A2A S.p.A.
Via Lamarmora 230, 25100 Brescia (Italy)
Fully paid-up Share capital Euro 1,629,110,744.04
Tax code and registration number with the Brescia Register of Companies 11957540153

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EXPLANATORY REPORT OF THE BOARD OF DIRECTORS ON THE MERGER BY INCORPORATION PROJECT OF SUNCITY ENERGY S.R.L. INTO A2A S.P.A.

(pursuant to Art. 2501-quinquies of the Civil Code and Art. 70, 2nd paragraph, of the Issuers' Regulations)

INTRODUCTION

This report was prepared by the Board of Directors of A2A S.p.A. (a company listed on regulated markets), pursuant to Art. 2501-quinquies of the Italian Civil Code and Art. 70, paragraph 2, of Consob Regulation no. 11971 of May 14, 1999, and subsequent amendments and additions (hereinafter the "**Issuers' Regulation**”), the purpose of which is to illustrate and justify, from a legal and economic standpoint, the merger by incorporation (hereinafter also briefly the **"Merger"**) of Suncity Energy S.r.l. (hereinafter also referred to as the "**Merged Company**") into A2A S.p.A. (hereinafter, also the "**Merging Company**").

1. Companies taking part in the Merger

Merging Company: **A2A S.p.A.**, with registered office in Brescia (Italy), via Lamarmora no. 230, and administrative headquarters in Milan, Corso di Porta Vittoria no. 4, with a share capital of Euro 1,629,110,744.04, enrolled in the Brescia Company Register - Ordinary Section, with tax code and enrolment number 11957540153, R.E.A. [Economic Administrative Index] no. 493995.

Merged Company: **Suncity Energy S.r.l.**, with sole shareholder, with registered office in Milan, Corso di Porta Vittoria no. 4, with a fully paid-up share capital of € 100,200.00, registered in the Milan Monza Brianza Lodi Register of Companies, tax code and registration number 12853271000, R.E.A. no. 2557513, a company subject to management and coordination by the Merging Company.

2. Type of Merger

The proposed Merger will consist in a standard Merger by direct incorporation, being the Merged Company wholly owned by the Merging Company. From a statutory point of view, the transaction will be carried out in accordance with Articles 2501 et seq. of the Italian Civil Code and in accordance with the terms and conditions contained in the Merger plan.

3. Reasons for the operation

The Merger by incorporation of "Suncity Energy S.r.l." is in line with the rationalization process of the companies of the A2A Group and completes the process of integration of the activities carried out by this company, especially in energy trading and dispatching services, thus leveraging on the organizational and economic synergies existing within the Generation Business Unit.

Further operational synergies will be leveraged in business, back-office and staff activities, particularly in the following areas: purchase of energy, optimization and hedging of the portfolio, sale of services, improvement of dispatching services, credit and debit billing, and in settlement, with a reduction in invoice management and payment times.

The Merger will also lead to the improvement of relations with the Corporate function, with a centralised interface and an adequate data flow for the standards already in use in the other companies' Bus with the same counterparties, and the possibility of carrying out activities not covered today (such as quarterly cash flow forecasts). There will also be a marked improvement in reporting and compliance, with centralized monitoring within the BU and the elimination of some data flows and reporting due to the cancellation of intercompany relations.

Lastly, the Merging Company will enjoy the typical benefits of the consolidation of separate entities that are wholly owned today, such as the reduction of external costs, the simplification of administrative activities and fulfilments, and the integration with the management and administrative systems of the A2A Group, with the consequent simplification of the Group's operating, administrative, planning and control activities.

4. Legal aspects

The Merged Company is wholly owned by the Merging Company, so the rules set forth in Art. 2505 of the Italian Civil Code apply to the Merger. Therefore, since there is no exchange relationship, the preparation of the documents required by Articles 2501-quinquies and 2501-sexies of the Italian Civil Code is not required, nor will any capital increase be carried out to serve the Merger.

However, since the Merging Company is listed on regulated markets, pursuant to Art. 70, paragraph 2, of the Issuers' Regulations, and in order to provide adequate information to shareholders, to the financial market and to supervisory bodies, this Explanatory Report has been prepared in accordance with the general criteria indicated in Annex 3 A, referred to in the same Art. 70, paragraph 2, of the Issuers' Regulations.

It is also specified that:

- the proposed Merger does not meet the criteria set forth in Art. 117-bis of Legislative Decree no. 58 of February 24, 1998 (“TUF”), because the amount of the assets of the Merging Company, other than cash and cash equivalents and financial current assets, are not only not significantly lower than the assets of the Merged Company, but are actually significantly higher;
- the information required by Art. 70, paragraph 6 of the Issuers' Regulations has not been prepared because the proposed Merger relates to a company that is wholly owned and controlled by the Merging Company;
- the transaction in question does not fall under the scope of Art. 2501-bis of the Italian Civil Code (i.e. Merger leveraged buy-out);
- this is an intragroup transaction for which there is no need for an authorization from the Antitrust Authority.

5. Reference Balance Sheet

Pursuant to Art. 2501-quater, the Merger resolution shall be adopted on the basis of the balance sheets of the companies involved that have been prepared by their respective governing boards with reference to the date of December 31, 2020.

6. Effects of the Merger

As a result of the Merger, the Merging Company will acquire all the assets of the Merged Company, whose share capital is already entirely owned.

The transaction will have no impact on the current shareholding structure of the Merging Company, since the Merger will not require A2A to issue new shares.

The Articles of Association of the Merging Company will not be modified in connection with the Merger.

The effects of the Merger vis-à-vis third parties, pursuant to Art. 2504-bis of the Italian Civil Code, will commence on the day of the last of the registra-

tions required by Art. 2504-bis of the Italian Civil Code for the deed of Merger. The deed of Merger may provide for a later date.
The transactions carried out by the Merged Company will be recognized in the financial statements of the Merging Company commencing on the first day of the financial year when the Merging will become effective and the tax effects of the Merger will commence on that same date.
All the companies involved in the Merger close their financial years on December 31st.
Furthermore, the Merger:
- does not require any specific treatment for special categories of shareholders or holders of securities other than shares, nor any special benefit for persons entrusted with the administration of the participating companies;
- does not envisage any effect on shareholders' agreements concerning the shares of the Merging Company;
- does not require the exclusion of the Merging Company from the listing, and therefore the withdrawal assumption described in Art. 2437-quinquies of the Italian Civil Code does not apply.

7. Fiscal implications

In addition to a number of tax effects that will have an operational impact on tax payments, procedural obligations and formalities, the main fiscal effects of the transaction are described below:
- the Merger of companies is regulated, for tax purposes, by Art. 172 of Presidential Decree no. 917 of 2 December 1986, as amended by Legislative Decree no. 344 of 2 December 2003;
- the current tax legislation is based on the principle of the general neutrality of the Merger transaction, which implies no realization or distribution of capital gains or losses, neither by the companies involved in the Merger nor by their shareholders;
- as a result of the Merger, the Merging Company will take over all the tax obligations and rights of the Merged Company, commencing on the effective date of the Merger. Consequently, the payment obligations of the Merging Company, including those relating to tax advances and withholding taxes, which are extinguished as a result of the Merger, will be performed by the

same company until the effective date; after which date, those obligations will be considered transferred to the Merging Company for all purposes and effects;

- for indirect tax purposes, the Merger is an operation excluded from the scope of application of VAT, pursuant to Art. 2, paragraph 3, letter f), of Presidential Decree no. 633/1972. According to this rule, in fact, the transfer of goods as a result of mergers between companies is not considered as a VAT taxable transaction.

Milan, 18 March 2021

The President of A2A S.p.A.
Signature: Marco Emilio Angelo Patuano