inclusion of the purification service carried out by GIDA S.p.A. within the scope of the integrated water service of Territorial Conference no. 3 Medio Valdarno. The same resolution established a technical extension of the concession agreement of the current IWS contract to the company Publiacqua S.p.A. under the same conditions as the one currently carried out for the time strictly necessary to conclude the public procedure to select the private partner of the new operator according to the provisions of Art. 17 of the Consolidated Law on Public Companies (TUSP) and the consequent new awarding of the same service, in any case no later than 31 December 2025.

On 30 May 2024, the approval process of the tariff provisions for the fourth regulatory period (MTI-4 2024-2029) was completed for the year 2024-2025.

Acquedotto del Fiora

Tuscany - Acquedotto del Fiora S.p.A. (OTA 6 - Ombrone)

By virtue of the Management Agreement signed on 28 December 2001, Acquedotto del Fiora took over the exclusive integrated water service of former OTA 6 Ombrone, comprising all public water collection, abstraction and distribution services for civil use, sewage systems and the treatment of wastewater. The Management Agreement is valid until 31 December 2031.

With regard to provisions of interest to Acquedotto del Fiora, the procedure with the Tuscany EGA (AIT) to collect and validate the actual data for 2022 and 2023 and the Investments Plan was launched and is currently under way. At the reporting date of this document, Acquedotto del Fiora has sent the standard disclosures required to proceed with the tariff revision to the EGA. Once its own process is complete, AIT will approve and send to ARERA the tariff revision proposal, setting the GRC and the Theta for 2024-2025 and also redesigning the entire tariff profile (EFP) until the end of the IWS concession.

On 23.05.2023, Acquedotto del Fiora took over from the wholesale operator Integra Concessioni srl, with regard to the management of the "Terrarossa" purification plant serving the municipalities of Ortebello and M. Argentario. As required by the relevant laws, this transfer was managed by the Tuscan Water Authority also with reference to the regulatory matters pertaining to the change of operational scope and quantification of the Residual Value (AIT Shareholders' Resolution No. 8 of 18.05.2023 and AIT Decree No. 83 of 19.05.2023).

GEAL

Toscana – GEAL S.p.A. (Ato1 – Toscana Nord)

The Company manages the Integrated Water Service in the Municipality of Lucca in accordance with the Management Agreements with the local authority expiring on 31 December 2025, updated during 2013 to take into account the memorandum of understanding signed with the AIT on 29 November 2011 and in 2016 pursuant to ARERA Resolution no. 656/2015.

With regard to tariffs, it should be noted that:

- ❑ in relation to the **MTI-3**, there have been no developments in the appeal of ARERA resolution no. 238/2023. In such measure, albeit having confirmed the tariff increases for 2022 and 2023 in the amount established in previous resolutions, that is equal to 6.2%, recognition of public land rent requested by the Tuscany Region for 2016-2021 was partially decreased. In particular, the tariff components Rc^{other} , and $Opex_{ai}$ were not entirely recognised. Taking this into account, based on the content of the specific question faced by the company in concert with other Tuscan water companies coordinated by Cispel Toscana, rather than the size of the total amount (of approximately € 20 thousand), GEAL filed an appeal against ARERA resolution 238/2023 on 31.7.2023, through the Studio Farnetani of Florence.
- ❑ with regard to the **MTI-4**, GEAL submitted to AIT on 5 April 2024 all the documentation required to prepare the tariff provisions (final economic/financial data 2022 and 2023 and Investments Plan for 2024 and 2025). In June, discussions began with AIT but the draft calculation for 2024 and 2025 has not yet been sent to the company. Approval of the tariff provisions by AIT is not expected before the end of July.

Since its formulation in autumn 2023, the current budget contains a remodulation of the MTI-3, namely the postponement to years after 2024 of the recovery of the RC component for approximately € 700 thousand, which would be replaced by a higher amount of the FoNI tariff component, thus to the benefit of higher revenue and EBITDA levels in 2024. Confirmation of this hypothesis by AIT is pending, which at the time had been informed by GEAL about the hypotheses used to prepare the 2024 budget.

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

The following was achieved for this line:

- ❑ an advance of 10% equal to € 250 thousand;
- ❑ payment of the first works progress report (SAL) presented to the MIT for € 591 thousand.

In order to obtain the additional advance portion of 20%, equal to € 500 thousand, a meeting was held with the MIT during which the content of the preliminary documentation for disbursing such amount was agreed upon. The request will be submitted at the start of July.

For the **NRRP line M2C4-I4.4** – investments in sewer lines and purification, through the Tuscan Water Authority, for which MASE approved a € 1 million contribution to partially cover the costs of extending the sewage system in the Oltreserchio zone and an energy efficiency project involving the purifier; procedures are still in progress to sign the programme agreement with the AIT serving as the implementing party (GEAL is classified as the external implementing party).

With the ACEA insurance service, GEAL also launched the assessment of a surety to be provided to AIT for completion of the work.

For **NRRP line M2C4-I4.2** – reduction of leaks in water distribution networks, including digitisation and monitoring of the networks, with MIT decree of 6 May 2024, GEAL was identified as one of the recipient operators of public contributions, for an amount of € 8.8 million partially covering the costs to replace certain sections of the water network and the installation of smart water metering systems on the entire installed base.

Pending communication from the MIT, to be carried out pursuant to Art. 1, paragraph 5 of the above Decree, GEAL:

- ❑ ended the preparatory tender procedures for the completion of the work by 30 April 2024;
- ❑ obtained indication from AIT that it had authorisation to sign contracts with the contractors;
- ❑ with the ACEA insurance service, launched the request for a surety to be provided to AIT for completion of the works.

The Forecast 5+7 does not currently take account of the impact of implementing the NRRP - M2C4-I4.2, which will be assessed for the next budget review. It is still feasible that the effect will be relatively contained, taking into account the following elements:

- Q the impact of amortisation will be limited, considering: the start of the works in the second half of the year, the application of ordinary amortisation to the works, and partial coverage of such costs by the contributions;
- Q the impact of the higher cost of personnel will tend to be neutral, taking account of the capitalisation of the related costs;
- Q the impact of financial charges will be limited by the fact that the first SALs will be paid at the end of the year and, in the meantime, the company could obtain advances from the Ministry; on the other hand, the aforesaid impact of the sureties to guarantee the works must be assessed.

Umbra Acque

Umbria - Umbra Acque S.p.A. (OTA 1 - Umbria 1)

On 26 November 2007, ACEA was definitively awarded the contract in the context of the tender procedure launched by the Area Authority for OTA 1 Perugia for selection of the private minority industrial partner of Umbra Acque S.p.A. (expiry of the concession originally set for 31 December 2027 and which following the Assembly of Mayors of the AURI with resolution 10 of 30 October 2020 was extended to 31 December 2031). The entry into the capital of the company (with 40% of the shares) took place with effect from 1 January 2008. The Company performed its activities in all 38 Municipalities constituting Sub-areas 1 and 2 of Umbria.

As of 30 June 2024, the tariff applied to users was determined on the basis of Water Tariff Method 3 (MTI-3) under Resolution no. 63/2023/R/ldr of 21 February 2023 with which ARERA approved the preparation of the 2022-2023 tariff update previously approved by the Assembly of Mayors of the AURI with Resolution no. 10 of 25 October 2022, which provide for 2024 an applicable theta of 1.342 and an increase of 7.7% compared to 2023. The average tariff €/mc was approximately € 3.57 at 30 June 2024. The number of users served was approximately 236 thousand. With reference to volumes, based on the estimates, approximately 13.6 million cubic metres of water were distributed (-2% compared to June 2023, when 13.9 million cubic metres of water were distributed). As invoicing operations were not yet complete when these final figures were compiled, cubic metres distributed but not yet invoiced were estimated and the relevant rate determined based on historic values and prospective measurements.

Receivables from customers gross of the provision for doubtful debts amounted to €56.2 million. Of these, approximately €14.4 million are related to tariff adjustments. The adjustment of the RcEE component for 2023 (approximately €12 million) is consistent with the tariff indications of reference, since the price paid of 0.2287 for the 2023 supply is lower than the average price of € 0.2436/kWh indicated by ARERA for the same year (published with Communication dated 12 March 2024).

At 30 June 2024, the percentage ratio of Collections/Turnover was approximately 96%, partly influenced by the amount billed to direct/indirect users of the national/regional social water bonus of 2021, 2022 and 2023. The DSO (Days Sales Outstanding) is 122.

Trade payables amount to approximately € 53.2 million, reporting a considerable increase of approximately € 14 million compared to 31 December 2023: this increase is mainly attributable to the NRRP investment activities (contractor SALs), but is partly also due to maintaining a longer term than the contractual terms in payments to suppliers (average times of approximately 150 days).

With reference to the supply of electricity, the company exercised the right to request that the supplier A2A S.p.A. provide a fixed price (fixing request) for 100% of the volumes in full replacement of the price indexed to the NSP for the period between May and December 2024. As it stands, and on the basis of the cost trend forecasts available, this is a good decision in terms of efficiency and risk coverage. Investment production in 2023 amounted to a total of € 27.6 million, before public plant contributions and private contributions, which totalled € 5.6 million, recording a slight decrease of -8% compared to the budget expectations for the period.

With reference to the financial situation, following the impacts deriving from the increase in electricity costs which partly compromised the benefits obtained by signing the medium/long-term loan pool agreement for € 62 million, signed in 2021, in the first half of 2024 the company finalised several operations with the objective of redefining its financial structure and making it more appropriate for the management obligations of the current MTI-3 Tariff Plan and related Action Plan.

In more detail, following the definition of the 2024-2031 Corporate EFP and the approval of the Lending Banks, in the early months of 2024 the company:

- Q expanded its short-term contracts by signing an unsecured loan of € 4 million with Credem S.p.A. (expandable to € 5 million) with a duration of 9 months, and a new line for ordinary advance on short-term flows of €3 million from BNL S.p.A., maturing 30 June 2025;
- Q above all, on 28 June 2024 it finalised a process initiated in 2023 with the Lending Banks (BNL, MPS, UNICREDIT) for the acquisition of a medium/long-term loan, with the involvement of SACE S.p.A., an Italian insurance/finance group directly controlled by the Italian Ministry for Economy and Finance, implementing party of the so-called Italian Green New Deal, which was requested to release a "green" guarantee in favour of the lending banks to grant a new medium/long-term credit line for a total of € 15 million, duration of 8 years (maturity 2031), repayment plan with ongoing quarterly instalments with the first instalment on 30 June 2025 and average all-in rate of 2.26%, to carry out the NRRP investments in line with Environmental Goal 3 "Protection of water and marine resources" of the Green New Deal promoted by the European Union to achieve climate neutrality by 2050.

IWS

Umbria - S.I.I. S.c.p.A. (OTA2 - Umbria 2)

The former Optimal Territorial Area Authority no. 2 Umbria (O.T.A. Umbria n° 2), today Sub-area no. 4 of the Umbria AURI, under the terms and for the purposes of the Galli Law - no. 36/1994 - and of Umbria Region Law n° 43 of 05.12.1997, awarded to S.I.I. S.c.p.A. from 1 January 2002, the date on which the Convention with a duration of thirty years was signed, the management of the integrated water service in the 32 municipalities of the Province of Terni. The Terni Area covers an area of 1,953 km², 93% of which is hills and 7% mountains. With the exception of the industrial areas of Terni and Narni, the land is prevalently used for forest and agriculture. The resident population served amounts to approximately 220,000 inhabitants. Users served total around 125 thousand and the water network covers 2,800 km.

ASM Terni

The Company's mission is to manage, in its area, the environmental hygiene service in terms of the collection, transport, treatment and disposal of waste, the production and distribution of electricity and public lighting, the management of the natural gas network and the related investments under the service agreement with Umbria Distribuzione Gas, the distribution of potable water, the treatment of wastewater and water quality control, as the Operational Partner of the IWS concession holder. The Company operates by pursuing the continuity and regularity of the service delivered, by improving and upgrading the strategic infrastructures in the various areas and by providing a proactive, responsive service to customers.

On 6 December 2022, the closing of the initial stage of the business combination with ACEA was signed, following the completion public procedure initiated by ASM in 2021.

This operation is of significant strategic value and is intended to create an integrated multiutility in Umbria, providing electricity and gas distribution and retail, waste management and integrated water cycle services. On 19 April 2023 the second closing of the business combination with Acea was finalised. Following this operation, 20% of the share capital of Orvieto Ambiente S.r.l. was transferred to ASM, in addition to the liquidity of € 2,500 thousand.

Progress of the procedure for approving the tariffs

The following table shows the updated situation of the procedure for approving IWS tariff provisions for Group companies relating to the 2016-2019 regulatory period, the 2018-2019 two-year tariff update, and tariff provisions for 2020-2023, as well as the two-year tariff update for 2022-2023.

Company	Approval status (up to MT12 "2016-2019")	Two-year update status (2018 - 2019)	Approval status MTI-3 2020-2023	Approval status two-year update 2022-2023
ACEA Ato2	On 27 July 2016, EGA approved the tariff, including the bonus as per Art. 32.1, subsection a) of Resolution 664/2015/R/ldr. The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed.	The Conference of Mayors approved the tariff update on 15 October 2018. On 13 November 2018, ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/ldr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA Resolution.	On 27 November 2020, the AGB approved the tariff for the 2020-2023 regulatory period with Resolution no. 6/2020. ARERA approved the 2020-2023 tariffs on 12 May 2021 with resolution 197/2021/R/IDR.	Following the formal warning of 18 October 2022 sent by ARERA, the Conference of Mayors approved the 2022-2023 tariffs on 30 November 2022. ARERA approval arrived with resolution 11/23 of 17 January 2023.
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex _{qc} . ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the Opex _{qc} . Approval by ARERA is awaited.	The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. ARERA has not yet given its approval.	On 14 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021. ARERA has not yet given its approval.	Following the formal warning sent by ARERA on 29 November 2022, EGA approved the 2022-2023 tariff proposal on 11 January 2023. ARERA has not yet given its approval.
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opex _{qc} as of 2017. Approval by ARERA is awaited. With Resolution 247 of 31 May 2022, ARERA ordered CWA to employ and submit — within 90 days — specific determinations regarding tariff arrangements for the years 2012 and 2013. The measure at the same time extends the deadline for the conclusion of the proceedings to 30/09/2022, for the renewal of the contradictory preliminary investigation underlying the tariff determinations in Resolution 104/2016 (2012 - 2013 and 2014 - 2015).	On 17 July 2018 the Extraordinary Commissioner of the AGB approved the 2018-2019 tariff update. ARERA has not yet given its approval.	On 18 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. Following a warning from ARERA, the CWA (Campania Water Authority) with a resolution dated 12 August 2021, approved the 2020-2023 tariff proposal. ARERA has not yet proceeded with approval.	On 10 August 2022 with resolution no. 35 the CWA approved the two-year update 2022-2023 including the earlier items prior to 2012. Approval by ARERA is awaited.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the Opex _{qc} . Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Executive Council approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With Resolution 502 of 9 October 2018, ARERA approved the 2018-2019 tariff update.	On 18 December 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 7. ARERA approval arrived with resolution 404/2021/R/ldr of 28 September 2021.	AIT approved the 2022-2023 update on 25 November 2022. Approval by ARERA is awaited.
Publiacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/ldr. On 12 October 2017, with resolution 687/2017/R/ldr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. ARERA approved the 2020-2023 tariff provisions and the 2018-2019 two-year update with Resolution 59/2021 of 16 February 2021.	On 26 June 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 3. ARERA approved the 2020-2023 tariff provisions with Resolution 59/2021 of 16 February 2021.	The AIT Executive Council approved the update for 2022-2023 on 22 February 2023. Approval by ARERA is awaited.
Acquedotto del Fiora	On 5 October 2016, the AIT approved the tariff with recognition of the Opex _{qc} . On 12 October 2017, with resolution 687/2017/R/ldr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Executive Council on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its Resolution of July 2018. ARERA approved the two-yearly update (with a small	On 26 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 6. ARERA provided approval with resolution 84/2021/R/IDR of 2 March 2021.	The AIT approved the 2022-2023 two year update on 14 December 2022. Approval by ARERA occurred with resolution 313/23 of 13 July 2023.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018 – 2019)	Approval status MTI-3 2020-2023	Approval status two-year update 2022-2023
Geal	On 22 July 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. On 26 October 2017, with resolution 726/2017/R/idr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.	correction of the recognised $Opex_{qc}$ and the extension of the concession with Resolution no. 465 of 12 November 2019. On 12 July 2018 ARERA approved the 2018-2019 tariff update proposed by AIT.	On 28 September 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 4, updated with Resolution nos. 13 and 14 of 30 December 2020. ARERA provided approval with resolution 265/2021/R/idr of 22 June 2021.	On 30 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023. ARERA approval arrived with resolution 238/23 of 30 May 2023.
Acea Molise	Following Resolution no. 664/2015/R/IDR, both for the Municipality of Campagnano di Roma (RM) and the Municipality of Termoli (CB), Municipalities where Crea Gestioni offers the IWS, neither the Granting Body nor the Area Authority of reference submitted a tariff proposal for the regulatory period 2016-2019, so the Company independently submitted tariff proposals. Currently approval by the ARERA is still pending.	The Company has submitted the data to the competent parties/AGB in order to update the 2018-2019 tariff. For the management of the IWS in the Municipality of Campagnano di Roma (RM), given the inaction of the designated parties the Company filed an application with ARERA in early January 2019 for a tariff adjustment in 2018-2019, also revising the 2016-2019 proposal. ARERA has not yet pronounced or issued a warning to the AGB and/or to the competent parties. For the management of the IWS in the Municipality of Termoli (CB), with a Resolution dated 17 December 2019 the Municipal Council of Termoli approved the alignment of the pre-existing Agreement to the Agreement template, extending its expiry to 31 December 2021, and confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for 2018 and 2019, also revising the 2016-2019 proposal. ARERA has not yet given its approval.	The Municipality of Termoli approved the tariff provisions for 2020-2023 on 4 February 2021. These were sent by the EGAM on 4 March 2021. For the Municipality of Campagnano, the Operator sent the tariff provisions to ARERA on 30 March 2021 in accordance with the provisions under art. 5.5 of Resolution 580/2019/R/idr. Approval by ARERA is awaited.	On 18 December 2023, the Municipality of Termoli approved the tariffs for 2022-2023, sending them to EGAM at the same time. Approval by ARERA is awaited.
Gesesa	On 29 March 2017 with Resolution no. 8 of the Extraordinary Commissioner the OTAA1 approved the tariff provisions for the years 2016-2019. Currently approval by the ARERA is still pending.	The Company submitted the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation by the technical offices of the competent AGB (EIC-Campania Water Authority) was completed at the end of February 2020. On 1 December 2023, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.	On 29 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019. The CWA convened the District Council for 22 July 2021 (findings report on checking of the minutes of 31/7/20) following the warning from ARERA received on 2 July 2021. On 1 December, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.	On 1 December, the EIC District Committee approved the proposed tariff for 2018-2023. Approval by ARERA is awaited.
Nuove Acque	On 22 June 2018, the AIT Executive Council approved the rates.	On 16 October 2018 with Resolution 520 ARERA approved the 2018-2019 tariff update proposed by the AIT. With this resolution, ARERA made explicit the quantification of multipliers for 2016-2017.	On 27 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 5. ARERA provided approval with resolution 220/2021/R/IDR of 25 May 2021.	With resolution 12/2022 of 29 July 2022, the AIT Executive Council approved the tariff provisions for 2022 – 2023. ARERA provided approval with resolution 535/2022 of 25 October 2022.
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the $Opex_{qc}$. The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.	In its session of 27 July 2018, the AURI Assembly approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with Resolution no. 489 of 27 September 2018	AURI approved the 2020-2023 tariff of 30 October 2020. ARERA approved the same with Resolution 36/2021 of 2 February 2021.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 63 of 21 February 2023.
SII (Terni) S.c.p.a.	On 29 April 2016, with Resolution no. 20, AURI approved the tariff multiplier for the 2016-2019 four-year period and with determination no. 57 it approved the adjustment for previous items. ARERA approved the 2016-2019 tariff provisions with resolution 290/2016 of 31 May 2016.	With resolution of the Board of Directors of AURI no. 64 of 28-12-2018, approval was given to the 2018-2019 two-year update. ARERA approved the biennial adjustment 2018-2019 with its resolution of 20 September 2018 464/2018.	AURI approved the 2020-2023 tariff structure with the resolution by the Assembly of Mayors 12 of 30 October 2020. ARERA provided approval with resolution 553/2020 of 15 December 2020.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 78 of 28 February 2023.

Tariff update for the fourth regulatory period (2024-2029)

With reference, on the other hand, to the tariff update for the fourth regulatory period (2024-2029), to date:

- ❑ Publiacqua received approval from the Tuscany Water Authority (AIT) of the tariff proposal but it is still incomplete, and so has not been sent to the Authority;
- ❑ ACEA Ato5 sent to the Area Body ATO5 Southern Lazio-Frosinone (EGA), and to the Authority for information purposes, a request for tariff provisions in application of the MTI-4 pursuant to Art. 5.3 of Resolution 639/2023;
- ❑ the other Group companies, on the other hand, began discussions with the relevant bodies, which should conclude with the tariff approvals before the summer break or, at the latest, by the end of September.

Related Party Transactions

ACEA GROUP AND ROMA CAPITALE

Trading relations between ACEA Group companies and Roma Capitale include the supply of water and provision of services to the Municipality.

Among the principal services are the management, maintenance and upgrading of public lighting facilities and, with regard to environmental-water services, the maintenance of fountains and drinking fountains and the additional water service, as well as contract work.

Such relations are governed by appropriate service contracts and the supply of water is conducted by applying the tariffs in force on the market adjusted to the supply conditions.

ACEA and ACEA Ato2, respectively, provide public lighting and integrated water services under the terms of two thirty-year concession agreements. Further details are provided in the section "Service concession report".

For further information regarding relations between the ACEA Group and Roma Capitale, reference should be made to the disclosures regarding receivables and payables from and to the Parent Company in note 26 of this document.

The following table shows details of the main revenues and costs at 30 June 2024 of the ACEA Group (compared to those of the previous year) deriving from the most significant financial relations.

€ thousand	30/06/2024	30/06/2023
REVENUES		
Supply of fresh water	24,454	25,364
Public Lighting Service Contract	17,431	24,868
Public Lighting contract interest	4,689	3,601
Water maintenance service contract	124	75
Monumental fountain service contract	124	75
COSTS		
Concession fee	56	56
Lease fees	1,218	1,509

Reference should be made to note 26.b for details on the impact of these transactions, while the table below summarises the changes in receivables and payables.

€ thousand	31/12/2023	Collections / payments	Accruals 2024	30/06/2024
RECEIVABLES	138,891	(4,773)	45,703	179,821
PAYABLES	(121,702)	63,003	(127,422)	(186,121)

ACEA GROUP AND ROMA CAPITALE GROUP

The ACEA Group also maintains trading relations with other companies, special companies and entities owned by Roma Capitale, mainly concerning the supply of water.

The supply of services to entities owned by the Roma Capitale Group is also conducted by applying the tariffs in force on the market adjusted to the supply conditions.

The following table shows the most significant amounts of revenues, costs, receivables and payables deriving from relations between the ACEA Group and entities owned by the Roma Capitale Group.

Roma Capitale Group	Trade payables	Costs	Trade receivables	Revenues
AMA S.P.A.	1,002	485	5,185	2,552
ASSICURAZIONI DI ROMA - MUTUA ASSICURATRICE ROMANA	293	20	0	0
Total	1,295	505	5,185	2,552

ACEA GROUP AND MAIN CALTAGIRONE GROUP COMPANIES

The ACEA Group companies maintain trading relations that mainly concern the supply of electricity and water.

The supply of services to entities owned by this company is conducted by applying the tariffs in force on the market adjusted to the supply conditions. The prices applied to sales of electricity to free market users are in line with the sales policies of ACEA Energia.

The following table shows the most significant amounts relating to financial relations between the ACEA Group and the main entities owned by the Caltagirone Group at 30 June 2024.

€ thousand	Revenues	Costs	Receivables	Payables
Caltagirone Group	176	8,629	36	325

ACEA GROUP AND SUEZ ENVIRONMENT COMPANY SA GROUP

The following is a summary of the relations with the companies of the Suez Group at 30 June 2024. It must also be noted that the financial balances described above do not include relations with companies in the Group consolidated under the equity method., which are included in the financial statements.

€ thousand	Revenues	Costs	Receivables	Payables
Suez Environment Company SA Group	420	518	546	259

List of significant related party transactions

In the first half of 2024, a major transaction was approved relating to the offer presented by **Acea Ambiente S.r.l.**, a single shareholder company, in response to 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.

The table below shows the percentage weight of transactions with related parties on the statement of financial position, the income statement and the cash flow statement.

Impact on the Statement of Financial Position

€ thousand	30/06/2024	Of which with related parties	Impact	31/12/2023	Of which with related parties	Impact
Financial assets	19,446	1,168	6.0%	18,852	18,852	100.0%
Trade receivables	1,102,338	66,647	6.0%	1,213,200	66,272	5.5%
Current financial assets	571,199	136,331	23.9%	487,251	97,093	19.9%
Trade payables	1,592,025	25,429	1.6%	1,750,473	8,661	0.5%
Borrowings	1,119,526	159,926	14.3%	922,950	111,306	12.1%

Impact on the Income Statement

€ thousand	30/06/2024	Of which with related parties	Impact	30/06/2023	Of which with related parties	Impact
Consolidated net revenue	1,991,226	61,725	3.1%	2,296,170	85,340	3.7%
Consolidated operating costs	1,264,694	38,827	3.1%	1,638,790	30,455	1.9%
Total Financial (costs)/income	(61,328)	1,863	(3.0%)	(67,389)	2,428	(3.6%)

Impact on the Cash Flow Statement

€ thousand	30/06/2024	Of which with related parties	Impact	30/06/2023	Of which with related parties	Impact
Increase/Decrease in receivables included in current assets	(103,053)	(375)	0.4%	(60,309)	(11,785)	19.5%
Increase/Decrease in payables included in the working capital	6,541	16,767	n.s.	(167,586)	(17,403)	10.4%
Collections/payments deriving from other financial investments	(84,543)	(21,555)	25.5%	(382,818)	(18,368)	4.8%
Dividends received	24	24	100.0%	344	344	100.0%
Decrease/Increase in other financial debts	(26,743)	48,620	(181.8%)	88,088	48,475	55.0%
Dividends paid	(142,790)	(142,790)	100.0%	(134,793)	(134,793)	100.0%

Update on major disputes and litigation

Tax audits and disputes

ACEA AMBIENTE S.r.l.

Tax disputes relating to the incorporated SAO S.r.l.

With deed of merger by incorporation of 14 December 2016, Acea Ambiente S.r.l. incorporated S.A.O. Servizi Ambientali Orvieto S.r.l. (hereinafter simply “SAO”).

Having said this, see below for information on the ongoing disputes related to SAO, which, in light of the above merger, were transferred *de jure* to Acea Ambiente S.r.l.

Notices of assessment for IRPEG, IRAP and VAT relative to tax periods 2003 and 2004.

On 16 October 2008, the Revenue Agency in Orvieto served SAO two distinct notices of assessment, with which it noted irregularities attributable to SAO for IRPEG, IRAP and VAT for tax period 2003 and irregularities for IRAP and VAT for tax period 2004. The latest judicial deed relating to such notices of assessment is judgement no. 80/2023, filed on 21 February 2023, with which the second level Tax Court of Umbria (formerly CTR of Umbria) rejected the Revenue Agency’s appeal, confirming the annulment of the contested notices of assessment. The deadline for the Agency to file an appeal with the Court of Cassation is pending.

Notices of assessment for IRES relative to tax period 2004, as subsidiary of the previous consolidation parent ERG Renew S.p.A. (so-called “first-level” assessment).

On 22 December 2008, the Revenue Agency in Orvieto served SAO, as consolidated company, a notice of assessment (so-called “first level” assessment), with which it noted a single irregularity attributable to SAO for the purposes of the national IRES consolidation for tax period 2004, in which SAO participates as subsidiary of ERG RENEW S.p.A. The latest judicial deed relating to such notice of assessment is judgement no. 81/2023, filed on 21 February 2023, with which the second level Tax Court of Umbria (formerly CTR of Umbria) rejected the Revenue Agency’s appeal, confirming the annulment of the contested notice of assessment. The deadline for the Agency to file an appeal with the Court of Cassation is pending.

Notices of assessment for IRES relative to tax period 2004, as subsidiary of the previous consolidation parent ERG Renew S.p.A. (so-called “second-level” assessment).

On 10 December 2009, the Milan 1 Office of the Revenue Agency served ERG RENEW S.p.A., as consolidation parent, a notice of assessment with which the national tax consolidation return for tax period 2004 was restated. This notice was also served to SAO S.p.A., as consolidated company, on 7 December 2009. This notice of assessment followed the notice of first-level assessment outlined in the previous point.

The latest judicial deed relating to such notice of assessment is ordinance no. 828/2024 of 22 March 2024, with which the first level Tax Court of Milan (formerly CTP of Milan) decided to postpone the discussion of the case, deeming it necessary to wait for the judgement of the CGT of Umbria (see previous point) that annulled the notice of first-level assessment to become final.

Tax disputes relating to the incorporated KYKLOS S.r.l.

With deed of merger by incorporation of 29 December 2016, Acea Ambiente S.r.l. incorporated Kyklos s.r.l. (hereinafter simply “Kyklos”).

Having said this, see below for information on the ongoing disputes related to Kyklos, which, in light of the above merger, were transferred *de jure* to Acea Ambiente S.r.l.

Notices of assessment for VAT relative to tax period 2013.

On 12 May 2017, the company Acea Risorse e Impianti per l’Ambiente S.r.l. (now Acea Ambiente S.r.l.), as surviving company of the merger with Kyklos S.r.l., was served a notice of assessment with which the Revenue Agency – Latina Provincial Department – Control Office, found higher VAT for tax period 2013 attributable to Kyklos. The latest judicial deed relating to such notice of assessment is judgement no. 2485 of 2022, with which the CTR of Lazio rejected the application for the reinstatement of proceedings submitted by the company. The Company filed an appeal against this decision with the Court of Cassation. The hearing to discuss the case has not yet been scheduled.

Notices of assessment for VAT relative to tax period 2014.

On 12 May 2017, the company Acea Risorse e Impianti per l’Ambiente S.r.l. (now Acea Ambiente S.r.l.), as surviving company of the merger with Kyklos S.r.l., was served a notice of assessment with which the Revenue Agency – Latina Provincial Department – Control Office, found higher VAT for tax period 2014 attributable to Kyklos. The latest judicial deed relating to such notice of assessment is judgement no. 1734/18/2021 of 29 March 2021, with which the CTR of Lazio rejected the appeal lodged by the company. The Company filed an appeal against this decision with the Court of Cassation. The hearing to discuss the case has not yet been scheduled.

areti S.p.A.

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

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

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

For the year 2013, the Regional Tax Commission of Lazio, with judgement 4122/2022, filed on 27 September 2022, granted the Company’s appeal.

The Attorney General’s Office served the appeal with the Court of Cassation by the deadline of 27 February 2024. Within the legal deadlines, the company filed a cross-appeal.

With regard to the notice of assessment for the year 2014, the second level Tax Court of Lazio, with judgement no. 3755/2024, filed on 4 June 2024, acknowledged the arguments of the company, confirming the first-level judgement. To date, the deadlines for appeal by the Office with the Court of Cassation are pending.

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

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

Relative to tax period 2011, the Regional Tax Commission of Lazio annulled the notice, confirming the first level decision. With an ordinance filed on 31 May 2022, the Court of Cassation rejected the Attorney General's appeal, which can therefore be considered concluded. The Office filed a request to correct the appeal decision, based on the Court of Cassation's decision, and the second level judges corrected the decision. Within the legal deadlines, the company filed an appeal with the Court of Cassation and, at present, a hearing to discuss this case has not yet been scheduled.

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

With reference to tax period 2013, with judgement 5567/2022, the Regional Tax Commission of Lazio rejected the Company's appeal. The Company presented a request for facilitated settlement of the dispute pursuant to article 1, paragraphs 186-202 of Law No. 197/2022. At present this dispute has been definitively resolved.

With reference to tax period 2014, with judgement 12424/16/2021, the Provincial Tax Commission of Rome rejected the Company's appeal. The Company presented a request for facilitated settlement of the dispute pursuant to article 1, paragraphs 186-202 of Law No. 197/2022. At present this dispute has been definitively resolved.

ACEA Ato5 S.p.A.

Notice of assessment relative to tax periods 2013, 2014, 2015, 2016 and 2017 for IRES and IRAP for ACEA Ato5 S.p.A., as a company and for IRES for Acea S.p.A. as the consolidating entity.

The relevant local Revenue Agency in Frosinone, following a general tax audit carried out by the Guardia di Finanza, served separate notices of assessment for IRES and IRAP relative to tax periods 2013, 2014, 2015, 2016 and 2017, disputing the deductibility and taxability of various components of business income. With reference to the findings related to the lack of jurisdiction disputed for 2015, supported by its tax advisors, having carried out the appropriate assessments of the risk profiles related to the aforementioned findings, the Company allocated a provision for tax risks for approximately € 701thousand, whereas, with reference to the other findings, supported by the opinion of its tax advisors, the Company believes that there is a risk of losing the case in the "remote" tax proceedings.

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

As for tax periods 2013 and 2014, combined in an appeal following the favourable first-level ruling by the Provincial Tax Commission of Frosinone, the second level Tax Court of Lazio issued sentences 1818-1819-1820/2024, filed on 18 March 2024, in favour of the company. The deadlines for appeal by the Office with the Court of Cassation are pending.

With reference to tax period 2015, the first level Tax Court of Frosinone, with decision 414/2023, filed on 20 November 2023, combined the IRES and IRAP decisions and partially accepted the Company's arguments, partially annulling the notice of assessment. The company filed an appeal, within the legal deadlines, in May 2024.

With reference to tax period 2016, the first level Tax Court of Frosinone, combining the IRES and IRAP cases, with decision 413/2023 filed on 20 November 2023 annulled both of the findings contained in the notices, fully granting the Company's appeal. The Italian Revenue Agency has notified the appeal and the Company will appear as appropriate.

With reference to tax period 2017, on 17 November 2023 notices of assessment for IRES and IRAP were received from the Revenue Agency. After proposing a tax petition for compliance, the company filed an appeal with the first level Tax Court of Frosinone in May 2024.

Other issues

ACEA Ato5 S.p.A.

ACEA Ato5 - Injunction order for payment of € 10,700,000 and counterclaim to OTAA 5 for concession fees

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

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

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

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

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

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

- ❑ rejected the grounds for opposition formulated by the Area Authority, highlighting, on the one hand, that the annulment, by own determination, of Resolution 4/2007 (as a result of subsequent Resolution no.5/2009) had no effect on the underlying private relationship, and therefore on the validity of the Settlement Agreement of 27.02.2007; on the other hand, that the Transaction did not violate the Normalised Method since the so-called “price cap” principle is only valid for any tariff increases;
- ❑ annulled the injunction order on the assumption of the nullity of the Resolution of the Mayors’ Conference no. 4/2007 and of the Settlement Agreement adopted by the Area Authority in violation of the public regulations requiring the identification of the financial coverage of the act itself;
- ❑ rejected the requests prepared subordinately (in the event that the Settlement Agreement had been declared invalid) by ACEA Ato5 defence attorneys, intended to obtain recognition of the credit by the Area Authority;
- ❑ referred the case for pre-trial examination as regards the counter-claim formulated by the Area Authority in its closing briefs nevertheless recognised the successful payment, by the Operator, of a large part of its debt, describing the existence of a residual credit of approximately € 7,000,000.

This was followed by further payments by the Operator, but due to the credit/debit discrepancies between the parties, in April 2021 the court ordered an expert witness report. Following that, at the hearing on 15 December 2021 the Operator made a settlement proposal which was then rejected by AAT05.

In its order of 31 May 2023, the Judge also held that the debt had been paid off, based on the payments made by Acea during the proceedings. The court also identified a surplus payment by ACEA Ato5, equal to the difference between the sum owed (€ 26,313,251.50) and the sum effectively paid by ACEA Ato5 (€ 28,690,662.85), amounting to approximately € 2,377,000.

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

In connection with these proceedings, the appeal must be considered against the judgement of the Court of Frosinone that revoked the Court Order of € 10,700,000, initially issued by said Court. The Court, after hearing the respective positions of the parties, adjourned the case to 20 November 2020 for the oral discussion and the delivery of the judgement pursuant to art. 281 sexies of the code of civil procedure. The case was then further adjourned until 11 December 2024, at the request of the parties.

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

- ❑ the issue in question, which relates to the recognition of the amount owed by the Operator (of € 10,700,00.00) in connection with the 2007 settlement, the subject of sentence no. 304/2017 of the Court of Frosinone, appealed by ACEA Ato5 S.p.A. to the Court of Appeal of Rome, was referred to the Conciliation Board for further investigation, including legal matters;
- ❑ The legal assessments made by the lawyers illustrate, on the one hand, the validity of the appeal and, on the other hand, the fact that the nullity of the transaction does not per se determine the non-existence of the receivable.

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

In its Conciliation Proposal sent to the parties on 27 November 2019 and currently being examined by the OTAA 5 Conference of Mayors, the Conciliation Board has in fact, among other things:

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

no. 2031/2016

With regard to criminal proceeding no. 2031/2016 concerning the financial years 2015, 2016 and 2017, on 4 January 2019 the current Chairperson of the Company was served with an invitation to appear in person subject to investigation and information of guarantee for alleged offences attributable to false financial statements and false corporate communications. This measure also affected the Chairpersons of the Company and the representatives of the control bodies in office in those financial years. The preliminary hearing was held on 26 October 2021, adjourned to 15 November 2021, in order to assess the admission of civil parties and then adjourned to

13 December 2021 for the same obligations and then to 10 January 2022, in order to dissolve the reservation on the admission of civil parties. The Preliminary Hearing Judge, having withdrawn the reservation, issued an order whereby, with the exception of the associations "Free Monte" and "Codicci Onlus", all the parties allegedly harmed by the facts of the crime against the defendants were admitted.

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

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

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

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

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

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

ACEA Ato5 - Lazio Regional Administrative Court appeal of contract termination

With regard to the matter of the termination of the Management Agreement, various municipalities in ATO5 and AATO5 have filed two appeals against sentence no. 638/2017 by which the Lazio Regional Administrative Court - detached section of Latina upheld the appeal filed by the Company against Resolution no. 7 of 13 December 2016 of the Conference of Mayors that ordered the resolution, annulling the measure.

It should be noted that the aforementioned appeals do not present any arguments of particular novelty or relevance with respect to what has already been submitted for the examination of the Court of First Instance, nor have the appellants proposed an application for interim relief. The Company has filed its formal documents with reference to both disputes, following which were issued the decisions of 11/10/2023, for the case identified by docket number 5833/2018 and that of 29/12/2023, relative to the case identified by docket number 05675/2018, both of which definitely rejected the appeals presented by the municipalities of the AATO5 and the Area Authority.

ACEA Ato5 - Municipality of Atina - City Council Resolution no. 14 of 17 April 2019

Following the transfer of the management of the IWS of the Municipality of Atina to ACEA Ato5, on 19 April 2018, the Municipality decided to "establish the optimal territorial sub/area called Atina Territorial Area 1, with reference to the optimal territorial area no. 5, for the continuity of the autonomous and direct management of the water service pursuant to art. 147 paragraph 2 bis of Italian Legislative Decree 152/2006, declaring the Integrated Water Service "local public service without economic importance" (Municipal Council resolution no. 14 of 17 April 2019).

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

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

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

ACEA Ato 5 – Municipality of Anagni – Appeal to the Lazio Regional Administrative Court (Latina). Annulment of order to demolish treatment plant in the San Bartolomeo district of the Municipality of Anagni.

On 4 November 2021, with Executive Order no. 236/2021 the Municipality of Anagni ordered the demolition and removal of the Treatment Plant located in the San Bartolomeo district (Anagni) and the consequent restoration of the original condition of the places as they were before the work began. The local Council alleges that the said infrastructure was created in breach of art. 10 of Italian Presidential Decree 380/2001, given that the work is said to have been done without planning permission, and in breach of art. 24 of Italian Presidential Decree 327/2021, given the non-definition of the expropriation order with the due notification procedures. In addition, according to the Council the plant occupies an area covered by the constraint for sites of national interest (Hydrographic basin of the River Sacco). Against this measure the Company presented an application for access to the records, which was rejected by the Municipality.

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

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

ACEA Ato5: Opposition to injunction by the Municipality of Fiuggi

In the Injunction ordered by the Court of Frosinone on 25 July 2013, the Municipality of Fiuggi was ordered to pay ACEA Ato5 the sum of €185,685.00 in respect of unpaid bills for the supply of water to service users covered by the Municipality.

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

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

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

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

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

The dispute was settled by conciliatory agreement on 30 December 2021; the judgement will remain suspended in order to verify the fulfilment of the commitments undertaken. The case was thus adjourned until 19 December 2023 to allow verification of performance of the obligations deriving from the settlement agreement.

The activities were carried out in compliance with the schedule set in the settlement agreement. Therefore, at the hearing on 19 December 2023, the Judge, in line with Article 309 of the Italian Code of Civil Procedure, as the parties did not appear, ordered the case postponed to 27 March 2024. Given that the parties did not appear, the case was removed from the Roll and the related procedure, under the law, was declared settled.

ACEA Ato5: Class actions under Art. 140 bis of Legislative Decree 206/2005

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

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

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

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

On 12 June 2023, the case was assigned to the Civil Court of Rome, second section, which on 20/12/2023 issued the decision which defined the judgement in question and entirely rejected the claims made by the plaintiffs. As the deadlines for filing an appeal have elapsed, the Court of Rome ruling of 20 December 2023 became final.

ACEA Ato5 – Revenue Agency's Tax Demand for Land-improvement Consortia Fees for the years 2003, 2004, 2005 and 2006.

On 31 May 2024, the Revenue Agency - Collections Service served tax demand no. 04720240012370418000 relating to the payment notice for "collective income 2018" as enforced recovery requested by the Lazio Region of the sums allegedly due as advance on the fee intended for the land-improvement consortia Conca di Sora, Sud di Anagni and Valle del Liri for the years 2003, 2004, 2005 and 2006 for a total of € 1,076,686.45. Acea Ato5 filed a notice of objection with the Court of Frosinone, since it believes that the fees have been duly paid to the Area Authority of reference, as envisaged by the current Management Agreement. The company also challenged the amounts requested. The first hearing is set for 17 December 2024.

Acea S.p.A. - Milano '90

This issue concerns the failure to pay sums due for the balance of the sale price of the area in the Municipality of Rome with access from via Laurentina No. 555, formalised with a deed dated 28 February 2007 and with a subsequent supplementary deed of 5 November 2008. With the said supplementary deed, the parties agreed to change the fee from € 18 to € 23 million, while eliminating the earn out, setting 31 March 2009 as the payment deadline.

Given the purchaser's failure to act, the procedure to collect the amounts due was initiated by preparing a notice pay addressed to Milano '90 and through application for an injunction order which, on 28 June 2012, was granted in a temporarily enforceable form.

Therefore, in November 2012, ACEA served a garnishment order to the company Milano '90 for the forced recovery of the amounts claimed.

Milano '90 opposed the aforementioned injunction - also requesting the condemnation of ACEA for the restitution of sums paid as a price and compensation for damages - obtaining the suspension of its provisional execution. Consequently, the enforcement procedure was in turn suspended.

By judgement no. 3258, published on 13 February 2018, the Court of Rome rejected the opposition and confirmed the court order in full, sentencing Milano '90 to pay for the costs of the dispute.

Appeal Decision

On 26 April 2018, Milano '90 appealed, and with a decision issued 23 June 2022, the Court of Appeal of Rome fully confirmed the sentence of the first instance judge and sentenced the counterparty to pay the litigation costs.

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

Executive procedure

Following the favourable ruling of first instance, on 27 March 2018 ACEA filed the application for resumption of the executive procedure in relation to Milano '90 and the third parties attached. Following the opposition proceedings brought by the third-party garnishee, on 25 March 2022 the sums assigned to Acea were paid. An appeal to the Court of Cassation by the third-party garnishee is now pending. The date for the hearing has not yet been set.

Acea S.p.A. – Former COS rulings

The COS dispute concerns the ascertainment of the illegality of the contract between ALMAVIVA Contact (formerly COS) and ACEA and the consequent right of its workers to be recognised as having a subordinate employment relationship with ACEA.

It should be noted that the majority of the cases in which ACEA was unsuccessful were settled, and that of the six claimants only two were brought before the Court of Cassation by ACEA to assess the existence of a claim (the assessment of the right to establish a relationship). These judgements were settled by dismissal orders – made on 2 and 10 July 2019 – of ACEA's application. The establishment of the employment contract between ACEA and the opposing parties as from 2004 is therefore confirmed.

The claimants - who have claimed the remuneration differences for lack of performance - have therefore started to work concretely starting from February 2020.

Quantification judgements

Based on the above-mentioned judgements concerning the *an debeat*, the six workers who won their cases (i.e. with whom a subordinate employment relationship with ACEA was established) have over time initiated actions quantifying their claims, requesting the company to pay the wages due as a result of the established relationship and regarding different periods of accrual of the receivables. Below, specifically.

Salary differences in relation to the period 2008/2014. In 2015, six separate quantification judgements were introduced by the aforementioned workers in relation to the wage differences matured between 2008 and 2014. The judge, having gathered the appeals, rejected them with a sentence of 3 June 2015 against which an appeal was lodged by the counterparties.

In December 2020 conciliation of the dispute with one of the six workers was reached, while the appeal, continued for the other 5 applicants, ended with a partially unfavourable sentence handed down on 26 October 2022, as a result of which ACEA paid, subject to repetition, the amounts due by way of wage and social security differences as well as interest and monetary revaluation.

Acea appealed to the Supreme Court against this ruling, currently awaiting a hearing.

Salary differences in relation to the period 2014/2019. In the years 2020 and 2022, four workers were notified as many monitoring judgements aimed at also obtaining the wages not received in relation to the 2014-2019 time segment.

With reference to the injunctions received in 2020, after the opposition to the same was rejected, the workers' requests were accepted. In April 2022, Acea paid the salary differences and ancillary costs, reserving the right of reimbursement, and also filed an appeal. The cases are currently pending.

With regard to the appeals made in 2022, both sets of proceedings have been opposed. In a judgement dated 4 April 2023, Acea was ordered to pay the salary differences which were settled, reserving the right of reimbursement.

The judgements were appealed with the Rome Court of Appeal: one of the judgements is still pending, while the other ended unfavourably for Acea in June 2024.

Lastly, the introduction, in July 2022, of an appeal pursuant to Art. 414 of the Code of Civil Procedure by a fifth worker, concluded at the first level in June 2024, with the dismissal of the appeal.

Acea S.p.A. – Municipality of Botricello

In 1995, the Municipality of Botricello transferred management of its integrated water service to a temporary grouping of businesses, which later established itself as a consortium, known as Hydreco Scarl. In 2005, the Municipality sued, in the Court of Catanzaro, the company Hydreco Scarl and its component companies, including Sigesa S.p.A. (which transferred its rights to ACEA S.p.A.), to obtain reimbursement of the fees due for administration for the period from 1995-2002, quantified in the amount of € 946,091.63, plus damages, interest and revaluation.

The companies disputed the Municipality's claim and filed a counter-claim for non adjustment of tariffs and loss of earnings due to the early revocation of the service. During the case an expert was called upon, who recognised a balance due to the Municipality of around € 230 thousand. Nonetheless, the Court, with judgement 1555 of 29 October 2015, ordered the companies to jointly pay € 946,091.63, plus interest and revaluation of the payable accrued, rejecting the counter-claims. The losing parties filed separate appeals and, with an ordinance of 27 March 2018, the Catanzaro Court of Appeals suspended execution of the appealed judgement, based on the validity of the arguments made in the appeal document. However, with judgement 677 of 6 June 2020, the appeals were rejected.

Acea filed an appeal with the Court of Cassation. The hearing was held on 21 December 2023. With unfavourable ordinance no. 7980 of 25 March 2024, the Supreme Court dismissed the appeal.

ACEA S.p.A. and areti S.p.A. – MP 31 S.r.l. (formerly ARMOSIA MP Srl)

This is an opposition proceeding filed against the injunction issued by the Court of Rome against areti, in the amount of € 226,621.34, requested by Armosia MP by way of lease payments for the months of April-May-June of 2014 in relation to the property in Rome - Via Marco Polo 31. The injunction was declared provisionally enforceable by order of 8 July 2015.

In the hearing on 17 February 2016, the Judge adjoined this case with the other pending before the Court of Rome, taken by ACEA and areti (transferee of the lease contract) in order to obtain the termination of the lease contract. In this latter case, MP 31 has also filed an unconventional remand for compensation for the damages incurred in consideration of the degrading condition of the building when it was released by areti. With a sentence dated 27 November 2017 the Court upheld the application of MP 31 against areti, condemning it to the payment of the previous rent in the amount of € 2,759,818.76 plus interest from the individual deadlines, as well as the payment of the rent up to contract expiry (29 December 2022). As a result, there are no further charges to the company.

ACEA filed an appeal, served on 2 January 2018.

The hearing to discuss the appeal judgement has been postponed several times and is currently set for 19 September 2024.

areti S.p.A. – Roma Capitale

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

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

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

Having defined the issue of jurisdiction, on 6 February 2024 areti therefore returned to the case before the Ordinary Court. The hearing is set for 17 September 2024.

ACEA S.p.A. and ACEA Ato2 S.p.A. - CO.LA.RI

With a writ of summons served on 23 June 2017, the Consortium Co.La.Ri. and E. Giovi S.r.l. – respectively the manager of the Malagrotta landfill (prov. Rome) and the executor - summoned ACEA and ACEA Ato2 to obtain payment for the portion of the tariff for accessing the landfill, to be allocated to cover the thirty-year costs to manage the same, as established in Italian Legislative Decree 36/2003, alleged to be due for the depositing of waste during the contractual period from 1985-2009.

The main request stands at over € 36 million for the entire period of contract validity. Subordinately, in the event that the law disposing the tariff is considered by the judge to be applicable retroactively, the plaintiffs request the recognition of the right to receivables of approximately € 8 million for the period March 2003 - 2009, and the ascertainment, by expert appraisal, of the receivables for the previous period 1985-2003.

The first hearing, initially set for 23 February 2018, was postponed to 8 October 2018 to add the dispute against the Optimal Territorial Area Authority 2 Central Lazio - Rome.

The hearing for the clarification of the conclusions was set for 22 March 2021 and, on that occasion, the judge, taking into account the pleas made by the parties, granted further postponements for the same impending. At the subsequent hearing on 26 April 2022, the Judge took the parties' requests under advisement and with a provision issued on 19 December 2023, lifting the reservation adopted, ordered a new investigation of the case and the appointment of a court-appointed expert. The hearing for the swearing in of the expert was held on 12 February 2024 and on the same occasion the date of 6 March was set for the start of the investigation. The first hearing for cross-examination and oral arguments was held on 14 March, and another hearing to gather evidence is scheduled for 14 November 2024.

ACEA Ato2 S.p.A. and ACEA Ato5 S.p.A. - Challenge to Regional deliberations concerning the identification of the Optimal Territorial Areas of the Hydrographic Basin

With an appeal lodged before the Superior Court of Public Waters of Rome, ACEA Ato2 challenged the regional resolutions concerning the identification of the Optimal Territorial Areas of the Hydrographic Basin (GRL Resolution no. 56 of 6 February 2018, GRL Resolution no. 129 of 20 February 2018, GRL Resolution no. 152 of 2 March 2018). A similar appeal was also proposed by the Optimal Territorial Area Authority no. 2 Central Lazio. With Resolution no. 218 of 8 May 2018, the Lazio Region suspended the effectiveness of the challenged resolutions, delegating to the Regional Director of Water Resources and Soil Defence any activity useful for achieving a new governance model for the IWS during the following six months. Therefore, at the hearing of 11 July 2018 the case was postponed to 6 February 2019, pending the new assessments of the Region on the matter, announced in the provision that suspended the contested acts. Subsequently, the Region issued Resolution no. 682 of 20 November 2018 with which it has extended the deadline for the definition of the new IWS model, confirming the suspension of the effectiveness of the challenged resolutions. There have been a number of postponements, and most recently the hearing was set for 2 October 2024. A similar appeal was filed by ACEA Ato5 and, in this case as well the hearing has been adjourned several times, due to the ongoing suspension of the contested measure and, in any case, the Region's ongoing investigation.

ACEA Ato2 S.p.A. – Parco dell'Aniene Scarl

Civil Judgement

In June 2019 the company Parco dell'Aniene Scarl sued ACEA Ato2 and Roma Capitale for alleged liability of the defendants, jointly and severally or to the extent to which they are responsible, for alleged wrongful acts arising from the failure to build and/or repair the sewerage system prior to the construction works carried out by the claimant in the Tor Cervara - Via Melibeo area. The consortium is making an exorbitant claim for compensation, totalling more than € 105 million. The designated Judge, who initially considered that the claim of a lack of jurisdiction proposed by Acea was sufficient to define the case, set the hearing for definition of the conclusions.

At the same time, Parco dell'Aniene introduced an appeal for jurisdictional regulation before the United Sections of the Supreme Court of Cassation and with an order of 29 July 2021 declared the administrative court had jurisdiction.

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

Administrative Judgement

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

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

ACEA Ato2 S.p.A. - Disputed concession of derivation of drinking water from the Peschiera and Le Capore springs for the water supply of Roma Capitale

Three cases have been brought before the High Court of Public Waters for the annulment of the Determination of the Lazio Region of 10 June 2019 (DGR no. G.07823) – with which the Concession was issued for the derivation of public water for drinking from the Peschiera springs in the municipalities of Cittaducale and Castel S. Angelo and from the Le Capore springs in the municipalities of Frasso Sabino and Casaprota for the water supply of Roma Capitale – which involve ACEA Ato2 and Roma Capitale as counterparties.

Appeals brought by the Postribù Association and the Municipality of Casaprota

With reference to both appeals – notified, respectively, on 16 and 19 September 2019 – with judgements of 13 March 2021, the High Court of Public Waters rejected completely the appeal lodged by the Municipality of Casaprota and declared inadmissible that of the Postribù Association, for lack of active legitimation. The cases have now been defined.

Appeal filed by the Municipality of Rieti

The appeal, lodged on 16 September 2019 was completely rejected with a judgement of 11 August 2021.

The Municipality appealed that decision before the United Sections of the Court of Appeal. The proceedings ended with a dismissal order made on 5 April 2023 and an appeal for Rectification made to the Higher Court for the Public Water supply (TSAP) which recently adjourned the hearing until 20 September 2023. Following that, with judgement published on 27 June 2024, the High Court of Public Waters rejected the appeal, ordering the Municipality to pay the costs.

ACEA Ato2 S.p.A. - Enel Green Power Italia S.r.l.

With an appeal of 27 July 2020, Enel Green Power Italia S.r.l. (EGP) summoned ACEA Ato2 to the Regional Public Waters Court, via the Roma Civil Appeals Court, to obtain recognition of its right to receive a greater amount than that already paid by Acea as an indemnity for lower voltage (in terms of that due based on the agreement in effect between the parties as of 1985), for electricity which could not be produced with the Farfa 1° salto, Farfa 2° salto, Nazzano and Castel Giubileo systems, subject to derivation of waters from the Le Capore sources.

More specifically, the appellant states that between 2009 and 2019, ACEA, in applying the methods used to calculate the indemnity as indicated in the 1985 agreement, erroneously calculated the amounts due and that, as a consequence of this calculation error, should be required to pay EGP the total amount of € 11,614,564.85, plus additional amounts claimed as due for adjustments after 31 December 2019, as well as interest on arrears.

ACEA Ato2 filed its appearance, noting the unfounded nature of the interpretation of the agreement on which the appellant bases its request and indicating a different way of quantifying the indemnity which is more in line with the agreements made between the parties during the course of the contractual relationship.

Based on the application of this calculation method, ACEA Ato2, taking into account the indemnities already paid, formulated a counter-claim for the return of € 3,246,201.46, plus interest, in that it was not due from ACEA Ato2.

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

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

ACEA Ato2 S.p.A. and Acea Produzione S.p.A. - Erg Hydro S.r.l.

With separate appeals, notified on 10 March 2021, Erg Hydro S.r.l. summoned ACEA Ato2 and Acea Produzione before the Regional Court of Public Waters (RCPW) at the Rome Court of Civil Appeal to obtain ascertainment of its right to receive by way of indemnity for lower voltage - due to it on the basis of the agreements in effect between the parties as of 1985 - for electricity which could not be produced with its plants, given the diversion of the sources of the Peschiera and affected by the regurgitation of Nera Montoro.

The application lodged regards the payment of default interest for delayed payment of past invoices, and the different amount of the adjustments calculated differently on the basis of the aforementioned agreement of 1985.

Specifically, the total request in relation to ACEA Ato2 is approximately € 4,500,000.00, while in relation to ACEA Produzione the application lodged is for approximately € 140,000.00.

The defendants joined the case arguing that the amounts requested had lapsed, and that the interpretation of the agreement on which the plaintiff based its request was groundless.

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

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

ACEA Ato2 SpA vs Lazio Region and Revenue Agency

With determination dated 20 December 2023, the Lazio Region formally established the amount of € 10,503,800.57 as due by ACEA Ato2 S.p.A. and simultaneously requested the entry of the case in the roll, through the Revenue Agency Collections Service, for the forced recovery of the sum due, assuming that ACEA Ato2 S.p.A. would fail to make the repayment in favour of the Region of the instalments of the integrated water service fee due to the Consortium Bonifica Tevere and Agro Romano (hereinafter "CBTAR"), to the Consortium Pratica di Mare and to the Consortium Sud di Anagni for the years 2003, 2004, 2005 and 2006. The collection notice was served on 30 May 2024.

Acea Ato2 filed an appeal pursuant to Art. 32 of Decree Law 150/2011 against the regional resolution, and an appeal pursuant to Articles 615 and 617 *et seq.* of the Code of Civil Procedure against the collection notice.

With reference to the first case initiated, with ordinance dated 4 July 2024, the Judge suspended the executive effectiveness of the regional resolution and set the hearing for discussion of the merits for 29 October 2024.

areti S.p.A. - GALA S.p.A.

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

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

Judgement filed by the guarantor Euroins Insurance plc

In July 2017, Euroins Insurance p.l.c., a guarantor of GALA, introduced an assessment proceeding to declare the non-existence of its own guarantee obligation. With a judgement of 10 May 2021 the action for ascertainment of invalidity of the policy was rejected, with an order to Euroins to pay areti the sum of € 5.0 million plus legal interest from the application to payment of the balance and legal expenses.

The judgement also ordered GALA to ensure the release of the guarantor, directly paying areti the sum of € 5.0 million plus legal interest.

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

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

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

GALA's summons to areti, Acea Energia and Acea

By means of a summons served in March 2018, GALA requested the Court of Rome to declare the invalidity of some clauses of the transport contract stipulated with areti in November 2015 and the consequent invalidity/ineffectiveness of the termination of the contract by areti, ordering the latter to pay the corresponding damage, for a total of over € 200 million.

GALA also asked the court to find that the conduct of areti and the other defendants (Acea and Acea Energia) amounted to unfair competition and/or abuse of dominant position, and that they be ordered to pay damages.

The defendants filed an appearance by the legal deadline, rejecting the adverse party's claims and asking that they be dismissed.

In addition, as a counter-claim, areti has requested to declare the contract legitimately terminated, as well as to ascertain and declare the non-fulfilment of GALA of the payment and guarantee obligations assumed under the transport contract with consequent order to pay the related amount, plus interest and without prejudice to the additional amounts being accrued.

In a judgement dated 15 June 2023, in accepting the defence arguments of areti, Acea SpA and Acea Energia, the Court of Rome dismissed all the arguments made by GALA and upheld the counterclaim of areti, declaring the transport contract terminated and ordering GALA to pay the sums requested as compensation in the counter-claim, plus interest. The company was also ordered to reimburse Acea, areti and Acea Energia for the cost of the proceedings.

Both areti (limited to a marginal aspect) and Gala have filed an appeal against this judgement.

Following the payment, both appeals were declared settled with judgements dated 23 May and 26 June 2024.

areti S.p.A. – Metanewpower in liquidation (MNP)

In November 2015, in its capacity as operator of the electricity distribution network, areti entered into a transport contract with MNP, which operates in the sale of electricity to end users, a contract the seller repeatedly breached.

Two cases arose: one regarding the legitimacy of the system of guarantees required from the distributor for non-payment of system charges, regardless of effective collection from the final customer, with MNP requesting damages of around € 34.0 million and an additional case disputing the validity of the contractual clauses.

Both cases were concluded in areti's favour, respectively with decisions on 27 July 2022 and 24 March 2023, ordering MNP to pay court costs. The cases have now been defined.

Recovery of areti's receivable from Metanewpower

On 30 May 2019, following MNP's continuing breach, areti ordered a new contractual termination and initiated the recovery of its receivable, obtaining the issue of an injunction for the amount of approximately € 3.85 million by way of default. MNP – for the same reasons already stated – lodged an objection to the injunction. With a measure of 15 November 2021, lifting the reservation adopted on the occasion of the hearing on 3 December 2020, the judge rejected the application for concession of provisional enforcement of the decree, granting the terms for the pleadings pursuant to art. 183 of the Code of Civil Procedure and adjourning the case for the continuation to the hearing on 10 March 2022. On that occasion, the judge, considering the preliminary requests irrelevant, postponed for conclusions to February 20, 2024. However, with judgement of 22 February 2024, the interruption of the process was declared due to compulsory winding-up.

Gori S.p.A. – Consorzio di Bonifica Integrale del Comprensorio Sarno

With decision 7271/2021 of 7 September 2021, the Court of Naples, XII Civil Section, rejected the request made by Consorzio di Bonifica Sarno to condemn GORI S.p.A. to payment of around € 21 million as consortia expenses relative to the period from 2008 to 2016, based on the fact, briefly, that the Consortia did not provide evidence (above all due to the uncertainty of the data and the lack of documentation produced) of the direct benefits, thereby economically calculable, received by GORI for the use of the consortia channels, with the effect of "impossibility to identify certain data and quantify precisely and without doubt the contribution due by the Company". The Consorzio di Bonifica del Comprensorio Sarno appealed the decision and the Court of Appeals of Naples referred the case for the specification of conclusions to the hearing on 17 September 2024.

AGCM Proceeding PS12458 – Acea Energia S.p.A.

On 18 October 2022, Acea Energia received a communication in which AGCM requested information about so-called "*unilateral contract amendments*". On 4 November 2022, the Company provided a response to AGCM relative to the requested information and, on 12 December 2022, held it expedient to send a second communication with further details to demonstrate the compliance of its actions with that established in article 3 of the Aid-bis Decree Law.

That being established, on 13 December 2022 AGCM informed Acea Energia of the start of the proceeding and also notified the Company of a precautionary measure which, given the grave and irreparable harm deriving from complementation of the same, Acea Energia promptly appealed with the Regional Administrative Court of Lazio. As a consequence of the new case law and legislative changes made in this area, on 30 December 2022 AGCM adopted a second precautionary measure in relation to Acea Energia, partially revoking the measure imposed on 12 December 2022.

In the order made on 8398 of 17 May 2023, the Regional Administrative Court of Lazio set aside the interim measures made by AGCM in the case numbered PS12458. On 4 September 2023, AGCM notified Acea Energia of the appeal filed against the decision of the Regional Administrative Court of Lazio and on 4 October 2023 Acea Energia filed its counter appeal. Judgement before the Council of State is pending, the hearing for which was set for 5 December 2024.

Subsequently, in a meeting on 31 October 2023, the Authority issued a penalty provision to conclude the proceeding. In particular, reducing the claims initially made, AGCM deemed as worthy of penalties and hence improper, due to violation of articles 24 and 25 of the Consumer Code, the following two actions by the Company:

A. the communication and consequent application to the customer of unilateral changes in the contractual economic conditions, not corresponding with the expiration of the said conditions, with reference to article 3 of the Second Aid Decree;

B. having held and responded to user complaints that these changes would be finalised after just ten days after the relative communication was sent.

Therefore, in the light of the above, the practices implemented by Acea Energia, specifically the two described above (A and B) constitute, in AGCM's opinion, a violation of articles 24 and 25 of the Consumer Code.

Due to the gravity and duration (indicated by AGCM as from 10 August 2022 to 17 May 2023, 281 days) of the infraction, the Authority applied a monetary administrative sanction in the amount of € 560 thousand, paid by Acea Energia in November 2023.

Note that the Authority's order did not contain a warning to stop and/or not continue the conduct sanctioned, nor did it set a deadline for Acea Energia by which to send a report on compliance.

Consequently, on 13 January 2024 the Company filed an appeal with the Regional Administrative Court against the sanction provision and the hearing for discussion of the merits was held on 17 July 2024. The judgement has not yet been issued.

Appeals relative to Excess Profits - Acea Ambiente S.r.l., Acea Produzione S.p.A., Acea Energia S.p.A. and Acea Solar S.r.l.

1. Temporary solidarity contribution for 2022 (Article 37 of Decree Law 21/2022, 21 March 2022)

With reference to the contribution in question, based on the assumption that a significant part of the taxable base identified for the companies of the Acea Group cannot be seen as excess profits intended to be taxed by lawmakers, but rather to extraordinary operations, Acea Ambiente S.r.l., Acea Produzione S.p.A., Acea Energia S.p.A. and Acea Solar S.r.l. filed distinct appeals with the Regional Administrative Court of Lazio, in all cases also seeing to payment of the respective advances, to cancel the implementation provision

with which the Revenue Agency determined the amounts, also declarative, and the methods for paying the contribution (Director of the Revenue Agency Provision 221978/2022 of 17 June 2022).

The request made is intended to cancel the appealed provision, by returning the question of legitimacy to the Constitutional Court relative to article 37 of Decree Law 21/2022.

With decisions published on 16 and 17 November 2022, the four appeals filed by the companies of the Group, together with appeals presented by other operators outside of the Group, were declared inadmissible due to an absolute lack of jurisdiction over the appealed provision. Separate appeals were filed with the Council of State.

With reference to the appeals made by Acea Ambiente and Acea Solar, due to the changes made by the 2023 Stability Law to Article 37 of Decree Law 21/ 2022, which restricted the obligation to pay the extraordinary contribution solely to those cases where at least 75% of the volume of business for 2021 derived from operations in the energy sector, declarations have been filed to indicate the supervening absence of interest in the decision on the appeals made. The Council of State thus declared the appeals inadmissible for that reason.

With regard to the appeals filed by Acea Produzione and Acea Energia, in judgements dated 28 March 2023 the Council of State recognised the jurisdiction of the Administrative Court and the cases were therefore taken up with the Regional Administrative Court of Lazio. At the same time, in May 2023 the Revenue Agency filed an appeal with the United Sections of the Court of Cassation, on jurisdictional grounds. With a decision of 19 October 2023, the United Sections of the Court of Cassation confirmed jurisdiction for the administrative court with respect to the appeals filed by Acea Energia and Acea Produzione and the cases with the Regional Administrative Court were begun again, which had been suspended with an order issued on 22 June 2023 while awaiting the Supreme Court's decision. The Regional Administrative Court of Lazio has not yet set a date for the hearing.

2. Temporary solidarity contribution for 2023 (Article 1 paragraphs 115-121 of Law 197 of 29 December 2022): Acea Produzione

With reference to this contribution, on the assumption that through Article 1 paragraphs 115-119 of Law 197 of 2022 the Italian government introduced a third solidarity contribution – in addition to the one introduced in Article 37 of Decree Law 21/2022 and Article 15-bis of Decree Law 4/2022 – which in fact pursues the same aim, namely to target any extra profits earned in the year 2022 (even though the payment of this second contribution will be made in 2023). Pursuant to this provision of the Budget Law, a “solidarity contribution” was established in 2023, for 50% of 2022 income which exceeds by at least 10% the average of total income achieved between 2018-2021. The amount of this contribution cannot exceed 25% of shareholders' equity as of the reporting date in the year prior to that in effect at 1 January 2022. This tax on extra profit applies to companies that generate at least 75% of their revenue from business in the sectors of production and resales of energy, gas and petroleum products.

Acea Produzione has filed an appeal with the Regional Administrative Court of Lazio to annul the following Revenue Agency publications: Circular No. 4/E of 23 February 2023; Resolution No. 15/E of 14 March 2023; Provision no. 55523 of 28 February 2023. The court was asked to set aside the appealed decisions after finding that there is a conflict between Italian law and EU law and/or after referring the matter under article 267 of the TFEU, before the European Court of Justice and/or the Constitutional Court, relative to Article 1 paragraph 115-119 of Law No. 197 del 2022. The hearing on the merits was set for 21 November 2023 and with an ordinance of 16 January 2024, the question of constitutional legitimacy raised by Acea Produzione was submitted to the Constitutional Court. The case is consequently suspended until the decision is issued. The Constitutional Court set the public hearing for 28 January 2025.

Acea Ambiente S.r.l. - Disputes relative to the procedure to develop the San Vittore “fourth line”

Against Lazio Region Determination G09041 of 12 July 2022, regarding the “Environmental Impact Valuation Proceeding pursuant to article 27-bis of Italian Legislative Decree 152/2006, as amended, for the “Systems and environmental adaptation for the San Vittore del Lazio waste to energy plant with creation of a fourth line”, in the Municipality of San Vittore del Lazio (prov. Frosinone), localities Valle Porchio, Proposing Entity Acea Ambiente, 5 administrative appeals have been filed, with Acea Ambiente as a counterparty.

The subsequent administrative provisions issued by the Region are the Integrated Environmental Authorisation (AIA) of 26 October 2022 and the Single Regional Authorisation Provision (PAUR) of 28 October 2022.

- I. **Lamberet SpA** - Appeal to the Lazio Regional Administrative Court - Rome, served on 10 October 2022.
No appeals for additional reasons appear to have been filed against the subsequent authorisation provisions (AIA and PAUR). A date for the hearing on the merits has not yet been set.
- II. **Municipalities of Rocca di Evandro, Mignano Monte Lungo, San Pietro Infine and Associazione Ambientalista Fare Verde Onlus** - Appeal to the Lazio Regional Administrative Court - Latina, served on 10 October 2022.
On 27 December 2022, an appeal for additional reasons was filed, with reference to the AIA and PAUR. The appeal includes a precautionary request and the hearing for discussion of suspension was held on 22 February 2023. The precautionary request was rejected. Subsequently, the Latina Regional Administrative Court set the hearing to discuss the request for a court-appointed expert filed by the appellants for 10 May 2023. In an order of 15 May 2023, the Regional Administrative Court of Lazio dismissed both the request of the court-appointed expert witness and the plaintiffs' application for the joining of proceedings, reserving the right to consider these requests at a later stage in the proceedings. A date for the hearing on the merits has not yet been set.
- III. **Municipality of Cassino** - Appeal to the Lazio Regional Administrative Court, Latina, served on 11 October 2022.
No appeals for additional reasons appear to have been filed against the subsequent authorisation provisions (AIA and PAUR). Hearing in a closed session set for 12 June 2024, where the failure to appeal the authorisation provisions (AIA and PAUR) was represented. The President asked that filing a declaration on the supervening lack of interest be considered. The case was therefore removed from the roll.
- IV. **Siefic Calcestruzzi Srl and Siefic Spa**: Appeal to the Regional Administrative Court of Lazio (Rome), served on 13 October 2022.

On 13 January 2023, an appeal with additional reasons was served, against the AIA and the PAUR, accompanied by a precautionary request. A closed session was held on 8 February 2023. Following this, the Lazio Regional Administrative Court, Rome, ordered transfer of the files to the Court of the Regional Administrative Court of Lazio to make the decision on the exception for lack of jurisdiction raised by Acea. In an order of 14 March 2023, the Regional Administrative Court of Lazio (Latina) was declared competent. In an order of 9 June 2023, the Regional Administrative Court of Latina, in accepting the plea of late filing raised in the interests of Acea, declared the appeal unacceptable based on additional grounds, and that the main appeal was not admissible. On 16 June 2023, a notice of appeal was served with an interim application. With an ordinance on 7 July 2023, the Council of State rejected the precautionary request made by Siefic and the hearing on the merits is set for 7 March 2024. In a judgement dated 23 April 2024, the Council of State declared the Siefic appeal inadmissible, in accepting the exception proposed by Acea Ambiente of inadmissibility due to the failure to re-propose the arguments assimilated pursuant to Art. 101, para. 2 of the Code of Administrative Procedure, with legal expense reimbursement.

- V. **Municipality of San Vittore del Lazio** - Appeal to the Regional Administrative Court of Lazio, Latina, served on 16 October 2022. Appeals for additional reasons against the PAUR and AIA were served on 23 December 2022. A date for the hearing has not yet been set.

Acea Ambiente S.r.l. - Appeal of the Call for Tenders published by Roma Capitale for the construction of the Waste-to-Energy Plant (ATI Acea Ambiente counterparty)

In December 2023, two administrative appeals were filed – with Acea Ambiente as the counterparty, on its own behalf and as principal enterprise of the temporary grouping of companies to be constituted – for the annulment of the call for tenders published by Roma Capitale on 16 November 2023 and the related specifications, regarding the procedure of “Project financing pursuant to Art. 193 of Legislative Decree no. 36/2023 – Public/private partnership proposal through project finance to “Assign the systems hub concession relative to the a. design, operating authorisation, construction and management of a waste-to-energy plant authorised with R1 operation, and treatment capacity of 600,000 tonnes/year of waste; b. design, operating authorisation, construction and management of ancillary systems for the management of residual waste deriving from thermal treatment, the mitigation of carbon dioxide emissions and the optimisation of the distribution of recovered energy carriers. Specifically:

- ❑ one Municipality filed an appeal with the Lazio Regional Administrative Court - Rome Section, which was dismissed with judgement dated 4 April 2024, due to it being clearly groundless. The proceeding has now been concluded.
- ❑ another four Municipalities filed an appeal with the Lazio Regional Administrative Court - Rome Section, which was dismissed with judgement dated 4 April 2024, due to it being clearly groundless. The appeal with the Council of State filed by the aforesaid municipalities is pending. The date for the hearing has not yet been set.

Acque Blu Fiorentina S.p.A. vs. Publiacqua S.p.A. and others

Publiacqua S.p.A. is a public/private company that operates the integrated water service in Tuscany through a concession, ATO no. 3 Medio Valdarno. It is 60% held by the municipalities making up the ATO in question and 40% by Acque Blu Fiorentina S.p.A. (ABF), in which, in turn, Acea S.p.A. holds a 75% stake. Publiacqua's concession is in effect until 31 December 2024.

Relations between ABF, a private shareholder, and the public shareholders, have been governed over time not just by the articles of association but also through shareholders' agreements which dictate the governance of the company and called for, to protect the public shareholders, special rules in the case of a decision making deadlock, which may provide the possibility of exercising a purchase option relative to the private shareholders' shares.

Aiming at regional consolidation of public services, starting in 2020 certain Tuscan businesses established the Tuscan multi-utility “Alia Servizi Ambientali”. In this context, the public shareholders of Publiacqua began a series of actions intended to remove the shareholder ABF from Publiacqua's shareholding structure, which culminated in the annulment of the shareholders' agreement. This led to a series of disputes, some filed with urgency.

While awaiting the rulings against the actions carried out by the public shareholders, the latter:

- ❑ transferred the shares held by various municipalities in favour of the multi-utility Alia Servizi Ambientali, which in this way became a shareholder of Publiacqua;
- ❑ invoked the “decision making deadlock” with reference to the shareholders' agreement and gave notification that it would exercise its purchase option for the Publiacqua shares held by ABF.

At present, in particular in terms of point (ii), the case filed by ABF is still pending with the Court of Florence, which summoned Publiacqua and its public shareholders with the intent of declaring the illegitimacy of the request intended to force ABF to transfer to the public shareholders the stake held by ABF in Publiacqua's share capital.

The first hearing, to allow the summons of additional parties, was most recently postponed to 16 November 2023. Following that hearing, the judge granted the parties the deadlines pursuant to article 183, paragraph 6, Code of Civil Procedure and set a hearing for 21 March 2024. Specification of the conclusions is set for 12 September 2025.

Acque Blu Arno Basso S.p.A. vs. Acque S.p.A. and others

Acque S.p.A. is a public/private company that operates the integrated water service in Tuscany through a concession, ATO no. 2 Basso Valdarno. It is 55% held by the municipalities making up the ATO in question, with the remaining 45% held by Acque Blu Arno Basso S.p.A. (ABAB), in which, in turn, Acea S.p.A. holds a 86% stake. Acque's concession is in effect until 31 December 2031.

Relations between ABAB, a private shareholder, and the public shareholders, have been governed over time not just by the articles of association but also through shareholders' agreements which dictate the governance of the company and called for, to protect the public shareholders, special rules in the case of a decision making deadlock, which may provide the possibility of exercising a purchase option relative to the private shareholders' shares.

Back in 2019, the public shareholders formerly annulled the shareholders' agreements and in July 2021 formalised the exercising of the purchase option.

ABAB consequently began a series of legal actions to protect its interests, with the aim of preventing the transfer to the public shareholders of ABAB's equity investment in Acque.

In the context of the case, the public shareholders filed a request to appoint an arbitrator pursuant to article 1349 of the Civil Code, to determine the price due in the case the disputed option right were to be exercised. Following the filing of the preliminary pleadings, the judge (i) appointed the arbitrator; (ii) requested a court-appointed expert to determine the price in the case one was not identified by the third party; (iii) set an attempt for conciliation.

The dispute, after the filing of the consultation and clarification documents provided by the court-appointed expert, was postponed to the hearing for final arguments on 1 July 2024, then postponed to 14 October 2024.

The Directors consider that the settlement of the ongoing dispute and other potential disputes should not create any additional charges for Group companies, with respect to the amounts set aside (note 34 a on the Provision for risks and charges).

These allocations represent the best estimate possible based on the elements available today.

Annexes

- A) List of consolidated companies
- B) Reconciliation of shareholders' equity and statutory profit –
- C) Remuneration of Directors, Statutory Auditors and Key Managers
- D) Public disbursement information pursuant to art. 1, paragraph 125, law 124/2017
- E) Segment information: statement of financial position and income statement

A) List of consolidated companies

Company name	Registered office	Share capital	% Effective equity investment	Group consolidated stake	Consolidation method
Water Segment					
Adistribuzionegas S.r.l.	Via L. Galvani, 17/A - Forlì	5,953,644	51.0%	100.0%	Full
Notaresco Gas S.r.l.	Via Padre Frasca - Frazione Chieti Scalo Centro Dama (CH)	100,000	55.0%	100.0%	Full
Acea Ato2 S.p.A.	Piazzale Ostiense, 2 - Rome	362,834,340	96.5%	100.0%	Full
Acea Ato5 S.p.A.	Viale Roma - Frosinone	10,330,000	98.5%	100.0%	Full
Acque Blu Arno Basso S.p.A.	Piazzale Ostiense, 2 - Rome	8,000,000	86.7%	100.0%	Full
AQUANTIA S.r.l.	Piazzale Ostiense, 2 - Rome	500,000	65.0%	100.0%	Full
Acea Molise S.r.l.	Piazzale Ostiense, 2 - Rome	100,000	100.0%	100.0%	Full
Gesesa S.p.A.	Corso Garibaldi, 8 - Benevento	534,991	57.9%	100.0%	Full
GORI S.p.A.	Via Trentola, 211 - Ercolano (NA)	44,999,971	37.1%	100.0%	Full
Sarnese Vesuviano S.r.l.	Piazzale Ostiense, 2 - Rome	100,000	99.2%	100.0%	Full
ASM Terni	Via Bruno Capponi, 100 - Terni	84,752,541	45.3%	100.0%	Full
Acque Blu Fiorentina S.p.A.	Piazzale Ostiense, 2 - Rome	15,153,400	75.0%	100.0%	Full
Acquedotto del Fiora S.p.A.	Via G. Mameli, 10 - Grosseto	1,730,520	40.0%	100.0%	Full
Agile Academy S.r.l.	Via Mameli, 10 - Grosseto	10,000	100.0%	100.0%	Full
Ombrone S.p.A.	Piazzale Ostiense, 2 - Rome	6,500,000	99.5%	100.0%	Full
Servizi Idrici Integrati SCARL	Via I Maggio, 65 - Terni	19,536,000	43.0%	100.0%	Full
Umbriadue Servizi Idrici S.c.a.r.l.	Via Aldo Bartocci n. 29 - Terni	100,000	99.9%	100.0%	Full
Water Segment (Overseas)					
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama	9,089,661	100.0%	100.0%	Full
Consorcio Agua Azul S.A.	Calle Amador Merino Reina 307 - Of. 803 Lima 27 - Peru	16,000,912	44.0%	100.0%	Full
Consorcio Acea	Calle Amador Merino Reina 307 - Lima - Peru	(18,672)	100.0%	100.0%	Full
Consorcio Servicio Sur	Calle Amador Merino Reyna, San Isidro	33,834	51.0%	100.0%	Full
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama	644,937	100.0%	100.0%	Full
Consorcio Acea Lima Norte	Calle Amador Merino Reina 307 - Lima - Peru	221,273	100.0%	100.0%	Full
Consorcio Acea Lima Sur	Calle Amador Merino Reyna 307 - Lima - Peru	1,032	100.0%	100.0%	Full
Agua de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.7%	100.0%	Full
Acea Perú S.A.C.	Cal. Amador Merino Reyna, 307 Miraflores - Lima	177,582	100.0%	100.0%	Full
Consorzio ACEA - ACEA Dominicana	Av. Las Americas - Esq. Mazoneria - Ens. Ozama	67,253	100.0%	100.0%	Full
Networks & Public Lighting					
Areti S.p.A.	Piazzale Ostiense, 2 - Rome	345,000,000	100.0%	100.0%	Full
a.cities s.r.l.	Piazzale Ostiense, 2 - Rome	50,000	100.0%	100.0%	Full
Environment Segment					
Acque Industriali S.r.l.	Via Bellatalla, 1 - Ospedaletto (PI)	100,000	100.0%	100.0%	Full
Aquaser S.r.l.	Piazzale Ostiense, 2 - Rome	3,900,000	97.9%	100.0%	Full
Acea Ambiente S.r.l.	Piazzale Ostiense, 2 - Rome	2,224,992	100.0%	100.0%	Full
Orvieto Ambiente S.r.l.	Piazzale Ostiense, 2 - Rome	10,010,000	100.0%	100.0%	Full
A.S. Recycling S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	100.0%	100.0%	Full
Berg S.p.A.	Via delle Industrie, 38 - Frosinone	844,000	60.0%	100.0%	Full
Cavallari S.r.l.	Via dell'Industria, 6 - Ostra (AN)	100,000	80.0%	100.0%	Full
Deco S.p.A.	Via Salara, 14/bis - San Giovanni Teatino (CH)	1,404,000	100.0%	100.0%	Full
Demap S.r.l.	Via Giotto, 13 - Beinasco (TO)	119,015	100.0%	100.0%	Full
Consorzio Servizi Ecologici del Frentano "Ecofrentano"	Strada Provinciale Pedemontana Km 10 Frazione Cerratina - Lanciano (CH)	10,329	75.0%	100.0%	Full
Ecologica Sangro S.p.A.	Strada Provinciale Pedemontana Km 10, Frazione Contrada - Cerratina Lanciano (CH)	100,000	100.0%	100.0%	Full
Ferrocarr S.r.l.	Via Vanzetti, 34 - Terni	80,000	60.0%	100.0%	Full
Iseco S.p.A.	Loc. Surplan n. 10 - Saint-Marcel (AO)	110,000	80.0%	100.0%	Full
MEG S.r.l.	Via 11 Settembre n. 8 - San Giovanni Ilarione (VR)	10,000	60.0%	100.0%	Full
S.E.R. Plast S.r.l.	Contrada Stampalone, Cellino Attanasio (TE)	70,000	100.0%	100.0%	Full
Tecnoservizi S.r.l.	Via Bruno Pontecorvo, 1/B - Monterotondo (RM)	1,000,000	70.0%	100.0%	Full
Commercial Segment					
Acea Energia S.p.A.	Piazzale Ostiense, 2 - Rome	10,000,000	100.0%	100.0%	Full
Acea Energy Management S.r.l.	Piazzale Ostiense, 2 - Rome	100,000	100.0%	100.0%	Full
Acea Innovation S.r.l.	Piazzale Ostiense 2 - Roma	2,000,000	100.0%	100.0%	Full
Umbria Energy S.p.A.	Via Bruno Capponi, 100 - Terni	1,000,000	100.0%	100.0%	Full
Production Segment					
Ecogena S.r.l.	Piazzale Ostiense, 2 - Rome	1,669,457	100.0%	100.0%	Full
Acea Renewable S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Full
Acea Liquidation and Litigation S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Full
Fergas Solar 2 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Full
Acea Renewable 2 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Full
SF Island S.r.l.	Via Cantorri, 44/C - Acquapendente (VT)	10,000	100.0%	100.0%	Full
Acea Solar S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	100.0%	100.0%	Full
Acea Produzione S.p.A.	Piazzale Ostiense, 2 - Rome	5,000,000	100.0%	100.0%	Full
Engineering & Infrastructure Project Segment					
Acea Infrastructure S.p.A.	Via Vitorchiano, 165 - Rome	2,444,000	100.0%	100.0%	Full
Simam S.p.A.	Via Cimabue, 11/2 - Senigallia (AN)	600,000	100.0%	100.0%	Full
Technologies for Water Services S.p.A.	Via Ticino, 9 - Desenzano del Garda (BS)	11,164,000	100.0%	100.0%	Full

Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11:

Company name	Registered office	Share capital	% Effective equity investment	Group consolidated stake	Consolidation method
Water Segment					
Umbria Distribuzione Gas S.p.A.	Via Capponi, 100 - Terni	2,120,000	55.0%	55.0%	Equity
AQUA.IOT S.r.l.	Via Benigno Crespi, 57 - Milan	1,050,000	35.0%	35.0%	Equity
DropMI S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	50.0%	50.0%	Equity
Acque S.p.A.	Via Garigliano, 1 - Empoli	9,953,116	45.0%	45.0%	Equity
Intesa Aretina S.c.a.r.l.	Via Benigno Crespi, 57 - Milan	18,112,000	35.0%	35.0%	Equity
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1,450,000	48.0%	48.0%	Equity
Nuove Acque S.p.A.	Patrignone - Località Cuculo - Arezzo	34,450,389	46.2%	16.2%	Equity
Publiacqua S.p.a.	Via Villamagna - Florence	150,280,057	40.0%	40.0%	Equity
Umbra Acque S.p.A.	Via Benucci, 162 - Ponte San Giovanni (PG)	15,549,889	40.0%	40.0%	Equity
Environment Segment					
Ecomed S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	50.0%	50.0%	Equity
Picambiente S.p.A.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	5,500,000	21.8%	21.8%	Equity
Picambiente S.r.l.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	505,000	100.0%	21.8%	Equity
Picambiente Energia S.p.A.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	200,000	100.0%	21.8%	Equity
Production Segment					
KT4 S.r.l.	Via SS Pietro e Paolo, 50 - Rome	110,000	100.0%	40.0%	Equity
Ambra Solare 16 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 17 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 20 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 25 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 28 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 29 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 30 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 31 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 33 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 34 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 35 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 39 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 40 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Ambra Solare 44 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Belaria S.r.l.	Via Luciano Manara, 15 - Milan	10,000	49.0%	19.6%	Equity
Energia S.p.A.	Via Barberini, 28 - Rome	239,520	49.9%	49.9%	Equity
Euroline 3 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Fergas Solar S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Acea Green S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
IFV-Energy S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
JB Solar S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
M2D S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Marmaria Solare 8 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marmaria Solare 9 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marmaria Solare 10 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Equity
Marche Solar S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
PF Power of Future S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
PSL S.r.l.	Piazzale Ostiense, 2 - Rome	15,000	100.0%	40.0%	Equity
Solaria Real Estate S.r.l.	Piazzale Ostiense, 2 - Rome	176,085	100.0%	40.0%	Equity
Solarplant S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Acea Sun Capital S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	40.0%	40.0%	Equity
Trinovolt S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Equity
Engineering & Infrastructure Project Segment					
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis, 49 - Florence	100,000	99.9%	44.5%	Equity

The following companies are also consolidated using the equity method:

Company name	Registered office	Share capital	Equity investment	Group consolidated stake	Consolidation method
Environment Segment					
Amea S.p.A.	Via San Francesco d'Assisi 15C - Paliano (FR)	1,689,000	33.0%	33.0%	Equity
Coema	P.le Ostiense, 2 - Rome	10,000	67.0%	33.5%	Equity
Water Segment					
Le Soluzioni Scarl	Via Garigliano, 1 - Empoli	250,678	80.8%	51.6%	Equity
Sogea S.p.A.	Via Mercatanti, 8 - Rieti	260,000	49.0%	49.0%	Equity
Bonifiche Ferraresi S.p.A.	Via Cavicchini, 2 - Jolanda di Savoia (FE)	261,883,391	0.5%	0.5%	Equity
Water Segment (Overseas)					
Aguaazul Bogotá S.A.	Calle 82 n. 19°-34 - Bogotá-Colombia	652,361	51.0%	51.0%	Equity
Production Segment					
Sienergia S.p.A. (in liquidation)	Via Fratelli Cairoli, 24 - Perugia	132,000	42.1%	42.1%	Equity
Other					
Marco Polo Srl (in liquidation)	Via delle Cave Ardeatine, 40 - Rome	10,000	33.0%	33.0%	Equity

B) Reconciliation of shareholders' equity and statutory profit –

€ thousand	Profit for the year		Shareholders' equity	
	30/06/2024	30/06/2023	30/06/2024	31/12/2023
Balances in statutory financial statements (ACEA)	264,265	248,021	1,789,080	1,711,806
Surplus of shareholders' equity in financial statements, including the related results compared to carrying values in consolidated companies	(90,659)	(114,481)	167,901	259,230
Consolidation Goodwill	(9,313)	(8,502)	266,642	274,587
Accounted for using the equity method	3,419	12,839	177,475	179,388
Other changes	3,993	4,575	(43,865)	(47,729)
Balances in consolidated financial statements	171,705	142,452	2,357,234	2,377,281

C) Remuneration of Directors, Statutory Auditors and Key Managers

Board of Directors and Board of Statutory Auditors

(€ thousand)	Remuneration for the office	Non-monetary Benefits*	Remuneration due		Total
			Bonuses and other incentives	Other compensation	
Board of Directors	293	11	183	676	1,163
Board of Statutory Auditors	182	0	0	0	182

* Non-monetary benefits are expressed at their taxable value

Key Managers

Fees due to executives with strategic responsibilities for the first half of 2024 amounted to:

- salaries and bonuses € 634 thousand;
- non-monetary benefits € 6 thousand.

Remuneration paid to key managers is established by the Remuneration Committee based on average levels of pay in the labour market.

D) Public disbursement information pursuant to art. 1, paragraph 125, law 124/2017

On the basis of the transparency rules for the system of public disbursements, pursuant to article 1, paragraph 125 of Law 124/2017, the following is declared with reference to 30 June 2024:

- ❑ ACEA Ato2 collected a contribution of € 10,760 thousand from the Lazio Region as a result of the request for access to the Fund for the adjustment of the prices of building materials referred to in article 1-septies, paragraph 8, of the Law Decree 73 of 25 May 2021 converted, with amendments, by law of 23 July 2021 no. 106 and a contribution of € 456 thousand for work on water and sewerage networks for the Metropolitan City of Rome. Lastly, it received an advance on the contributions relative to public financing envisaged in the National Recovery and Resilience Plan (NRRP) for an amount of € 30,000 thousand to optimise and complete the water infrastructure;
- ❑ Acquedotto del Fiora received € 2,064 thousand from the Ministry of Infrastructure and Sustainable Mobility for the request to access the Fund for adjustment of the prices of building materials, pursuant to article 1-septies, paragraph 8 of Decree Law 73/2021 and a contribution received to counter the water supply crisis of 2017 and 2022 in the amount of € 542 thousand;
- ❑ Gori collected contributions from the Campania Region for the “React EU” projects to monitor and reduce leaks for an amount of € 15,270 thousand. It also received contributions from the Ministry of Infrastructure and Sustainable Mobility for an amount equal to € 2,654 thousand for the so-called “Aid Decree” (DL 50/2022 on Price Increases) and from the Energy for the Sarno project for an amount of € 3,080 thousand for the construction and efficiency improvement of the purification systems. Lastly, it collected an advance on the contributions relative to public financing envisaged in the NRRP for an amount of € 23,309 thousand;
- ❑ Acquedotto del Fiora collected € 172 thousand from the Ministry for Infrastructure and Transport for the application to access the Fund for the adjustment of prices of building materials set out by Article 1-septies, paragraph 8 of Decree Law 73/2021. The Tuscany Water Authority paid € 1,020 thousand for the construction of a new aqueduct for the Montedoglio dam, € 523 thousand for the construction of new purification systems and € 766 thousand to overcome the water emergency of 2003. Furthermore, Acquedotto del Fiora collected € 23 thousand from CINEA with reference to the LIFE TURBINES project;
- ❑ DECO benefited from an amount of € 108 thousand for the contribution subsidy called “Decontribuzione Sud” [contributions reduction for the South] (Art. 27 Decree Law 104/2020) which seeks to protect employment levels in areas with serious socioeconomic hardship;
- ❑ Tecnoservizi collected € 43 thousand and € 100 thousand respectively from the Customs Agency for the reduction of the quota of excise on diesel fuel and for the production of a motive power using fixed motors in industrial plants. Furthermore, it benefited from a tax credit equal to € 26 thousand for the technological and Industry 4.0 digital transformation of capital goods;
- ❑ Servizi Idrici Integrati received an amount of € 307 thousand from the Umbria Region for the construction of a water supply pipeline between the new well and the Monticolo tank intended to manage the water crisis in Sub-area 4 of the AURI;
- ❑ ASM Terni benefited from an amount equal to € 94 thousand, as an NRRP advance for the construction of ecological hooklift bin stations.
- ❑ Simam collected for the tax subsidy called “Decontribuzione Sud” [contributions reduction for the South] (Art. 27 Decree Law 104/2020) an amount equal to € 14 thousand as a reduction of the INPS contribution for the most disadvantaged areas.

E) Segment information: statement of financial position and income statement

Segment information: statement of financial position and income statement

Please note the following for a better understanding of the breakdown provided in this section:

- **Water**, responsible, from an organisational point of view, for the water companies operating in Lazio, Campania, Tuscany and Umbria, and for the gas distribution companies operating in Abruzzo and ASM Terni;
- **Water (Overseas)** responsible, from an organisational point of view, for the activities carried out abroad;
- **Networks & Public Lighting** refers to *areti* and public lighting;
- **Environment**, responsible from an organisational point of view, for ACEA Ambiente, Aquaser, Acque Industriali, Iseco, Demap, Berg, Ferrocarr, Cavallari, Deco, Meg, SER Plast, AS Recycling, Tecnoservizi, Italmacero, Orvieto Ambiente;
- **Commercial**, responsible from an organisational point of view, for ACEA Energia, Aema, Umbria Energy, ACEA Innovation;
- **Generation** refers to ACEA Produzione, Ecogena, Acea Liquidation and Litigation, and all the companies in the Photovoltaic sector;
- **Engineering and Services** responsible, from an organizational point of view, for Acea Infrastructure, TWS, Ingegnerie Toscane and Simam.

It should be noted that the comparative figures have been reclassified for insignificant amounts for the sake of clarity.

Balance Sheet Assets 31/12/2023

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Balance Sheet Liabilities 31/12/2023

€ thousand	Water	Water (Overseas)	Network and public lighting	Environment	Commercial	Production	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Trade payables to third parties	856,231	4,496	183,584	74,377	648,329	26,669	27,152	91,127	(170,196)	1,741,770
Trade payables to Parent Company	69,980	68	29,461	12,211	19,408	4,478	5,317	182	(136,213)	4,892
Trade payables to subsidiaries and associates	13,347	162	7,425	(7)	4	1,486	0	2,620	(21,227)	3,811
Other current trade liabilities										674,889
Other current financial liabilities										922,950
Employee severance indemnity and other defined benefit plans	34,554	245	29,641	12,644	3,854	1,859	4,509	22,600	0	109,895
Other provisions	58,279	95	27,586	77,055	14,767	27,698	2,328	(7,195)	23,663	224,276
Other non-current trade liabilities										510,871
Other non-current financial liabilities										4,770,436
Liabilities closely associated with assets held for sale										188
Shareholders' Equity										2,823,084
Total liabilities and shareholders' equity										11,787,064

Income Statement 30/06/2023

€ thousand	Water	Water (Overseas)	Network and public lighting	Environment	Commercial	Production	'Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Revenues	715,501	49,220	314,340	166,929	1,232,305	73,917	60,914	69,243	(386,199)	2,296,170
Staff costs	71,185	13,652	13,361	22,409	14,641	3,363	14,893	34,173	(12,890)	174,787
Costs of materials and overhead	303,814	16,934	114,823	102,096	1,162,164	39,825	43,550	54,105	(373,309)	1,464,003
Net Income/(Expense) from commodity risk management	0	0	0	0	0	0	0	0	0	0
Valuation of companies using the equity method	12,753	0	0	0	0	88	160	0	0	13,002
EBITDA	353,255	18,634	186,155	42,424	55,499	30,817	2,631	(19,035)	0	670,381
Depreciation/amortisation and impairment losses	200,322	7,961	72,224	27,551	34,076	10,022	3,575	14,621	0	370,352
Operating profit/(loss)	152,933	10,673	113,931	14,873	21,423	20,795	(943)	(33,656)	0	300,029
(costs)/income										(67,389)
(Expenses)/Income from Equity Investments	61	93	0	0	0	799	0	(230)	0	723
Profit/(loss) before tax										233,363
Taxes										71,215
Net profit/(loss)										162,148

Balance Sheet Assets 30/06/2024

€ thousand	Water	Water (Overseas)	Network and public lighting	Environment	Commercial	Production	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Capex	343,094	3,354	149,185	21,740	32,264	11,589	1,305	4,985	0	567,515
Total property, plant and equipment	159,717	34,866	2,499,159	353,180	8,179	249,653	9,025	103,713	(1,111)	3,416,379
Total intangible fixed assets	4,432,112	28,211	106,799	161,859	218,863	37,159	22,958	55,925	(369,572)	4,694,314
Subsidiaries										357,369
Financial Assets in Shares										8,023
Total Non-financial Assets										964,777
Total Financial Assets										14,494
Inventories	22,142	2,026	43,155	14,383	8,255	1,587	54,951	0	(36,949)	109,550
Receivables from customers	558,424	10,767	221,524	121,512	197,818	27,312	49,089	968	(146,647)	1,040,769
Receivables from Parent Company	35,422	0	2,812	682	9,724	363	30	32	(6,750)	42,316
Receivables from Associates	6,115	0	0	16	(8)	298	2	105,945	(93,115)	19,253
Other current receivables and assets										578,610
Total Financial Assets										571,199
Total Cash and cash equivalents										409,993
Non-current assets held for sale										18,363
Total Assets										12,245,409

Balance Sheet Liabilities 30/06/2024

€ thousand	Water	Water (Overseas)	Network and public lighting	Environment	Commercial	Production	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Trade payables to third parties	873,398	4,564	200,321	77,377	421,769	25,064	27,508	87,057	(150,935)	1,566,123
Trade payables to Parent Company	65,360	69	18,454	8,952	7,115	1,041	2,036	182	(82,499)	20,710
Trade payables to subsidiaries and associates	16,188	161	3,796	2	(87)	2,031	0	2,596	(19,494)	5,192
Other current trade liabilities										794,659
Other current financial liabilities										1,119,526
Employee severance indemnity and other defined benefit plans	28,879	102	21,470	11,829	3,358	1,657	4,325	11,548	0	83,155
Other provisions	86,316	179	60,170	81,431	30,146	30,845	2,207	(2,924)	23,663	312,033
Other non-current trade liabilities										534,524
Other non-current financial liabilities										4,991,313
Liabilities closely associated with assets held for sale										253
Shareholders' Equity										2,817,922
Total liabilities and shareholders' equity										12,245,409

Income Statement 30/06/2024

€ thousand	Water	Water (Overseas)	Network and public lighting	Environment	Commercial	Production	Engineering & Infrastructure Projects	Corporate	Consolidation adjustments	Total
Revenues	717,572	45,312	347,578	152,967	859,868	47,032	60,730	70,253	(310,087)	1,991,226
Staff costs	67,728	10,669	8,398	21,255	14,073	3,487	17,238	31,291	(13,971)	160,169
Costs of materials and overhead	286,894	17,034	118,338	95,789	765,763	23,957	40,062	52,803	(296,115)	1,104,525
Net Income/(Expense) from commodity risk management	0	0	0	0	0	0	0	0	0	0
Valuation of companies using the equity method	4,241	0	0	0	0	(1,925)	556	(336)	0	2,536
EBITDA	367,190	17,609	220,842	35,923	80,032	17,662	3,986	(14,177)	0	729,068
Depreciation/amortisation and impairment losses	210,327	7,684	80,612	28,072	33,891	9,481	2,955	17,446	0	390,468
Operating profit/(loss)	156,864	9,925	140,230	7,851	46,141	8,181	1,031	(31,623)	0	338,600
Financial (costs)/income										(61,328)
(Expenses)/Income from Equity Investments	622	0	0	0	0	821	0	(123)	(586)	734
Profit/(loss) before tax										278,006
Taxes										85,349
Net profit/(loss)										192,658