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 A2A TELECOMMUNICATIONS 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 A2A Telecommunications 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

<u>Merging Company</u>: **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.

<u>Merged Company:</u> **A2A Telecommunications S.r.l.**, with single shareholder, having its registered office in Corso di Porta Vittoria 4, Milan (Italy), with a fully paid-up share capital of Euro 2,110,000.00, enrolled in the Milan Monza Brianza Lodi Register of Companies with tax code and registration number 11480130969, R.E.A. [Economic Administrative Index] no. MI-2605647, a company under the management and coordination of 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 A2A Telecommunications S.r.l. is in line with the rationalization process of the companies of the A2A Group, being the final step in the reorganization of the activities previously carried out by A2A Smart City for the benefit of the companies of the A2A Group.

In fact, in addition to reducing the number of corporate vehicles controlled by the Parent Company, with consequent savings in terms of costs, this operation allows the companies to fully leverage organizational and operating synergies by consolidating corporate governance activities into A2A, together with the other intragroup services already managed by the Parent Company, with a better and more effective consistent management of resources and assets. Furthermore, there will be a simplification of intercompany relations, with a reduction in service agreements between Group companies, a reduction in external costs, the simplification of administrative activities and fulfilments, and integration with the A2A Group's management and administrative systems, resulting in a 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 for A2A S.p.A. and February 1, 2021 for A2A Telecommunications s.r.l.

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 registrations 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 from the day on which the Merging Company has acquired the entire share capital of the Merged Company, i.e. from February 1st, 2021, 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