a2a
LIFE COMPANY

2022

Separate Financial Statements

Separate financial statements

2022

these Financial Statements are available at the website
gruppoa2a.it

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Overview of performance, financial conditions and net debt

A2A S.p.A.

The Parent Company is responsible for strategic vision, planning, control, financial management and coordination of the A2A Group activities. It also provides services to support the business and operating activities of Group companies (administrative, legal, supply, and personnel management services, information technology and communications) in order to optimize the resources available and use existing expertise in the most efficient manner. These services are governed by intercompany service agreements.

Finally, A2A S.p.A. provides its subsidiaries with office space and operating areas, as well as related services.

A2A S.p.A. owns some hydroelectric plants in Valtellina, the hydroelectric unit in Calabria and the unit in Mese, as well as the hydroelectric plants of the unit in Udine.

Results

millions of euro	01 01 2022 12 31 2022	01 01 2021 12 31 2021	Change
Revenues			
Revenues from the sale of goods and services	19,667.2	8,196.0	11,471.2
Other operating income	21.1	60.0	(38.9)
Total revenues	**19,688.3**	**8,256.0**	**11,432.3**
Operating expenses	(19,181.7)	(7,903.7)	(11,278.0)
Labour costs	(174.9)	(160.0)	(14.9)
Gross operating income	**331.7**	**192.3**	**139.4**
Depreciation, amortization and write-downs	(123.4)	(110.9)	(12.5)
Provisions	(38.8)	(12.3)	(26.5)
Net operating income	**169.5**	**69.1**	**100.4**
Result from non-recurring transactions	**155.2**	-	**155.2**
Financial balance	372.3	375.8	(3.5)
Result before taxes	**697.0**	**444.9**	**252.1**
Income taxes	(181.1)	40.9	(222.0)
Result after taxes from operating activities	**515.9**	**485.8**	**30.1**
Net result from discontinued operations	**29.7**	**(0.3)**	**30.0**
Net result of the year	**545.6**	**485.5**	**60.1**

In the year in question A2A S.p.A. shows revenues for a total of 19,688.3 million euro (8,256 million euro in the previous year). Sales revenues (19,410.7 million euro) mainly refer to electricity sales to wholesalers, institutional operators, even on IPEX markets (Italian Power Exchange) and subsidiaries, sales of gas and fuels to third parties and subsidiaries, as well as the sale of materials and plants and the sale of environmental certificates. Revenues from services (256.5 million euro) mainly relate to provisions to subsidiaries of administrative, fiscal, legal, managerial and technical services, and revenues from the Municipality of Milan for the video surveillance service.

The increase in sales revenues is mainly due to the increase in prices on the wholesale markets for both electricity and gas, as well as to higher revenues for CO2 sales as a result of the recognition of revenue from subsidiaries and associates whose plants are managed by A2A S.p.A. through tolling agreements.

Other revenues (21.1 million euro) mainly refer to incentives on net production from renewable sources; they also include rent from subsidiaries, contingent assets recognized as a result of the difference in allocations from previous years, reimbursements for damages and penalties received from customers, insurance companies and private individuals.

Operating expenses amounted to 19,181.7 million euro (7,903.7 million euro at December 31, 2021) and refer to costs for raw materials (17,928.4 million euro) related primarily to purchases of energy and fuels, both for electricity production and for resale to customers and wholesalers, in addition to purchases of materials and environmental certificates; service costs (425.6 million euro), which refer to the logistics costs for the transport on the national network of natural gas, costs for maintenance and repairs related to both the plants and the information systems of the company, as well as costs for services from third parties and from subsidiaries and associates; to other operating expenses (827.7 million euro), which refer to the contracting of the thermoelectric production plants "tolling agreement" of subsidiaries, the costs relating to the use of a portion of the electricity capacity of Ergosud S.p.A., as well as water derivation fees, damages and penalties.

The increase in operating expenses derives mainly from the increase in costs for raw materials, attributable to the increase in unit supply prices due to the growth recorded in the reference scenario, as well as to the higher quantities purchased, in the purchase costs of CO2 both due to the increase in the procurement price and to the higher volumes issued correlated to the higher thermoelectric production, to the increase in costs for services mainly due to the higher costs for the transport and storage of natural gas and to the higher costs for IT services relating to the development of new projects.

Labour costs amounted to 174.9 million euro (160 million euro at December 31, 2021). The increase for the year includes both the effect of new staff additions realized in 2022 and contractual renewals.

Due to the dynamics mentioned above the EBITDA amounted to 331.7 million euro (192.3 million euro at December 31, 2021). The increase is mainly related to the performance of the industrial electricity portfolio, mainly attributable to the start of the "Capacity Market" mechanism.

"Amortization and depreciation, provisions and write-downs" of the year amounted to 162.2 million euro (123.2 million euro at December 31, 2021) and include amortization, depreciation and write-downs of the tangible and intangible assets for 123.4 million euro (110.9 million euro at December 31, 2021) and provisions for 38.8 million euro (12.3 million euro at December 31, 2021), mainly related to provisions for risks.

"Net operating income" was positive for 169.5 million euro (69.1 million euro at December 31, 2021).

Financial operations reported a positive balance of 372.3 million euro (positive for 375.8 million euro at December 31, 2021). This item includes dividends from investees of 407.4 million euro (415.3 million euro at December 31, 2021), as well as net financial expenses of 35.1 million euro (38.6 million euro at December 31, 2021).

The "Result before taxes" was positive for 697.0 million euro (positive for 444.9 million euro at December 31, 2021).

"Income taxes" amounted to 181.1 million euro (tax income for 40.9 million euro at December 31, 2021). Taxation mainly derives from the Extraordinary Solidarity Contribution planned for the year 2023, determined pursuant to Article 1, paragraphs 115-119 of Law No. 197 of December 29, 2022 (Budget Law 2023), as well as from current taxes calculated on taxable income for IRES and IRAP purposes.

The "Net result from discontinued operations" was positive for 29.7 million euro (negative for 0.3 million euro at December 31, 2021) and refers to the capital gain, net of the effect of current taxes on the same, realized from the sale of the shareholding in ROMEO GAS S.p.A., after the demerger of the unit in favor of the latter relative to gas distribution referred to ATEM deemed non-strategic by Unareti S.p.A..

The "Net result of the year" was positive for 545.6 million euro (485.5 million euro at December 31, 2021).

* * *

Net year capex amounted to 177.9 million euro and in particular involved interventions on the hydroelectric plants, computer network equipment and devices, buildings, fixed assets in progress, capex in the Group's information systems and software and net investments in equity.

Balance sheet and financial position

millions of euro	12 31 2022	12 31 2021	Change
Capital employed			
Net fixed capital	**5,103.9**	**5,168.9**	**(65.0)**
- Tangible assets	901.0	934.2	(33.2)
- Intangible assets	168.1	146.4	21.7
- Shareholdings and other non-current financial assets (*)	4,209.1	4,226.4	(17.3)
- Other non-current assets/liabilities (*)	19.4	9.6	9.8
- Deferred tax assets/liabilities	66.4	102.9	(36.5)
- Provisions for risks, charges and liabilities for landfills	(128.1)	(101.4)	(26.7)
- Employee benefits	(132.0)	(149.2)	17.2
of which with counter-entry to equity	*(50.3)*	*(59.5)*	
Net Working Capital and Other Current Assets/Liabilities	**(405.6)**	**(103.3)**	**(302.3)**
Net Working Capital:	**(562.4)**	**86.5**	**(648.9)**
Inventories	389.2	103.9	285.3
Trade receivables	3,655.0	2,155.5	1,499.5
Trade payables	(4,606.6)	(2,172.9)	(2,433.7)
Other current assets/liabilities:	**156.8**	**(189.8)**	**346.6**
- Other current assets/liabilities (*):	253.4	(244.4)	497.8
- Current tax assets/tax liabilities	(96.6)	54.6	(151.2)
of which with counter-entry to equity	*32.3*	*60.0*	
Assets/liabilities held for sale (*)	**-**	**46.8**	**(46.8)**
of which with counter-entry to equity	-	-	-
Total capital employed	**4,698.3**	**5,112.4**	**(414.1)**
Sources of funds			
Equity	**3,603.0**	**3,332.4**	**270.6**
Total financial position after one year	4,305.4	2,889.6	1,415.8
Total financial debt within one year	(3,210.1)	(1,109.6)	(2,100.5)
Total Net Financial Position	**1,095.3**	**1,780.0**	**(684.7)**
of which with counter-entry to equity	*5.6*	*(20.0)*	
Total sources	**4,698.3**	**5,112.4**	**(414.1)**

(*) Excluding balances included in the Net Financial Position.

"Capital Employed" totalled 4,698.3 million euro at December 31, 2022, partly covered by "Equity" in the amount of 3,603 million euro and net debt of 1,095.3 million euro; provided below are the main items that make up the Capital Employed.

The "Net fixed capital" amounted to 5,103.9 million euro, down 65 million euro compared to December 31, 2021.

Changes are detailed below:

- Tangible assets decreased by 33.2 million euro due to:
  - investments made during the year for a total of 39.4 million euro;
  - other increases for 12.5 million euro arising from the change in contracts for rights of use for 15.1 million euro, partially offset by the decrease in the decommissioning provision for 2.5 million euro and other negative changes for 0.1 million euro;
  - decrease of 85.1 million euro for the depreciation charge for the year;
- Intangible assets increased by 21.7 million euro compared to December 31, 2021, due to:
  - investments made during the year for a total of 51.7 million euro;
  - other increases for 8.1 million euro;
  - decrease of 0.2 million euro for write-downs;
  - decrease of 37.9 million euro for the amortization charge for the year;

- Shareholdings and other non-current financial assets amounted to 4,209.1 million euro, down 17.3 million euro compared to December 31, 2021, attributable to:
  - decrease of 43.0 million euro in the shareholding in Unareti S.p.A. in favor of ROMEO GAS S.p.A. due to the effect of the demerger of the unit relative to gas distribution referring to ATEM considered non-strategic, and subsequent sale of the shareholding in ROMEO GAS S.p.A.;
  - decrease of 0.5 million euro due to the sale of the shareholding in Seasm S.r.l.;
  - increase of 20.0 million euro relating to the capital contribution subscribed in the investee company Yada Energia S.r.l.;
  - increase of 3.0 million euro relating to the capital contribution subscribed in the investee company A2A E-MOBILITY S.r.l.;
  - increase of 3.0 million euro in other financial assets, in particular investments made in innovative start-ups through Corporate Venture Capital projects;
- Other non-current assets and liabilities showed an increase of 9.8 million euro as a consequence of the higher non-current assets relating to guarantee deposits;
- Deferred tax assets amounted to 66.4 million euro (102.9 million euro at December 31, 2021) and showed a decrease of 36.5 million euro;
- Provisions for risks, charges and liabilities for landfills recorded an increase of 26.7 million euro. The following should be noted: an increase resulting from net provisions for the year of 38.1 million euro, mainly related to public water derivation fees and lawsuits pending with third parties; utilisations for the year of 10.2 million euro, while other negative changes amounted to 1.2 million euro;
- Employee benefits showed a decrease of 17.2 million euro, referring to actuarial valuations, disbursements for the year and payments to pension funds, partly offset by net provisions for the year.

Net Working Capital and Other current assets/liabilities

The "Net Working Capital", defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to a negative 562.4 million euro, down by 648.9 million euro compared to December 31, 2021. Comments on the main items are given below:

- "Inventories" amounted to 389.2 million euro (103.9 million euro at December 31, 2021), net of the relative obsolescence provision for 0.7 million euro, unchanged compared to the previous year. The positive change is due to the increase in gas inventories for the sale and storage of gas, as well as coal inventories for the production of electricity, which reflect both the trend in fuel prices and the greater quantities stored;
- "Trade receivables" amounted to 3,655.0 million euro (2,155.5 million euro at December 31, 2021), with an increase of 1,499.5 million euro. The increase in trade receivables is primarily linked to the rise in prices on both the electricity and gas wholesale markets, as well as to the growth in volumes sold.
  The "Bad debts provision", calculated in compliance with IFRS 9, amounted to 5.3 million euro and showed a net increase of 0.8 million euro compared to December 31, 2021;
- "Trade payables", amounting to 4,606.6 million euro, rose by 2,433.7 million euro due to an increase in unit prices for supplies as a result of the rise in the benchmark energy scenario, as well as growth in volumes purchased.

"Other Current Assets/Liabilities" evidenced a net increase of 346.6 million euro, due to:

- net increase in derivative assets for 271.9 million euro;
- net increase in current tax liabilities for 151.2 million euro;
- net decrease in payables resulting from prepayments of electricity and futures contracts of 282 million euro;
- decrease in advances to suppliers by 29.7 million euro;
- decrease in security deposits for 32.3 million euro;
- other decreases in other current liabilities for 5.9 million euro.

"Assets/Liabilities held for sale" showed a balance of zero (positive for 46.8 million euro at December 31, 2021) as the sale of the buildings located in Milan, Corso di Porta Vittoria (Signora), Via Gonin and Via Balduccio da Pisa (Orobia), which at December 31, 2021, had been reclassified under "Assets held for sale", was concluded in February.

Equity

“Equity” amounted to 3,603.0 million euro and showed a positive change for a total of 270.6 million euro.

The net profit for the year generated a positive effect of 545.4 million euro, offset by the distribution of 283.2 million euro in dividends. There was also a positive effect in the valuation of cash flow hedge derivatives and IAS 19 reserves for 8.4 million euro.

The “Net Financial Position” at December 31, 2022 amounted to 1,095.3 million euro (1,780.0 million euro at end 2021). The gross debt amounted to 7,142.7 million euro, up by 1,969.7 million euro compared to 31 December 2021. Cash and cash equivalents amounted to 2,338.5 million euro, up by 1,452.1 million euro. The other net financial assets/liabilities showed an active balance of 3,708.9 million euro with a net increase of 1,202.3 million euro as compared with December 31, 2021.

1

Financial statements

1.1

Balance sheet [(1)]

Assets

amounts in euro	Note	12 31 2022	12 31 2021
Non-current assets			
Tangible assets	1	900,950,676	934,218,394
Intangible assets	2	168,096,678	146,383,435
Shareholdings	3	4,183,541,756	4,204,055,422
Other non-current financial assets	3	1,361,415,880	1,334,677,747
Deferred tax assets	4	66,464,335	102,884,864
Other non-current assets	5	30,061,354	13,053,755
Total non-current assets		**6,710,530,679**	**6,735,273,617**
Current assets			
Inventories	6	389,282,148	103,867,362
Trade receivables	7	3,654,977,757	2,155,509,072
Other current assets	8	2,979,212,244	3,912,370,491
Current financial assets	9	2,365,954,047	1,204,973,806
Current tax assets	10	17,594,228	60,592,132
Cash and cash equivalents	11	2,338,464,796	886,354,322
Total current assets		**11,745,485,220**	**8,323,667,185**
Non-current assets held for sale	12	**36,920**	**46,788,054**
Total assets		**18,456,052,819**	**15,105,728,856**

(1) As required by Consob Resolution no. 17221 of March 12, 2010, the effects of relations with related parties in the separate financial statements are highlighted in the accounting statements in section 2 and commented on in Note 35. Significant non-recurring events and transactions in the separate financial statements are provided in Note 36 pursuant to Consob Communication DEM/6064293 of July 28, 2006.

Equity and liabilities

amounts in euro	Note	12 31 2022	12 31 2021
Equity			
Share capital	13	1,629,110,744	1,629,110,744
(Treasury shares)		-	-
Reserves	14	1,428,348,635	1,217,791,460
Net result of the year	15	545,581,220	485,477,683
Total equity		**3,603,040,599**	**3,332,379,887**
Liabilities			
Non-current liabilities			
Non-current financial liabilities	16	5,648,397,055	4,191,240,086
Employee benefits	17	132,030,237	149,174,579
Provisions for risks, charges and liabilities for landfills	18	128,135,471	101,431,443
Other non-current liabilities	19	3,514,368	14,056,580
Total non-current liabilities		**5,912,077,131**	**4,455,902,688**
Current liabilities			
Trade payables	20	4,606,633,526	2,172,866,259
Other current liabilities	20	2,725,805,437	4,156,909,244
Current financial liabilities	21	1,494,275,653	981,736,220
Tax liabilities	22	114,220,473	5,934,558
Total current liabilities		**8,940,935,089**	**7,317,446,281**
Total liabilities		**14,853,012,220**	**11,773,348,969**
Liabilities associated with non-current assets held for sale		-	-
Total equity and liabilities		**18,456,052,819**	**15,105,728,856**

1.2

Income statement [1]

amounts in euro	Note	01 01 2022 12 31 2022	01 01 2021 12 31 2021
Revenues			
Revenues from the sale of goods and services		19,667,224,374	8,196,015,067
Other operating income		21,113,211	59,968,651
Total Revenues	24	**19,688,337,585**	**8,255,983,718**
Operating expenses			
Expenses for raw materials and services		18,353,989,353	7,322,231,042
Other operating expenses		827,713,747	581,477,745
Total Operating expenses	25	**19,181,703,100**	**7,903,708,787**
Labour costs	26	**174,892,072**	**160,014,697**
Gross operating income - EBITDA	27	**331,742,413**	**192,260,234**
Depreciation, amortization, provisions and write-downs	28	**162,247,131**	**123,140,593**
Net operating income - EBIT	29	**169,495,282**	**69,119,641**
Result from non-recurring transactions	30	**155,202,574**	-
Financial balance			
Financial income		469,295,089	448,739,269
Financial expenses		97,033,211	72,965,521
Result from disposal of other shareholdings		-	-
Total financial balance	31	**372,261,878**	**375,773,748**
Result before taxes		**696,959,734**	**444,893,389**
Income taxes	32	**181,087,527**	**(40,888,556)**
Result after taxes from operating activities		**515,872,207**	**485,781,945**
Net result from discontinued operations	33	**29,709,013**	**(304,262)**
Net result of the year	34	**545,581,220**	**485,477,683**

(1) As required by Consob Resolution no. 17221 of March 12, 2010, the effects of relations with related parties in the separate financial statements are highlighted in the accounting statements in section 2 and commented on in Note 35. Significant non-recurring events and transactions in the separate financial statements are provided in Note 36 pursuant to Consob Communication DEM/6064293 of July 28, 2006.

1.3
Statement of comprehensive income

amounts in euro	12 31 2022	12 31 2021
Net result of the year (A)	**545,581,220**	**485,477,683**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	11,878,337	(31,066,216)
Tax effect of other actuarial gains/(losses) on employee benefits recognized in equity	(3,043,184)	9,128,469
Total actuarial gains/(losses) net of the tax effect (B)	**8,835,153**	**(21,937,747)**
Effective part of gains/(losses) on cash flow hedge	(2,168,825)	47,083,512
Tax effect of other gains/(losses)	1,627,801	(13,498,212)
Total other gains/(losses) net of the tax effect (C)	**(541,024)**	**33,585,300**
Total comprehensive result (A) + (B) + (C)	**553,875,349**	**497,125,236**

With the exception of the actuarial effects on employee benefits recognized in equity, the other effects stated above will be reclassified to the Income Statement in subsequent years.

1.4

Cash-flow statement

amounts in euro	12 31 2022	12 31 2021
Cash and cash equivalents at the beginning of the year	**886,354,322**	**947,294,052**
Operating activities		
Net Result	545,581,220	485,477,683
Net income taxes	181,087,527	(40,888,556)
Net financial interests	35,109,376	38,633,485
Capital gains/expenses	(184,956,859)	(7,269,512)
Tangible assets depreciation	85,164,247	80,667,473
Intangible assets amortization	37,912,640	29,141,818
Fixed assets write-downs/disposals	213,462	1,124,343
Shareholdings write-up/down	-	1,800,000
Net provisions	38,956,782	12,218,210
Net financial interests paid	(28,966,375)	(52,201,144)
Net taxes paid	(270,217)	(3,520,245)
Dividends paid	(283,214,637)	(247,698,115)
Change in trade receivables	(1,500,295,038)	(1,263,371,650)
Change in trade payable	2,433,767,267	1,314,701,908
Change in inventories	(285,414,786)	(39,446,157)
Other changes	(557,605,259)	234,309,984
Cash flow from operating activities	**517,069,350**	**543,679,525**
Investment activities		
Investments in tangible assets	(39,423,862)	(45,998,963)
Investments in intangible assets and goodwill	(51,759,049)	(46,415,671)
Investments in shareholdings and securities (*)	(26,285,000)	(80,194,303)
Contribution of non-recurring transactions on cash and cash equivalents	-	968,869
Disposal of fixed assets and shareholdings	295,360,222	10,232,579
Purchase of treasury shares	-	(108,745,705)
Cash flow from investment activities	**177,892,311**	**(270,153,194)**
Free Cash Flow	**694,961,661**	**273,526,331**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.

amounts in euro	12 31 2022	12 31 2021
Financing activities		
Changes in financial assets		
Change in intercompany currency accounts	(1,136,406,218)	(738,248,552)
Issuance of loans	(95,091,589)	(130,470,335)
Proceeds from loans	61,117,657	51,293,009
Other changes	(14,207,479)	(9,154,039)
Total changes in financial assets (*)	**(1,184,587,629)**	**(826,579,917)**
Changes in financial liabilities		
Change in intercompany currency accounts	298,273,518	(59,776,819)
Borrowings/bonds issued	4,168,000,000	1,100,000,000
Repayment of borrowings/bond	(2,497,049,398)	(530,506,398)
Other changes	(27,487,678)	(17,602,927)
Total changes in financial liabilities (*)	**1,941,736,442**	**492,113,856**
Cash flow from financing activities	**757,148,813**	**(334,466,061)**
Change in cash and cash equivalents	**1,452,110,474**	**(60,939,730)**
Cash and cash equivalents at the end of the year	**2,338,464,796**	**886,354,322**

1.5

Statement of changes in equity

Changes from January 1, 2021 to December 31, 2021 amounts in euro	Share capital Note 13	Treasury shares	Cash Flow Hedge Note 14	Reserves Note 14	Net result of the year Note 15	Total Equity
Equity at December 31, 2020	**1,629,110,744**	**(53,660,996)**	**(5,909,123)**	**1,061,341,696**	**545,729,183**	**3,176,611,504**
Contribution from non-recurring transactions		162,406,701	(367)	(136,387,467)		26,018,867
Allocation of net result				545,729,183	(545,729,183)	-
Dividend distribution				(247,698,115)		(247,698,115)
IAS 19 reserve (*)				(21,937,747)		(21,937,747)
Cash flow hedge reserves (*)			33,585,300			33,585,300
Other changes		(108,745,705)		(10,931,900)		(119,677,605)
Net result of the year (*)					485,477,683	485,477,683
Equity at December 31, 2021	**1,629,110,744**	**-**	**27,675,810**	**1,190,115,650**	**485,477,683**	**3,332,379,887**

Changes from January 1, 2022 to December 31, 2022 amounts in euro	Share capital Note 13	Treasury shares	Cash Flow Hedge Note 14	Reserves Note 14	Net result of the year Note 15	Total Equity
Equity at December 31, 2021	**1,629,110,744**	**-**	**27,675,810**	**1,190,115,650**	**485,477,683**	**3,332,379,887**
Allocation of net result				485,477,683	(485,477,683)	-
Dividend distribution				(283,214,637)		(283,214,637)
IAS 19 reserve (*)				8,835,153		8,835,153
Cash flow hedge reserves (*)			(541,024)			(541,024)
Other changes						-
Net result of the year (*)					545,581,220	545,581,220
Equity at December 31, 2022	**1,629,110,744**	**-**	**27,134,786**	**1,401,213,849**	**545,581,220**	**3,603,040,599**
Availability of Equity Reserves			D	A-B-C		
A: For share capital increase						
B: To cover losses						
C: For distribution to Shareholders - available for 1,206,664,706 euro (**)						
D: Reserves not avaliable						

(*) These form part of the statement of comprehensive income.
(**) Of which subject to tax moderate suspension equal to 124,783,022 euro, and subject to tax suspension following the realignment of Legislative Decree 104/20 for 227,529,561 euro.

2

Financial statements pursuant to Consob Resolution no. 17221 of March 12, 2010

2.1

Balance sheet

pursuant to Consob Resolution no. 17221 of March 12, 2010

Assets

amounts in euro	12 31 2022	of which Related Parties (note 35)	12 31 2021	of which Related Parties (note 35)
Non-current assets				
Tangible assets	900,950,676	35,677,650	934,218,394	41,539,774
Intangible assets	168,096,678		146,383,435	
Shareholdings	4,183,541,756	4,183,541,756	4,204,055,422	4,204,055,422
Other non-current financial assets	1,361,415,880	1,340,053,457	1,334,677,747	1,316,584,621
Deferred tax assets	66,464,335		102,884,864	
Other non-current assets	30,061,354	9,031	13,053,755	10,745
Total non-current assets	**6,710,530,679**		**6,735,273,617**	
Current assets				
Inventories	389,282,148		103,867,362	
Trade receivables	3,654,977,757	1,815,966,583	2,155,509,072	937,605,975
Other current assets	2,979,212,244	84,427,159	3,912,370,491	74,846,677
Current financial assets	2,365,954,047	2,363,842,449	1,204,973,806	1,201,667,886
Current tax assets	17,594,228		60,592,132	
Cash and cash equivalents	2,338,464,796		886,354,322	
Total current assets	**11,745,485,220**		**8,323,667,185**	
Non-current assets held for sale	**36,920**		**46,788,054**	**440,404**
Total assets	**18,456,052,819**		**15,105,728,856**	

Equity and liabilities

amounts in euro	12 31 2022	of which Related Parties (note 35)	12 31 2021	of which Related Parties (note 35)
Equity				
Share capital	1,629,110,744		1,629,110,744	
(Treasury shares)	-		-	
Reserves	1,428,348,635		1,217,791,460	
Net result of the year	545,581,220		485,477,683	
Total equity	**3,603,040,599**		**3,332,379,887**	
Liabilities				
Non-current liabilities				
Non-current financial liabilities	5,648,397,055	32,782,940	4,191,240,086	38,911,162
Employee benefits	132,030,237		149,174,579	
Provisions for risks, charges and liabilities for landfills	128,135,471	2,000,000	101,431,443	
Other non-current liabilities	3,514,368		14,056,580	
Total non-current liabilities	**5,912,077,131**		**4,455,902,688**	
Current liabilities				
Trade payables	4,606,633,526	697,422,175	2,172,866,259	430,817,120
Other current liabilities	2,725,805,437	68,158,051	4,156,909,244	69,281,107
Current financial liabilities	1,494,275,653	662,218,839	981,736,220	363,512,176
Tax liabilities	114,220,473		5,934,558	
Total current liabilities	8,940,935,089		7,317,446,281	
Total liabilities	14,853,012,220		11,773,348,969	
Liabilities associated with non-current assets held for sale	-		-	
Total equity and liabilities	**18,456,052,819**		**15,105,728,856**	

2.2

Income statement

pursuant to Consob Resolution no. 17221 of March 12, 2010

amounts in euro	01 01 2022 12 31 2022	of which Related Parties (note 35)	01 01 2021 12 31 2021	of which Related Parties (note 35)
Revenues				
Revenues from the sale of goods and services	19,667,224,374	8,021,230,680	8,196,015,067	2,862,329,571
Other operating income	21,113,211	5,370,537	59,968,651	4,920,084
Total Revenues	**19,688,337,585**		**8,255,983,718**	
Operating expenses				
Expenses for raw materials and services	18,353,989,353	509,080,669	7,322,231,042	306,913,033
Other operating expenses	827,713,747	695,115,105	581,477,745	469,765,365
Total Operating expenses	**19,181,703,100**		**7,903,708,787**	
Labour costs	**174,892,072**	**1,766,345**	**160,014,697**	**1,742,435**
Gross operating income - EBITDA	**331,742,413**		**192,260,234**	
Depreciation, amortization, provisions and write-downs	**162,247,131**	**7,862,123**	**123,140,593**	**5,784,085**
Net operating income - EBIT	**169,495,282**		**69,119,641**	
Result from non-recurring transactions	**155,202,574**		-	
Financial balance				
Financial income	469,295,089	457,724,023	448,739,269	444,598,443
Financial expenses	97,033,211	397,920	72,965,521	2,306,597
Result from disposal of other shareholdings	-		-	
Total financial balance	**372,261,878**		**375,773,748**	
Result before taxes	**696,959,734**		**444,893,389**	
Income taxes	**181,087,527**		**(40,888,556)**	
Result after taxes from operating activities	**515,872,207**		**485,781,945**	
Net result from discontinued operations	**29,709,013**		**(304,262)**	**(294,775)**
Net result of the year	**545,581,220**		**485,477,683**	

3

Notes

3.1
General information on A2A S.p.A.

A2A S.p.A. is a company with legal personality organized under the laws of the Italian Republic which operates, also through its subsidiaries ("Group"), both in Italy and abroad.

In particular, as the "Parent Company", A2A S.p.A. is responsible for the guiding strategy, administration, planning and control, financial management and coordinating the activities of the A2A Group.

Therefore, Group companies benefit from administrative, tax, legal, personnel management, procurement and communication services, so as to optimize the resources that are available within the Group and to use the existing known how in a cost-effective way.
The A2A Group mainly operates in the following sectors:

- production, sale and distribution of electricity even from renewable resources;
- sale and distribution of gas;
- production, distribution and sale of heat through district heating networks;
- waste management (from collection and sweeping to disposal) and the construction and management of integrated waste disposal plants and systems, also making these available for other operators;
- integrated water cycle management;
- technical consultancy relating to energy efficiency certificates.

The separate financial statements for A2A S.p.A. are presented in euro, which is also the functional currency in the economies in which the company operates. In particular, the following notes are prepared in thousands of euro.

The separate financial statements of A2A S.p.A. at December 31, 2022, have been prepared on a going-concern basis and comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and these notes.

The separate financial statements of A2A S.p.A. at December 31, 2022 have been prepared:

- in compliance with Legislative Decree 58/1998 (art. 154-ter) as amended and with the Issuers' Regulations published by Consob;
- in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and approved by the European Union. IFRS means all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

In preparing the separate financial statements, the same standards used for the financial statements at December 31, 2021 were applied, other than the principles and interpretations described in detail in the paragraph below "Changes in accounting principles" adopted for the first time on January 1, 2022.

These explanatory notes include the supplemental information required by the Italian civil code, by Consob Resolutions no. 15519 and 15520 of July 27, 2006, and Consob communication no. 6064293 of July 28, 2006.

In this file, use has been made of some Alternative Performance Measures (APM) that are different from the financial indicators expressly provided for by the IAS/IFRS international accounting standards adopted by the company; for details of these indicators, please see the specific paragraph Alternative Performance Measures (APM) in the Report on Operations.

These separate financial statements for the year ended December 31, 2022, were approved on March 16, 2023, by the Board of Directors, which authorized its publication, and has been audited by EY S.p.A. in accordance with their appointment by the shareholders of June 11, 2015, for the nine years from 2016 to 2024.

3.2
Financial statements

For the balance sheet, the company A2A S.p.A. has adopted a format which separates current and non-current assets and liabilities, as required by paras. 60 et seq. of IAS 1.

The "Income statement" is presented by nature, a format which is considered more representative than a presentation by function. The selected format is in agreement with the presentation used by the Group's major competitors and in line with international practice.

The specific line items "Result from non-recurring transactions" and "Result from disposal of other shareholdings" are in the format of the income statement in order to provide clear and immediate identification of the results arising from non-recurring transactions forming part of continuing operations, separating these from the results from discontinued operations/held for sale. In particular, it should be noted that the item "Result from non-recurring transactions" is intended to include the results from the sale of investments in subsidiaries and associates and other non-operating expenses/income. This item is presented between net operating income and the financial balance. In this way net operating income is not affected by non-recurring operations, making it easier to measure the effective performance of the Group's ordinary operating activities.

The "Cash flow statement" has been prepared using the indirect method as permitted by IAS 7.

The "Statement of changes in equity" has been prepared in accordance with IAS 1.

The accounting schedules included in the annual report are in the same format as those used in the separate financial statements at December 31, 2021.

3.3
Basis of preparation

The separate financial statements as at December 31, 2022, have been prepared on a historical cost basis, with the exception of those items which under IFRS must be or can be measured at fair value, as discussed in further detail in the accounting policies.

The accounting standards, the accounting policies and the methods of measurement used in the preparation of the separate financial statements are consistent with those used to prepare the annual separate financial statements at December 31, 2021, except as specified below regarding newly enacted standards.

3.4
Changes in international accounting standards

Pursuant to IAS 8, the subsequent paragraph "Accounting standards, amendments and interpretations applicable by the company as of the current year" indicates and briefly illustrates the amendments in force as of January 1, 2022.

The following paragraph, "Accounting standards, amendments and interpretations approved by the European Union" instead detail the accounting standards and interpretations already issued, not yet approved by the European Union and therefore not applicable for the preparation of the financial statements at December 31, 2022, any impacts of which will then be transposed as of the financial statements of the following years.

Accounting standards, amendments and interpretations applicable as of the current year

As from January 1, 2022, applicable to the Group are the following additions to specific paragraphs of the international accounting standards already adopted by the Group companies in previous years:

- IFRS 3 "Business Combination": issued by the IASB on May 14, 2020 and approved on July 2, 2021, the integration introduces an exception to the valuation standards of IFRS 3 to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21, if contracted separately.
  The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognizable assets at the acquisition date. The integration did not have any impact on the Group's financial position, as no contingent assets, liabilities and contingent liabilities were recognized for the purpose of these amendments.
- IAS 16 "Property, plant and equipment": issued by the IASB on May 14, 2020 and approved on July 2, 2021, the integration prohibits the deduction from the carrying amount of a fixed asset of any revenue from the sale achieved during the preparation of the fixed asset. These revenues must be recognized in the income statement. The integration did not have any impact on the Group's financial position as no sales related to these fixed assets were realized, before they entered operation before or after the beginning of the previous comparative period.
- IAS 37 "Provisions, liabilities and contingent liabilities": issued by the IASB on May 14, 2020 and endorsed on July 2, 2021, the integration further specifies which costs should be considered in the definition of an onerous contract. An onerous contract is a contract in which the non-discretionary costs (i.e., the costs that the Group cannot avoid because it is a party to a contract) necessary to fulfil its obligations exceed the economic benefits that are supposed to be obtainable from the contract. The amendment specifies that in determining whether a contract is onerous or loss-making, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (i.e., the cost of direct labour and materials) and costs directly attributable to contractual activities (i.e., depreciation of equipment used to perform the contract as well as costs for managing and supervising the contract). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the other party under the contract. The integration did not have any impact on the Group's economic and financial situation.
- IFRS 1 "First-time Adoption of International Financial Reporting Standards": issued by the IASB on May 14, 2020 and endorsed on July 2, 2021, this amendment allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts recognized by the parent company, considering the date of transition to IFRSs by the parent company. This amendment also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1. The integration did not have any impact on the Group's economic and financial situation as the Group is not a first-time adopter.
- IFRS 9 "Financial Instruments": issued by the IASB on May 14, 2020 and endorsed on July 2, 2021, this amendment clarifies what fees an entity includes in determining whether the terms and conditions of a new or amended financial liability are materially different from the terms and conditions of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or lender on behalf of others. No such amendment has been proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement. The integration did not have any impact on the Group's economic and financial situation.

- IAS 41 "Agriculture": issued by the IASB on May 14, 2020 and endorsed on July 2, 2021, this amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when measuring the fair value of an asset within the scope of IAS 41. The integration did not have any impact on the Group's economic and financial position as the Group did not have any assets within the scope of IAS 41 at the reporting date.

Accounting standards, amendments and interpretations approved this year and applicable as of subsequent years

- IFRS 17 “Insurance contracts”: issued by the IASB on May 18, 2017 and approved November 19, 2021, will be applicable to companies that issue insurance contracts from the financial statements closed as of January 1, 2023. No impacts are expected on the Group's economic and financial situation.
- IAS 1 "Presentation of the Financial Statements": issued by the IASB on February 12, 2021 and endorsed on March 2, 2022, which provides guidance and examples to help entities apply materiality judgements to disclosures on accounting standards. The amendments are intended to help entities provide more useful accounting standard disclosures by replacing the requirement for entities to provide their "significant" accounting standards with a requirement to provide disclosures about their "material" accounting standards; in addition, guidance is added on how entities apply the concept of materiality in making accounting standard disclosure decisions. The integration will be applicable to the financial statements closed as from January 1, 2023 and is not expected to have a significant impact on the disclosure of the accounting policies since an analysis by nature and not only by significance is already carried out.
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": issued by the IASB on February 12, 2021 and endorsed on March 2, 2022. The amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and error correction. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The integration will be applicable to financial statements for the period beginning January 1, 2023 and is not expected to have significant impacts on the Group's economic and financial situation.
- IAS 12 "Income Taxes": issued by the IASB on May 7, 2021 and endorsed on August 11, 2022 in which it clarifies how to account for deferred taxes on transactions such as leases and decommissioning provisions. In particular, the option, previously provided for, not to calculate deferred taxation upon initial recognition of assets and liabilities deriving from lease contracts and/or decommissioning provisions is eliminated. This addition clarifies, therefore, that all companies are required to recognize deferred taxation on the transactions in question. The Group is currently assessing the impacts of these amendments.
- IFRS 17 "Insurance Contracts": issued by the IASB on December 9, 2021 and endorsed on September 8, 2022 in which it adds a transition option relating to comparative information presented on first-time application of IFRS 17 and IFRS 9. The amendment aims to help entities avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information of the financial statements. The integration will be applicable to financial statements for the period beginning January 1, 2023 and is not expected to have an impact on the Group's economic and financial situation.

Accounting standards, amendments and interpretations not yet approved by the European Union

- On January 23, 2020, July 15, 2020 and October 31, 2022, the IASB issued three additions to IAS 1 "Presentation of Financial Statements" that aim to better define the concept of liabilities and the related classification between short and medium/long-term. Specifically, emphasis is placed on the temporal concept of transferring money or other resources to the counterparty to settle the liability. The following aspects are also clarified: what is meant by a subordination right; that the subordination right must exist at the end of the reporting period; classification is not impacted by the probability that the entity will exercise its subordination right; only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability not impact its classification. Furthermore, the latest amendment specifies that only covenants that an entity must meet by the reporting date will affect the classification of a liability as current or non-current.
  These additions will be applicable to financial statements closed on or after January 1, 2024. The Group is currently assessing the impacts of these amendments.
- On September 22, 2022, the IASB issued a supplement to IFRS 16 "Leases" clarifying how to account for a sale and leaseback transaction that provides for variable payments based on the performance or use of the asset subject to the transaction.
  The integration will be applicable to financial statements for the period beginning January 1, 2024 and no impacts are expected on the Group's economic and financial situation.

3.5
Accounting standards and policies

Translation of foreign currency items

The consolidated financial statements of the A2A Group are presented in euro; this is also the functional currency of the economies in which the Group operates.

Transactions in other currencies are initially recognized at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into euro at the exchange rates at the balance sheet date.

Non-monetary items measured at historical cost in foreign currency are translated at the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated at the exchange rates at the date when the fair value was determined.

Tangible assets

Assets for business use are classified as tangible assets, while non-business assets are classified as investment property.

Tangible assets are measured at cost, including any additional charges directly attributable to bringing the asset into an operating condition (e.g. transport, customs duty, installation and testing costs, notary and land registry fees and any non-deductible VAT), increased when material and where there are obligations by the present value of the estimated cost of restoring the location from an environmental point of view or dismantling the asset. Borrowing costs, where directly attributable to the purchase or construction of an asset, are capitalized as part of the cost of the asset if the type of asset so warrants.

If important components of tangible assets have different useful lives, they are accounted for separately using the "component approach", assigning to each component its own useful life for the purpose of calculating depreciation (the component approach).

Land, whether occupied by residential or industrial buildings or devoid of construction, is not depreciated as it has an unlimited useful life, except for land used in production activities that is subject to deterioration over time (e.g. landfills, quarries).

Ordinary maintenance costs are fully expensed to the income statement in the year they are incurred. Costs for maintenance carried out at regular intervals are attributed to the assets to which they refer and are depreciated over the specific residual possibility of use of such.

Tangible assets are stated net of accumulated depreciation and any write-downs. Depreciation is charged from the year in which the individual asset enters service on a straight-line basis over the estimated useful life of the asset for the business. The estimated realizable value which is deemed to be recoverable at the end of an asset's useful life is not depreciated. The useful life of each asset is reviewed annually and any changes, if needed, are made with a view to showing the correct value of the asset.

Landfills are depreciated on the basis of the percentage filled, which is calculated as the ratio between the volume occupied at the end of the period and the total volume authorized.

The main depreciation rates used are as follows:

- non-industrial buildings 12.2%
- industrial buildings 13.3%
- production plants .... 1.4% - 14.1%
- miscellaneous equipment .... 9.7% - 10.0%
- furniture and fittings 15.0%
- electrical and electronic office machines - data processing systems .... 10.0% - 25.0%
- means of transport 10.0%
- other miscellaneous assets .... 10.0 - 20.0%
- fibre optic network .... 5.0% - 10.1%
- improvements to third-party assets - buildings .... 5.2% - 41.4%

Tangible assets are subjected to impairment testing if there is any indication that an asset may be impaired in accordance with the paragraph below "Impairment of assets"; write-downs may be reversed in subsequent periods if the reasons for which they were recognized no longer apply.

When an asset is disposed of or if future economic benefits are no longer expected from using an asset, it is removed from the balance sheet and any gain or loss (being the difference between the disposal proceeds and the carrying amount) is recognized in the income statement in the year of the derecognition.

Leasing

Assets for rights of use are recognized on the start date of the lease, i.e. the date on which the underlying asset is available for use.

Rights to use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any restatement of lease liabilities. The cost of assets for rights of use includes the amount of lease liabilities recognized and lease payments made on or before the commencement of the lease. Assets for right of use are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever is earlier.

If the lease transfers ownership of the underlying asset to the lessee at the end of the term of the contract or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the asset consisting of the right of use is depreciated from the effective date until the end of the useful life of the underlying asset.

Lease liabilities are recognized at the present value of lease payments not yet paid at the reporting date. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which are controlled by the enterprise and able to produce future economic benefits, and include goodwill when acquired for consideration.

The fact of being identifiable distinguishes an intangible asset that has been acquired from goodwill; this requirement is normally met when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, in other words it can be sold, transferred, rented or exchanged individually or as an integral part of other assets.

Control by the enterprise consists of the right to enjoy the future economic benefits flowing from the asset and to restrict the access of others to those benefits.

Intangible assets are stated at purchase or production cost, including ancillary charges, determined in the same way as for tangible assets. Intangible fixed assets produced internally are not capitalized but recognized in the income statement in the year in which the costs are incurred.

Intangible assets with a definite useful life are reported in the financial statements net of the related accumulated amortization and impairments in the same way as for tangible assets. Changes in the expected useful life or in the ways in which the future economic benefits of an intangible asset are achieved by the Company are accounted for by suitably adjusting the period or method of amortization, treating them as changes in accounting estimates. The amortization of intangible fixed assets with a definite useful life is charged to income statement in the cost category that reflects the function of the intangible asset concerned.

Intangible assets are subjected to impairment testing if there are specific indications that they may be impaired, in accordance with the paragraph below “Impairment of assets”; impairment losses may be reversed in subsequent periods if the reasons for which they were recognized no longer apply.

Intangible assets with an indefinite useful life and those that are not yet available for use are subjected to impairment testing on an annual basis, whether or not there are any specific indications that they may be impaired, in accordance with the paragraph below “Impairment of assets”. Impairment losses recognized for goodwill are not reversed.

Gains or losses on the disposal of an intangible asset are calculated as the difference between the disposal proceeds and the carrying amount of the asset and recognized in the Income Statement at the time of the disposal.

The following amortization rates are applied to intangible assets with a definite useful life:

- industrial patents and intellectual property rights....................20.0% - 33.3%
- concessions, licenses, trademarks and similar rights....................20.0% - 33.4%
- other tangible assets....................2.1% - 33.3%

Service concession arrangements

IFRIC 12 states that, based on the characteristics of the concession arrangement, the infrastructures used in the provision of public services under concession are to be recognized as intangible assets if the operator has the right to receive a payment from the customer for the service provided, and/or as a financial asset if the operator has the right to receive payment from the public sector entity.

Impairment/Reversal of tangible assets, intangible assets and equity investments

Tangible assets, intangible assets and investments are subjected to impairment testing if there is any specific indication that there may be an impairment loss.

Goodwill, other intangible assets with an indefinite useful life and assets not available for use are tested for impairment at least annually or more frequently if there is any specific indication that they may be impaired.

Impairment testing consists of comparing the carrying amount of an asset or impairment with an estimate of the related recoverable amount.

The recoverable amount of an asset or investment is the higher of its fair value less costs to sell and its value in use. To determine the value in use of an asset or investment, the entity calculates the present value of the estimated future cash flows on the basis of business plans prepared by management, before tax, applying a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset or investment. If the recoverable amount of an asset or investment is lower than its carrying amount, a loss is recognized in the Income Statement. If a loss recognized for an asset other than goodwill no longer exists or is reduced, the carrying amount of the asset or cash-generating unit is increased to the new estimate of recoverable value, which may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. Reversals of impairment losses are immediately recognized in the income statement.

When the recoverable amount of the individual asset cannot be estimated, it is based on the cash generating unit (CGU) or group of CGUs that the asset belongs to and/or to which it may be reasonably allocated.

CGUs are identified on the basis of the company's organizational and business structure as homogeneous aggregations that generate independent cash inflows deriving from the continuous use of the assets allocated to them.

Environmental certificates: emission quotas and White Certificates

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

Surplus quotas or certificates held for own use in the "Industrial Portfolio" which are in excess of the Group's requirements in relation to the obligations accruing at year end are recognized as other intangible assets at the actual cost incurred. Quotas or certificates assigned free of charge are recognized at a zero carrying amount. Given that they are assets for instant use, they are not amortized but subjected to impairment testing. The recoverable amount is the higher of value in use and market value. If, on the other hand, there is a deficit because the requirement exceeds the quotas or certificates in portfolio at the balance sheet date, a provision is recognized for the amount needed to meet the residual obligation, estimated on the basis of any purchase contracts, spot or forward, already signed at the balance sheet date; otherwise on the basis of market prices.

Quotas or certificates held for trading in the "Trading Portfolio" are recognized in inventories and measured at the lower of purchase cost and estimated realizable value based on market trends. Quotas or certificates assigned free of charge are recognized at a zero carrying amount. Market value is established on the basis of any sales contracts, spot or forward, already signed at the balance sheet date; otherwise on the basis of market prices.

Shareholdings in subsidiaries, associates and joint ventures

Subsidiaries are companies in which the parent company "is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee", as defined by IFRS 10. Control is generally assumed to exist when a company holds either directly or indirectly more than half of the exercisable voting rights at an ordinary shareholders' meeting, also considering potential voting rights, meaning voting rights deriving from convertible financial instruments.

Subsidiaries are consolidated on a line-by-line basis.

Associates are companies in which the parent has a significant influence over strategic decisions, despite not having control, also considering potential voting rights, meaning voting rights deriving from convertible financial instruments; significant influence is assumed to exist when A2A S.p.A. holds, either directly or indirectly, more than 20% of voting rights exercisable at an ordinary shareholders' meeting.

A joint venture is a contractual agreement whereby two or more parties undertake an income generating activity subject to joint control.

Shareholdings in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

Long term construction contracts in progress

Construction contracts with durations exceeding one year in progress are valued in accordance with IFRS 15. In particular, over-the-time revenues are recognized if it can be demonstrated that: a) the customer simultaneously receives and consumes the benefits of the contract in force at the same time as the service is provided b) the service provided improves.

Construction contracts currently in progress are measured on the basis of the contractual fees that have accrued with reasonable certainty on the basis of the stage of completion, using the “cost to cost” method, so as to allocate the revenues and net result of the contract to the individual periods to which they belong in proportion to the progress being made on the project. Any difference, positive or negative, between the value of the contracts and advances received is recognized as an asset or a liability respectively.

In addition to the contractual fees, contract revenues include variants, price revisions and incentive awards to the extent that it is probable that they represent actual revenues that can be reliably determined. Ascertained losses are recognized independently of the stage of completion of contracts.

Inventories

Inventories of materials and fuel are measured at the lower of weighted average cost and market value at the balance sheet date. Weighted average cost is determined for the period of reference for each inventory code. Weighted average cost includes any additional costs (such as sea freight, customers charges, insurance and lay or demurrage days in the purchase of fuel). Inventories are constantly monitored and, where necessary, obsolete stocks are written down with a charge to the Income Statement.

Gas inventories held for trading purposes, stored in separate facilities with respect to gas used for industrial purposes, are measured at fair value at the reporting date as required by IAS 2 par. 3 letter b.

Financial instruments

Financial instruments include shareholdings (excluding shareholdings in subsidiaries, joint ventures and associates) held for trading (so-called trading shareholdings) or available for sale, non-current receivables and loans and other non-current financial assets, trade and other receivables deriving from company operations and other current financial assets such as cash and cash equivalents. The latter consist of bank and postal deposits, readily negotiable securities used as temporary investments of surplus cash and financial receivables due within three months. Financial instruments also include financial payables (bank loans and bonds), trade payables, other payables and other financial liabilities and derivatives.

Financial assets and liabilities are recognized at the time that the contractual rights and obligations forming part of the instrument arise.

Financial assets and liabilities are accounted for in accordance with IFRS 9 “Financial Instruments”.

Financial assets

Initial recognition

Financial assets are classified into two categories alone - “at fair value” or “at amortized cost”. Classification within the two categories is carried out on the basis of an entity’s business model and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following requirements are met: the objective of the entity’s business model is to hold assets to collect contractual cash flows (and therefore in substance not to earn trading profits) and the characteristics of the cash flows of the asset are solely payments of principal and interest. A financial asset is measured at fair value if it is not measured at amortized cost.

All equity instruments both listed and unlisted – must be measured at fair value.

An entity has the option of presenting changes in the fair value of equity instruments that are not held for trading in equity; that option is not permitted for equity instruments that are held for trading. This designation is permitted on initial recognition, may be adopted for each individual instrument and is irrevocable. If an election is made for this option, changes in the fair value of these instruments may never be reclassified from equity to the income statement. Dividends on the other hand continue to be recognized in the income statement.

In addition, the method of expected credit losses is modified, moving to an impairment model that leads to the early recognition of forward-looking losses.

Subsequent valuation

Measurement subsequent to initial recognition depends on which of the following categories the financial instrument falls into:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value in the Income Statement with reclassification of cumulative gains and losses (debt instruments);
- Financial assets at fair value in the Income Statement without reversal of cumulative gains and losses at the time of derecognition (equity instruments);
- Financial assets at fair value in the Income Statement.

Financial assets at amortized cost

Financial assets at amortized cost are valued using the effective interest method and are subject to impairment.

Gains and losses are recognized in the income statement when the asset is derecognized, modified or revalued.

Investments in equity instruments

On initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at fair value through profit and loss when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument.

Gains and losses on these financial assets are never reclassified to the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at fair value through OCI are not subject to impairment testing.

Financial assets measured at fair value through the income statement

This category includes assets held for trading, assets designated at the time of initial recognition as financial assets at fair value with changes recognized in the Income Statement, or financial assets that must be measured at fair value. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Derivatives, including those separated, are classified as financial instruments held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value in the Income Statement, regardless of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be recognized at fair value in the Income Statement upon initial recognition if this results in the elimination or significant reduction of an accounting mismatch.

Financial instruments at fair value with changes recognized in the Income Statement are recognized in the statement of financial position at fair value and net changes in fair value are recognized in profit/(loss) for the year.

This category includes derivative instruments and listed equity investments that the Group has not irrevocably chosen to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit/(loss) for the year when the right to payment is established.

The embedded derivative contained in a non-derivative hybrid contract, in a financial liability or in a principal non-financial contract, is separated from the principal contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not closely correlated with those of the principal contract; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value in the Income Statement. Embedded derivatives are measured at fair value, with changes in fair value recognized in the Income Statement. A restatement occurs only when there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than fair value in the Income Statement.

An embedded derivative included in a hybrid contract that contains a financial asset is not separated from the host contract. The financial asset together with the embedded derivative is classified entirely as a financial asset at fair value in the Income Statement.

Derecognition

A financial asset is derecognized when:

- the rights to receive cash flows from the asset no longer apply;
- the company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to transfer them. In substance, the transfer is completed when: the company has transferred all the risks and rewards of ownership of the asset or has transferred control of the asset while maintaining the related risks and rewards.

In cases where the company has transferred the rights to receive cash flows from an asset or signed an agreement under which it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and rewards of ownership. In the cases in which it has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, it continues to be recognized in the financial statements of the Group to the extent of its continuing involvement in the asset. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain with the Group.

When the entity's continuing involvement is a guarantee of the transferred asset, involvement is measured on the basis of the lower of the amount of the asset and the maximum amount of consideration received that the entity might have to repay.

Financial liabilities

Financial liabilities are classified, at the time of initial recognition, at fair value in the Income Statement, as mortgages and loans or as derivatives designated as hedges.

Directly attributable transaction costs are added to the valuation.

The Group's financial liabilities include trade payables and other payables, mortgages and loans, including current account overdrafts and derivative financial instruments.

The subsequent evaluation depends on the classification of the main instrument:

- financial liabilities at fair value in the Income Statement, typically of a trading nature (settlement and transfer in the short term). This category includes financial derivatives held for trading (speculative);
- loans and receivables: valued at amortized cost using the effective interest method. Gains and losses are recognized in the Income Statement when the liability is settled, as well as through amortization.

A financial liability is derecognized when the obligation underlying the liability is settled or cancelled.

Derivative financial instruments and hedge accounting

These are initially recognized at fair value on the date the contract is signed and the subsequent measurement is also at fair value.

To classify a derivative as a hedge, the company formally designates and documents the hedging relationship, its risk management objectives and the strategy pursued.

From January 1, 2018, the following must be identified: a) the hedging instrument b) the nature of the risk being hedged c) the way in which the company will assess the effectiveness of the hedge.

The hedging relationship is effective if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of the credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;
- the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged item.

Transactions that meet the above criteria are accounted for as follows:

Fair value hedging

If a derivative financial instrument is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a specific risk, the gain or loss resulting from subsequent changes in fair value of the hedging instrument is recognized in the Income Statement. The profit or loss deriving from the adjustment to fair value of the item hedged, for the part attributable to the hedged risk, changes the book value of this item and is recognized in the Income Statement. Cash flow hedge - If a derivative financial instrument is designated to hedge the exposure to the variability of the cash flows of an asset or a liability recognized in the Financial Statements or of a highly probable transaction, the effective portion of the resulting profits or losses deriving from the fair value adjustment of the derivative instrument is recognized in a specific equity reserve. The cumulative profit or loss is reversed from the equity reserve and recorded in the Income Statement in the same years in which the effects of the hedged transaction are recognized in the Income Statement. The gain or loss associated with that part of the ineffective hedge is recognised in the Income

Statement immediately. If the hedged transaction is no longer considered probable, the unrealized gains or losses recognized in the equity reserve are immediately recognized in the Income Statement.

Cash flow hedges

The portion of gain or loss on the hedged instrument relating to the effective portion of the hedge is recognized in other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognized directly in the Income Statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

Amounts accumulated under other components of the comprehensive income statement are recorded, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial component, the accumulated amount in equity is removed from the separate component of equity and included in the cost or other carrying amount of the asset or liability hedged. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a hedged forecast transaction of a non-financial asset or a non-financial liability that subsequently becomes an irrevocable commitment to which fair value hedge accounting is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the Income Statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact profit or loss.

If the cash flow hedge accounting is discontinued, the accumulated amount in OCI must remain so if the hedged future cash flows are expected to occur. Otherwise, the amount shall be immediately reclassified to profit or loss for the period as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any accumulated amount remaining in OCI must be accounted for depending on the nature of the underlying transaction as described above.

Non-current assets held for sale, disposal groups and discontinued operations - IFRS 5

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered principally through sale rather than continuous use are measured at the lower of their carrying amount and fair value less costs to sell. A disposal group is a group of assets to be disposed of together as a group in a single transaction together with the liabilities directly associated with those assets that will be transferred in that transaction. Discontinued operations on the other hand consist of a significant component of the Group such as a separate major line of business or a geographical area of operations or a subsidiary acquired exclusively with a view to resale.

In accordance with IFRSs, the figures for non-current assets held for sale, disposal groups and discontinued operations are shown on two specific lines in the balance sheet: non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

Non-current assets held for sale are not depreciated or amortized and are measured at the lower of carrying amount and fair value less costs to sell; any difference between carrying amount and fair value less costs to sell is recognized in the income statement as a write-down.

The net economic results arising from discontinued operations, and only discontinued operations, pending the disposal process, any gains or losses on disposal and the corresponding comparative figures for the previous year or period are recognized in a specific line of the Income Statement: “Net result from discontinued operations”. On the other hand any gains or losses recognized as the result of measuring non-current assets (or disposal groups), classified as held for sale within the meaning of IFRS 5, at fair value less costs to sell are presented in a specific line item of the income statement “Result from non-recurring transactions”, as discussed further in the previous section “Format of financial statements”.

Employee benefits

The employees’ leaving entitlement (TFR) and pension provisions are determined using actuarial methods; the rights accrued by employees during the year are recognized in the Income Statement as “labour costs”, whereas the figurative financial cost that the company would have to bear if it were to ask the market for an loan of the same amount as the TFR is recognized as part of the “financial balance”. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in income statement taking into account the residual average working life of the employees.

Following the introduction of Finance Law no. 296 of December 27, 2006, only the portion of accrued employees’ leaving entitlement that remained in the company has been measured in accordance with IAS 19, as amounts are now paid over to a separate entity as they accrue (either to a supplementary pension scheme or to funds held by INPS). As a result of these payments the company no longer has any obligations in connection with the services employees may render in the future.

Guaranteed employee benefits paid on or after the termination of employment through defined benefit plans (energy discount, health care or other benefits) or long-term benefits (loyalty bonuses) are recognized in the period when the right vests.

The liability for defined benefit plans, net of any plan assets, is determined by independent actuaries on the basis of actuarial assumptions and recognized on an accrual basis in line with the work performed to obtain the benefits.

Gains and losses arising from actuarial calculations are recognized in a specific equity reserve.

Reverse factoring

The Group entered into factoring agreements, typically in the technical form of reverse factoring. On the basis of the contractual structures in place, the supplier has the possibility to sell at its discretion, the receivables from the company to a lending institution. In some cases, the payment terms indicated in the invoice are the subject of further deferments agreed between the supplier and the Group; these deferments can be both burdensome and not burdensome.

In the event of extensions, a quantitative analysis is carried out to verify whether or not the contractual terms have been amended. In this context, the relations, for which the primary obligation is maintained with the supplier and the possible deferment, if granted, does not involve a substantial change in payment terms, retain their nature and are therefore classified as trading liabilities.

Provisions for risks, charges and liabilities for landfills

Provisions for risks and charges regard costs of a determinate nature and of certain or probable existence which at year-end are uncertain in terms of timing or amount. Provisions are recognized when there is a legal or constructive present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, and it is possible to make a reasonable estimate of the obligation.

Provisions are recognized at the best estimate of the amount that the company would have to pay to settle the liability or to transfer it to third parties at the balance sheet date. If the effect of discounting is significant, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money. If discounting is used the increase in the provision due to the passage of time is recognized as financial expense.

If the liability relates to tangible assets (such as the dismantling and reclamation of industrial sites), the initial provision is recognized as a counter-entry to the assets to which it refers; expense is then charged to income statement as the asset in question is depreciated.

Treasury shares

Treasury shares are accounted for as a deduction from equity. In particular, treasury shares are recognized as a negative equity reserve.

Grants

Grants, both from public entities and from third party private entities, are measured at fair value when there is the reasonable certainty that they will be received and that the Group will be able to comply with the terms and conditions for obtaining them.

Grants received to provide support for the cost of specific assets are recognized as a direct deduction from the assets concerned and credited to the income statement over the life of the depreciable asset to which they refer.

Revenue grants (given to provide the company with immediate financial support or as compensation for expenses or losses incurred in a previous accounting period) are recognized in their entirety in the income statement as soon as the conditions for recognizing the grants are met.

Revenues and costs

The recognition of revenues is based on the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations, represented by the contractual promises to transfer goods and/or services to a customer; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sale price of each good or service; (v) recognition of the revenue when the relative performance obligation is satisfied, i.e. when the promised good or service is transferred to the customer; the transfer is considered completed when the customer obtains control of the good or service, which can occur continuously over time diluted and extended or at a point in time.

Revenues are stated net of returns, discounts, allowances and rebates, as well as directly related taxes.

Expenses relate to goods or services sold or consumed during the year or as a result of systematic allocation; if no future use is envisaged they are recognized directly in the income statement.

Result from non-recurring transactions

The item "Result from non-recurring transactions" is intended to include the results from the sale of investments in subsidiaries and associates and other non-operating expenses/income.

Financial income and expenses

Financial income is recognized when interest income arises using the effective interest method, i.e. at the rate that exactly discounts expected future cash flows over the expected life of the financial instrument.

Financial expense is recognized in the Income Statement on an accrual basis on the basis of the effective interest.

Dividends

Dividend income is recognized when it is established that the shareholders have a right to receive payment, and is recognized as financial income in the Income Statement.

Income taxes

Current taxes

Current income taxes are based on an estimate of taxable income in compliance with tax regulations in force or substantially approved at the balance sheet date, bearing in mind any exemptions or tax credits due. Account is also taken of the fact that the Group now files for tax on a consolidated basis.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount of assets and liabilities in the balance sheet and their tax bases, with the exception of goodwill which is not deductible for tax purposes and any differences resulting from investments in subsidiaries which are not expected to reverse in the foreseeable future. The tax rates used are those expected to apply to the period when the temporary differences reverse. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realized. The measurement of deferred tax assets takes account of the period for which business plans are available.

When transactions are recognized directly in equity, any related current or deferred tax effects are also recognized directly in equity. Deferred taxes on the undistributed profits of Group companies are only provided for if there is the real intention to distribute such profits and, in any case, if the taxation is not offset as the result of filing a Group tax return.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Taxes are only offset when they are levied by the same tax authority, when there is the legal right of set-off and when settlement of the net balance is expected.

Use of estimates

Preparing the financial statements and notes requires the use of estimates and assumptions in determining certain assets and liabilities and measuring contingent assets and liabilities. The actual results after the event could differ from such estimates.

Estimates have been used in assessing the recoverability of assets, to determine certain sales revenues, in provisions for risks and charges, in provisions for receivables and other write-downs, amortization and depreciation, the valuation of derivatives, employee benefits and taxes. The underlying estimates and assumptions are regularly reviewed and the effect of any change is immediately recognized in the income statement.

The following are the key assumptions made by management as part of the process of making these accounting estimates. The inherently critical element of such estimates comes from using assumptions or professional opinions on matters that are by their very nature uncertain. Changes in the conditions underlying the assumptions and opinions used could have a material impact on subsequent results.

Impairment Test

The carrying amount of non-current assets (including goodwill and other intangible assets) and of assets held for sale is reviewed periodically and whenever circumstances or events require a more frequent assessment. If it is considered that the book value of a group of fixed assets has had an impairment loss, it is subject to the application of professional judgement by management and is based on assumptions that include: the identification of the Cash Generating Units, the estimate of the future operating cash flows associated with these CGUs during the reference period of the 2021-2030 business plan, the estimate of the cash flows subsequent to this time horizon, the cash flow deriving from the disposal at the end of useful life of the assets, discount rates used ("Wacc"). These assumptions are complex due to their nature and imply recourse to the opinion of the directors, who are also sensitive to future trends in energy markets, macroeconomic scenarios, and the resolutions of ARERA (Regulatory Authority for Energy Networks and Environment).

For the purpose of preparing the impairment test, the company avails itself of the support of an independent expert, external to the A2A Group.

In the hypothesis in which the recoverable value is lower than the carrying amount, the latter is written down to the extent applicable. Management is of the opinion that the estimates of such recoverable amounts are reasonable, albeit subject to changes in the factors underlying the estimates on which these recoverable amounts have been calculated could produce different measurements. For further details on the way in which impairment testing was carried out and the results of such testing, reference is made to the specific paragraph.

Revenue recognition

Revenues for the year include income from the sale of electricity and gas, including through sales on the IPEX markets, from the sale of environmental certificates and from the provision of administrative, fiscal, legal, management and technical services, as well as incentives on net production from renewable sources and rental income. It should be noted that the processes and methods for evaluating and determining these types of revenue do not require the use of complex assumptions.

Provisions for risks and charges

In certain circumstances it is not easy to identify whether a legal or constructive present obligation exists. The directors assess these situations case by case, together with an estimate of the economic resources required to settle the obligation. Estimating such provisions is the result of a complex process that involves subjective judgements on the part of company management. When the directors are of the opinion that it is only possible that a liability could arise, the risks are disclosed in the section on commitments and contingent liabilities without making any provision.

Decommissioning provisions

Decommissioning provisions include charges for costs of dismantling and recovery of production sites related to hydroelectric plants.

Bad debts provision

The entry into force of IFRS 9 on January 1, 2018 has led to a change in the recognition of credit losses for the Group. The approach adopted is a forward-looking one, focusing on the probability of future losses on receivables, even in the absence of events that would suggest the need to write-down a credit position (Expected Losses).

Although the provision is considered adequate, the use of different assumptions or changes in prevailing economic conditions, even more so in this period of recession, could give rise to adjustments to the bad debts provision.

Amortization

Depreciation and amortization charges are a significant cost for the company. Non-current assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. The useful lives of the company's non-current assets are established by the directors, with the assistance of expert appraisers, when they are purchased. The company periodically reviews technological and sector changes, dismantling/closure charges and the recovery amount of assets to update their residual useful lives. This periodic update could lead to a change in the period of depreciation or amortization and hence also in the depreciation or amortization charge in future years.

Measurement of derivative instruments

The derivatives used are measured at fair value based on the forward market curve at the balance sheet date, if the underlying of the derivative is traded on markets that provide official, liquid forward prices. If the market does not provide forward prices, forecast price curves are used based on simulation models developed by Group companies internally. However, the actual results of derivatives could differ from the measurements made.

The serious turbulence on markets for the energy commodities traded by the company, as well the fluctuations in exchange and interest rates.

Employee benefits

The calculations of expenses and the related liabilities, estimated by independent experts, are based on actuarial assumptions. The full effects of any changes in these actuarial assumptions are recognized in a specific equity reserve.

Business combinations

Accounting for business combinations entails allocating the difference between purchase cost and net carrying amount to the assets and liabilities of the acquired business. For the majority of assets and liabilities this difference is allocated by recognizing the assets and liabilities at fair value. If positive, the unallocated portion is recognized as goodwill. If negative, it is recognized in the income statement. A2A S.p.A. bases its allocations on available information and, for the more significant business combinations, on external appraisals.

Current taxes and future recovery of deferred tax assets

The uncertainties that exist regarding the way of applying certain tax regulations have led the company to taking an interpretative stance when providing for current taxes in the financial statements; such interpretations could be overturned by official clarifications on the part of the tax authorities.

Deferred tax assets are accounted for on the basis of the taxable profit expected to be available in future years. Assessing the expected taxable profit for the purpose of accounting for deferred taxation depends on factors that can vary over time, and may lead to significant effects on the measurement of deferred tax assets.

3.6
Notes to the balance sheet

Assets

Non-current assets

1) Tangible assets

thousands of euro	Balance at 12 31 2021	Changes						Balance at 12 31 2022
		Invest.	Other changes	Disposals net of prov.	Write-down/ Reversal	Depr.	Total changes	
Land	27,989	149	572	(8)	-	-	713	28,702
Buildings	153,715	1,833	3,410	(4)	-	(7,848)	(2,609)	151,106
Plant and machinery	634,199	1,383	7,433	-	-	(58,875)	(50,059)	584,140
Industrial and commercial equipment	4,943	764	-	-	-	(843)	(79)	4,864
Other assets	14,280	9,128	214	(29)	-	(4,579)	4,734	19,014
Construction in progress and advances	43,851	25,943	(14,227)	-	(4)	-	11,712	55,563
Leasehold improvements	511	224	-	-	-	(111)	113	624
Assets for rights of use	54,731	-	15,115	-	-	(12,908)	2,207	56,938
Total tangible assets	**934,219**	**39,424**	**12,517**	**(41)**	**(4)**	**(85,164)**	**(33,268)**	**900,951**
Historical Cost	2,865,829	39,424	10,474	(3,006)	(4)	-	46,888	**2,912,717**
Accumulated depreciation	(1,579,122)	-	2,043	2,965	-	(85,164)	(80,156)	**(1,659,278)**
Write-downs	(352,488)	-	-	-	-	-	-	**(352,488)**

At December 31, 2022, “Tangible assets” amounted to 900,951 thousand euro (934,219 thousand euro in the previous year) and show a decrease of 33,268 thousand euro resulting from the following transactions:

- capex for 39,424 thousand euro;
- depreciation for the period for 85,164 thousand euro;
- other positive changes of 12,517 thousand euro: 15,115 thousand euro were due to the increase in Assets for rights of use following the application of IFRS 16, offset by negative changes of 2,598 thousand euro, of which 2,425 thousand euro for changes in the decommissioning provision, 138 thousand euro for reclassification to other balance sheet items, and 35 thousand euro for reclassification from property, plant and equipment to intangible assets;
- disposals of assets, net of related accumulated depreciation, in the amount of 41 thousand euro due to the sale of land, buildings and vehicles;
- write-downs for the period of 4 thousand euro.

For a detailed analysis of changes in the period, reference shall be made to annex “1 Statement of changes in tangible assets”.

Capex during the period refer for 39,424 thousand euro to:

- “Land” for 149 thousand euro;
- “Buildings” for a total amount of 1,833 thousand euro.
  In detail, they refer to: 1,375 thousand euro for various works on the buildings in Via Lamarmora in Brescia; 234 thousand euro for investments for the buildings in Piazza Trento, Bovisa, Caracciolo, Piazza Po, Canavese, and Piazza Olgettina in Milan; 126 thousand euro for various works on the building of the Grosio plant in Valtellina; and 98 thousand euro for other works on buildings;
- “Plant and machinery” for 1,383 thousand euro.
  In particular, they refer to interventions for 766 thousand euro for the power stations of the Valtellina Unit, for 495 thousand euro for the power stations of the Mese and Udine Units; for 80 thousand euro for the power stations of the Calabria Unit, for 42 thousand euro, they refer to the renewal of the automation of distribution systems;
- “Industrial and commercial equipment” for 764 thousand euro;

- "Other assets" for 9,128 thousand euro: in detail, 6,262 thousand euro refer to LAN and WAN network equipment and fixed and mobile telephony equipment, 1,178 thousand euro to charging infrastructure for electric vehicles in the Milan, Cremona, Brescia, Lodi and Bergamo headquarters, for 754 thousand euro for furniture and fittings, in particular for the Vobarno headquarters and for the new S. Silvestro headquarters in Rome, for 765 thousand euro for IT equipment of the "New Data Center", for 60 thousand euro for the greenpass control system, for 18 thousand euro for the purchase of means of transport for the Calabria unit and for 91 thousand euro for goods worth less than 516 euro;
- "Construction in progress and advances" for an amount of 25,943 thousand euro;
- "Leasehold improvements" for 224 thousand euro.

"Tangible assets" include "Construction in progress and advances" for 55,563 thousand euro (43,851 thousand euro at December 31, 2021), presenting an increase of 11,712 thousand euro resulting from the counter effects of the following items:

- the increase of 25,943 thousand euro is mainly attributable to: for 12,000 thousand euro to works on buildings (mainly on the area of Piazza Trento in Milan, on the headquarters in via Lamarmora in Brescia and for the new Rome headquarters); for 13,835 thousand euro to interventions on plant and machinery, mainly on the hydroelectric plants of the Calabria Unit (5,719 thousand euro), on the hydroelectric plants of the Mese and Udine Unit (4,524 thousand euro), on the plants of the Valtellina Unit (3,301 thousand euro) and to the improvement of other plants (291 thousand euro), as well as other assets for 108 thousand euro;
- the decrease due to the start of operations amounted to 14,227 thousand euro and is attributable: for 9,856 thousand euro to work on production plants (of which 2,083 thousand euro on the Mese and Udine plants, 4,556 thousand euro on hydroelectric plants in Calabria, 3,173 thousand euro on plants in Valtellina and 44 thousand euro on other minor plants); for 4,031 thousand euro to work on buildings (of which 1,394 thousand euro due to the refurbishment of the Milan South Receiving Building, 149 thousand euro to the refurbishment of the Brescia gasometer, 182 thousand euro to the upgrading of the Brescia Via Lamarmora building, 125 thousand euro to the New Cremona Technological Center Lot and 2,181 thousand euro to the completion of works mainly on the buildings of the Calabria, Udine and Valtellina plants); 213 thousand euro to other assets; 127 thousand euro to the decrease due to the change in advances;
- the decrease of 4 thousand euro following the write-down of production plants in progress due to abandonment of the activity.

The Company is continuing to analyze the impact of regulatory amendments and confirms, to date, that the amounts recognized in the financial statements for dry and wet works related to hydroelectric concessions are prudent and recoverable also in accordance with the new regulations.

"Tangible assets" include "Assets for rights of use" totalling 56,938 thousand euro (54,731 thousand euro at December 31, 2021), recognized in accordance with IFRS 16 and for which the outstanding payable to lessors at December 31, 2022 amounted to 78,802 thousand euro (68,353 thousand euro at December 31, 2021). Below is a breakdown of "Assets for rights of use" deriving from operating and financial leases at December 31, 2022.

thousands of euro	Balance at 12 31 2021	Changes				Balance at 12 31 2022
		Increases	Other changes	Depr.	Total changes	
Land	65	-	-	(13)	(13)	52
Buildings	12,476	3,009	5,899	(4,922)	3,986	16,462
Plant and machinery	38,680	-	-	(5,335)	(5,335)	33,345
Industrial and commercial equipment	34	-	-	(9)	(9)	25
Other assets	-	123	-	(50)	73	73
Vehicles	3,476	5,484	600	(2,579)	3,505	6,981
Total	**54,731**	**8,616**	**6,499**	**(12,908)**	**2,207**	**56,938**

It is specified that the Company has made use of the option provided for in paragraph 6 of the standard not to apply the provisions of paragraphs 22 to 49 of the standard to the following categories:

a) short-term leases;

b) leases whose underlying assets are of low value.

It should also be noted, in accordance with paragraph 48 of the principle, that the Company does not have assets for rights of use that meet the definition of property investment.

2) Intangible assets

thousands of euro	Balance at 12 31 2021	Changes						Balance at 12 31 2022
		Invest.	Other changes	Disposals net of prov.	Write-down/ Reversal	Amort.	Total changes	
Industrial patents and intellectual property rights	23,880	6,942	3,490	-	-	(13,669)	(3,237)	20,643
Concessions, licences, trademarks and similar rights	39,236	29,529	7,821	-	-	(23,840)	13,510	52,746
Goodwill	65,144	-	-	-	-	-	-	65,144
Assets in progress	15,978	14,774	(11,414)	-	(209)	-	3,151	19,129
Other intangible assets	2,146	514	8,178	-	-	(404)	8,288	10,434
Total intangible assets	**146,384**	**51,759**	**8,075**	**-**	**(209)**	**(37,913)**	**21,712**	**168,096**

"Intangible assets" amounted to 168,096 thousand euro (146,384 thousand euro at December 31, 2021) and show an increase of 21,712 thousand euro resulting from the following transactions:

- capex for 51,759 thousand euro;
- amortization for 37,913 thousand euro accounted for in the period;
- other increases by 8,075 thousand euro;
- write-downs for 209 thousand euro.

In particular, Capex during the period refer for 51,759 thousand euro to:

- 29,529 thousand euro for "concessions, licences, trademarks and similar rights" related to the purchase of software;
- 14,774 thousand euro for "intangible assets under construction";
- 6,942 thousand euro for "industrial patents and intellectual property rights" mainly concerning the development of information technology projects;
- 514 thousand euro for "other intangible assets".

Included in the total balance of "Intangible assets" are "Assets in progress" for 19,129 thousand euro (15,978 thousand euro as at December 31, 2021), resulting in an increase of 3,151 thousand euro due to the combined effect of the following items:

- the increase of 14,774 thousand euro mainly relating to the development of new IT projects;
- the decrease of 11,414 thousand euro due to the transition to use of software and computer applications;
- the decrease of 209 thousand euro following the write-down of the S.Francisco project software.

For more in-depth information, refer to annex "2. Statement of changes in intangible assets".

Goodwill

thousands of euro	Balance at 12 31 2021	Changes						Balance at 12 31 2022
		Invest.	Reclass./ Other changes	Disposals/ Sales	Write-down/ Reversal	Amort.	Total changes	
Goodwill	65,144	-	-	-	-	-	-	65,144
Total goodwill	**65,144**	**-**	**-**	**-**	**-**	**-**	**-**	**65,144**

Goodwill equal to 65,144 thousand euro at December 31, 2022, unchanged compared to the end of the previous year, was formed as a result of non-recurring transactions with third parties.

Goodwill has been allocated to the following CGUs, which for A2A S.p.A. correspond to investments in subsidiaries: “A2A Reti Gas” for 3,700 thousand euro, “A2A Gas” for 6,800 thousand euro, “A2A Calore” for 18,000 thousand euro and “A2A Ambiente” for 36,644 thousand euro.

Under IAS 36 goodwill, an intangible asset with an indefinite useful life, is not amortized systematically but tested at least once a year (“Impairment Test”). As goodwill neither generates independent cash flow nor can it be sold separately, IAS 36 calls for a secondary audit of its recoverable amount, determining cash flows generated by a set of assets that constitute the business to which it belongs, i.e. the Cash Generating Unit (CGU).

The verification of the recoverability of the recognized value, carried out as part of the broader Impairment Test activity of the various CGUs for the Consolidated Financial Statements, which includes the goodwill in question, as well as specific sensitivity analyzes carried out, confirmed recoverability thereof.

The parameters used for the purposes of the Impairment Test are set out in note 2 of the Consolidated Annual Financial Report, to which reference is made for further details.

3) Shareholdings and other non-current financial assets

thousands of euro	Balance at 12 31 2021	Changes	**Balance at 12 31 2022**	of which included in the NFP	
				12 31 2021	12 31 2022
Shareholdings in subsidiaries	4,203,179	(20,514)	4,182,665		
Shareholdings in affiliates	877	-	877		
Other non-current financial assets	1,334,678	26,738	1,361,416	1,312,273	1,335,880
Total shareholdings and other non-current financial assets	**5,538,734**	**6,224**	**5,544,958**	**1,312,273**	**1,335,880**

Shareholdings in subsidiaries

“Shareholdings in subsidiaries” amounted to 4,182,665 thousand euro (4,203,179 thousand euro at December 31, 2021).

The following table shows the changes in the item:

Shareholdings in subsidiaries thousands of euro	Total
Balance at 12 31 2021	**4,203,179**
Changes:	
- acquisitions and capital increases	23,000
- sales and decreases	(43,514)
- reversals	-
- write-downs	-
- reclassifications	-
- other changes	-
Total changes	**(20,514)**
Balance at 12 31 2022	**4,182,665**

The value of shareholdings in subsidiary companies presented an overall decrease of 20,514 thousand euro with respect to the close of the previous year due to:

- decrease of 42,995 thousand euro in the shareholding in Unareti S.p.A. in favor of ROMEO GAS S.p.A. due to the effect of the demerger of the unit relative to gas distribution referring to ATEM considered non-strategic and subsequent sale of the shareholding in ROMEO GAS S.p.A. for a total of 43,045 thousand euro;

- decrease of 469 thousand euro due to the sale of the shareholding in Seasm S.r.l.;
- increase of 20,000 thousand euro relating to the capital contribution subscribed in the investee company Yada Energia S.r.l.;
- increase of 3,000 thousand euro relating to the capital contribution subscribed in the investee company A2A E-MOBILITY S.r.l..

During the year, a rationalization of subsidiaries was carried out with the following effects:

- transfer of the shareholding in Fragea S.r.l., equal to 100% of the share capital (245 thousand euro) to Agripower S.p.A.;
- reduction of the shareholding in Linea Green S.r.l. in favor of the shareholding in Agripower S.p.A. (42,062 thousand euro) and A2A Calore & Servizi S.p.A. (57,323 thousand euro) following the transfer of business units from Linea Green S.r.l. to the other subsidiaries;
- transfer of the shareholding in Linea Gestioni S.r.l., equal to 100% of the share capital (21,064 thousand euro), Linea Ambiente S.r.l., equal to 100% of the share capital (16,626 thousand euro) Agripower S.p.A., equal to 100% of the share capital (57,462 thousand euro) to the subsidiary A2A Ambiente S.p.A. with simultaneous increase in the latter's share capital.

Further information regarding movements involving shareholdings in subsidiary companies may be found within annexes 3a and 4a to compare their book value and corresponding portions of net assets.

Shareholdings in affiliates and joint ventures

"Shareholdings in affiliates and joint ventures" amounted to 877 thousand euro, unchanged compared to the previous year-end.

Further details regarding shareholdings in affiliates may be found in annexes 3/b and 4/b.

Impairment of shareholdings in subsidiaries, associates and joint ventures

The recoverable value of shareholdings has been measured based on the present value of the corresponding expected net cash flows attributable to the shareholdings of A2A S.p.A.. The cash flows used are in line with those used for the Impairment Test of the CGU for the consolidated financial statements. The same applies to the methodological approach and discount rates adopted further detailed in the Consolidated Annual Financial Report (note 2).

It shall be recalled that the Impairment Test is carried out for all shareholdings which have a carrying value higher than the corresponding fraction of shareholders' equity of competence and/or in the presence of specific impairment indicators.

In the year under review, the results of the Impairment Test performed did not lead to any impairment/reversal at December 31, 2022.

Other non-current financial assets

"Other non-current financial assets" amounted to 1,361,416 thousand euro (1,334,678 thousand euro at December 31, 2021), of which:

- financial assets measured at amortized cost (HTC) for 1,327,281 thousand euro (1,302,727 thousand euro at December 31, 2021), which refer:
    - for 1,322,764 thousand euro (1,298,288 thousand euro at December 31, 2021) to financial assets with related parties. This item refers to loans to subsidiaries the significant increase of which is due in particular to the disbursement of new interest-bearing inter-Group loans, net of repayments made during the year, as well as the reclassification of the short-term portion of these loans to "Current financial assets";
    - for 4,517 thousand euro (4,439 thousand euro at December 31, 2021) to financial assets from third parties related to a non-interest-bearing loan granted during the year to the company Sinergie Italiane S.r.l. in liquidation;
- other securities for 96 thousand euro (96 thousand euro at December 31, 2021), related to other government securities;
- financial assets measured at fair value through profit or loss (FVTPL) 5,157 thousand euro (4,988 thousand euro at December 31, 2021), relating to minority shareholdings, the increase of which derives from the incorporation of the company MUSA-Multilayered Urban Sustainability Action S.c.a.r.l., partially offset by the sale of the investment in Brescia Mobilità S.p.A.;
- financial receivables related to rights of use in accordance with IFRS16 (subleases) from subsidiaries for 8,503 thousand euro (9,449 thousand euro at December 31, 2021);
- other financial assets of 20,379 thousand euro (17,417 thousand euro at December 31, 2021) relating to shareholdings in innovative start-ups through Corporate projects.

4) Deferred tax assets

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
Deferred tax assets	**102,885**	**(36,421)**	**66,464**

The item, equal to 66,464 thousand euro, includes the net effect, as detailed in the table below to which reference is made, of deferred tax liabilities and deferred tax assets as per corporate income tax (IRES) and regional tax (IRAP) as well as provisions made solely for tax purposes.

For IRES purposes, the recoverability of "Deferred tax assets" recorded in the financial statements is considered likely, as the future Business Plans of the A2A Group envisage taxable income sufficient to use the deferred tax assets on a consolidated basis in accordance with articles 117-129 of Presidential Decree 917/1986, in which the Company acts as consolidating company.

For IRAP purposes, the recoverability of "Deferred tax assets" recorded in the financial statements was assessed on the basis of the Company's future Business Plan: for the years of the plan between 2023 and 2030, IRAP taxable income is expected to be sufficient to absorb the IRAP temporary differences, and therefore the related IRAP deferred tax assets and liabilities were maintained.

Deferred tax assets are calculated using the tax rate applicable at the time of repayment.

At December 31, 2022, the amounts relative to deferred tax assets/deferred tax liabilities have been expressed as net ("offsetting") as per IAS 12 standards.

This item is detailed within the table below:

thousands of euro	Balance at 12 31 2022	Balance at 12 31 2021
Value differences of tangible assets	70,448	40,036
Adoption of the finance lease standard (IFRS 16)	-	3,832
Measurement differences of intangible assets	3,109	3,185
Deferred capital gains	-	8
Other deferred tax liabilities	3,969	4,057
IFRS 5 reclassification	-	(4,245)
Deferred tax liabilities (A)	**77,526**	**46,873**
Taxed risk provisions	51,749	45,017
Amortization, depreciation and write-downs	44,110	49,526
Bad debts provision	2,029	1,994
Provisions and employee benefits	18,912	21,393
Goodwill	36,858	42,596
Other deferred tax assets	(9,668)	(10,688)
IFRS 5 reclassification	-	(80)
Deferred tax assets (B)	**143,990**	**149,758**
Net effect deferred tax assets (B-A)	**66,464**	**102,885**

For further details and information, please refer to the item "Income/expenses for income tax" on the income statement.

5) Other non-current assets

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Non-current derivatives	-	7,168	7,168	-	7,168
Other non-current assets	13,054	9,839	22,893	-	-
Total other non-current assets	**13,054**	**17,007**	**30,061**	**-**	**7,168**

"Other non-current assets" amounted to 30,061 thousand euro (13,054 thousand euro at December 31, 2021), presenting an increase of 17,007 thousand euro over the previous year and consist of:

- "Non-current derivative instruments" of 7,168 thousand euro (no value at December 31, 2021), which refer to the fair value of financial derivatives to hedge interest rate risk on variable rate mortgages;
- "Other non-current receivables" of 22,893 thousand euro (13,054 thousand euro at December 31, 2021) mainly relating to security deposits.

Current assets

6) Inventories

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
- Materials and spare parts	1,269	4	1,273
- Material obsolescence provision	(650)	(35)	(685)
Total materials	**619**	**(31)**	**588**
- Fuel	103,248	282,158	385,406
Total raw and ancillary materials and consumables	**103,867**	**282,127**	**385,994**
Fuel at third parties	**-**	**3,288**	**3,288**
Total inventory	**103,867**	**285,415**	**389,282**

At December 31, 2022, inventories amounted to 389,282 thousand euro (103,867 thousand euro at December 31, 2021); changes for the period are positive for 285,415 thousand euro, and refer to the increase in gas and coal inventories compared to the end of the previous year, which reflects both the trend in fuel prices and the higher quantities stocked.

Raw and ancillary materials and consumables consist of inventories of:

- materials amounting to 588 thousand euro, net of relative provisions for obsolescence for 685 thousand euro;
- fuels, amounting to 385,406 thousand euro, which include gas inventories arising from the sale and storage of gas, as well as inventories of fuels for the production of electricity;
- fuels at third parties, for 3,288 thousand euro, relating to coal at the warehouse in Koper that has not cleared customs in Italy yet.

7) Trade receivables

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
Trade receivables - invoices issued	135,853	90,935	226,788
Trade receivables - invoices to be issued	2,024,118	1,409,351	3,433,469
Bad debts provision	(4,462)	(817)	(5,279)
Total trade receivables	**2,155,509**	**1,499,469**	**3,654,978**

At December 31, 2022, trade receivables amounted to 3,654,978 thousand euro (2,155,509 thousand euro at December 31, 2021) and increased by 1,499,469 thousand euro. These receivables include:

- for 1,839,015 thousand euro receivables from customers (1,217,907 thousand euro at December 31, 2021);
- for 1,815,963 thousand euro receivables from subsidiaries, controlling entities and associates (937,602 thousand euro at December 31, 2021).

The increase in trade receivables is primarily linked to the rise in prices on both the electricity and gas wholesale markets, as well as to the growth in volumes sold.

It should be noted that the Company occasionally assigns receivables without recourse and has no revolving factoring programmes in place. At December 31, 2022 the receivables assigned outright and written-off from the assets in compliance with the requirements of IFRS 9, amounted to a total of 83,251 thousand euro (no assignment at December 31, 2021). At the date of publication of the Separate Financial Statements, these receivables were zero.

At December 31, 2022, the bad debt provision calculated in accordance with IFRS 9 amounted to 5,279 thousand euro, a decrease of 817 thousand euro. This provision is considered adequate to cover the risks to which it relates.

The detailed changes in the provisions to adjust the values of receivables are outlined in the following table:

thousands of euro	Balance at 12 31 2021	Provisions	Uses	Altre Changes	Balance at 12 31 2022
Bad debts provision	**4,462**	**826**	**(9)**	**-**	**5,279**

The following is the aging of trade receivables:

thousands of euro	12 31 2021	12 31 2022
Trade receivables of which:	**2,155,509**	**3,654,978**
Current	**125,039**	**121,774**
Past due of which:	**10,814**	**105,014**
- Up to 30 days past due	5,612	98,919
- 31 to 180 days past due	794	2,344
- 181 to 365 days past due	1,071	724
- Over 365 days past due	3,337	3,027
Invoices to be issued	**2,024,118**	**3,433,469**
Bad debts provision	**(4,462)**	**(5,279)**

8) Other current assets

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Current derivatives	3,737,198	(875,612)	2,861,586	-	-
Other current assets of which:	175,172	(57,546)	117,626	-	-
- advances to suppliers	30,420	(29,659)	761		
- receivables from employees	174	1	175		
- tax receivables	12,050	(9,378)	2,672		
- receivables from subsidiaries for tax consolidation	74,849	9,593	84,442		
- receivables related to future years	10,267	1,520	11,787		
- receivables from social security entities	798	(71)	727		
- receivables from stamp office	123	-	123		
- receivables for damage compensation	8	140	148		
- receivables for security deposits	36,013	(32,268)	3,745		
- other sundry receivables	10,470	2,576	13,046		
Total other current assets	**3,912,370**	**(933,158)**	**2,979,212**	-	-

“Other current assets” presented a balance of 2,979,212 thousand euro (3,912,370 thousand euro as at December 31, 2021), a decrease of 933,158 thousand euro with respect to the previous year.

“Current derivative instruments” amounting to 2,861,586 thousand euro (3,737,198 thousand euro at December 31, 2021) refer to the fair value valuation of commodity derivatives at the end of the year under review. The decrease was mainly attributable to a reduction in overall volumes traded and the high volatility of energy commodity prices, which had an impact on the differentials between subscription prices and forward prices.

“Advances to suppliers” of 761 thousand euro (30,420 thousand euro at December 31, 2021) refer to prepayments on gas purchases.

“Tax receivables”, amounting to 2,672 thousand euro (12,050 thousand euro at December 31, 2021, refer to receivables from the tax authorities for excise duties (1,124 thousand euro) VAT credits (1,004 thousand euro), a tax credit from the tax authorities for research and development activities recognized for the purposes provided for by art. 3 of Decree Law No. 145 of December 23, 2013 and the Decree of May 27, 2015 issued by the Minister of Economy and Finance in agreement with the Minister of Economic Development for 424 thousand euro, to a tax credit from the tax authorities for sanitization and the purchase of protection devices pursuant to art. 125 of Law Decree 34/2020 - Decreto Rilancio (Relaunch Decree) (26 thousand euro), as well as other receivables for 94 thousand euro. The decrease of 9,378 thousand euro compared to the previous year is mainly due to the utilisation of tax credits recognised at December 31, 2021 to offset IRES/IRAP advances paid during the year.

"Receivables from subsidiaries for tax consolidation" and Group VAT amounted to 84,442 thousand euro (74,849 thousand euro at December 31, 2021).

"Receivables for guarantee deposits" of 3,745 thousand euro (36,013 thousand euro at December 31, 2021) mainly refer to the deposit with the Electricity Service Operator (GSE) for participation in the auctions of the guarantee of origin certificates, to the deposit with the Electricity Market Operator (GME) for operations on the electricity market.

"Other sundry receivables" include prepayments on electricity futures contracts, the effects of which will manifest in the following financial year, as well as receivables relating to the sale of the shareholding in Ge.S.I. S.r.l..

9) Current financial assets

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Other financial assets	3,306	(1,194)	2,112	3,306	2,112
Other financial assets from related parties	1,201,668	1,162,174	2,363,842	1,201,668	2,363,842
Total current financial assets	**1,204,974**	**1,160,980**	**2,365,954**	**1,204,974**	**2,365,954**

"Current financial assets" amounted to 2,365,954 thousand euro (1,204,974 thousand euro at December 31, 2021), with an increase of 1,160,980 thousand euro referring:

- for 2,365,048 thousand euro to "Loans and receivables originated by HTC (Hold to Collect)" (1,204,078 thousand euro at December 31, 2021):
  - from subsidiaries 2,362,936 thousand euro (1,200,772 thousand euro at December 31, 2021) for both the balance of intra-group current accounts on which interest rates are applied, at market conditions, with a variable Euribor basis with specific spreads for companies and for the current portion of loans granted to subsidiaries;
  - from third parties 2,112 thousand euro (3,306 thousand euro at December 31, 2021) related to financial receivables from Seca S.p.A. shareholders for payment of the consideration for the sale of the shareholding;
- for 906 thousand euro "IFRS 16 financial receivables (subleases)" from subsidiaries (896 thousand euro at December 31, 2021).

10) Current tax assets

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
Current tax assets	**60,592**	**(42,998)**	**17,594**

At December 31, 2022, this item amounted to 17,594 thousand euro (60,592 thousand euro at December 31, 2021) and refers to IRAP receivables (9,681 thousand euro), IRES receivables (6,586 thousand euro), relating to both current IRES of the period and IRES for amounts requested for reimbursement on payments of previous years, and the remaining credit for Robin Tax (1,299 thousand euro) paid in previous years and that will be recovered in subsequent years from foreign tax authorities (28 thousand euro).

11) Cash and cash equivalents

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Cash and cash equivalents	**886,354**	**1,452,111**	**2,338,465**	**886,354**	**2,338,465**

"Cash and cash equivalents" amounted to 2,338,465 thousand euro at December 31, 2022, (886,354 thousand euro at December 31, 2021). The increase for the year of 1,452,111 thousand euro derives in part from the September 2022 bond issue of 650,000 thousand euro, in Green Bond format, which served the purpose of pre-funding the Company's future investments and in part as back-up to hedge the risk of increased margin calls for commodities derivatives.

This item includes term current accounts, in the amount of 624,968 thousand euro, related to trading on commodity derivative platforms.

Bank deposits include accrued interest not yet credited by the end of the period.

12) Non-current assets held for sale

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Non-current assets held for sale	**46,788**	**(46,751)**	**37**	-	-

The item "Non-current assets held for sale" at December 31, 2022 amounted to 37 thousand euro (46,788 thousand euro at December 31, 2021) and refers to the residual share not yet sold of the shareholding in Sviluppo Turistico Lago d'Iseo S.p.A., which at December 31, 2021 had been reclassified under the item "Non-current assets held for sale".

In February 2022, the sale was finalized of the properties located in Milan in Corso di Porta Vittoria (Signora), Via Gonin and Via Balduccio da Pisa (Orobia), classified in the previous year under "Non-current assets held for sale". Please refer to the sections "Result from non-recurring transactions" and "Net result from operating assets sold/held for sale" in the Income statement for more details on the gains generated.

Equity and liabilities

Equity

Equity, which at December 31, 2022 amounted to 3,603,041 thousand euro (3,332,380 thousand euro at December 31, 2021), is detailed in the following table:

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
Equity			
Share capital	1,629,111	-	1,629,111
(Treasury shares)	-	-	-
Reserves	1,217,791	210,558	1,428,349
Result of the year	485,478	60,103	545,581
Total equity	**3,332,380**	**270,661**	**3,603,041**

13) Share capital

At December 31, 2022, the "Share capital" amounted to 1,629,111 thousand euro and is comprised of 3,132,905,277 ordinary shares with a unitary value of 0.52 euro each.

14) Reserves

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022
Reserves	**1,217,791**	**210,558**	**1,428,349**
Change in the fair value of cash flow hedge derivatives and Bond fair value	40,134	(2,169)	37,965
Tax effect	(12,458)	1,628	(10,830)
Reserves of cash flow hedges and fair value bonds	**27,676**	**(541)**	**27,135**
Change in the IAS 19 Revised reserve - Employee Benefits	(74,093)	11,878	(62,215)
Tax effect	21,494	(3,043)	18,451
IAS 19 Revised reserve - Employee Benefits	**(52,599)**	**8,835**	**(43,764)**

"Reserves", which at December 31, 2022 amounted to 1,428,349 thousand euro (1,217,791 thousand euro at December 31, 2021), increased by 210,558 thousand euro mainly due to the allocation of the 2021 profit, net of dividends distributed.

This item includes the following unavailable reserves:

- for 73,066 thousand euro the reserve arising from the corporate separation occurred in 1999. Such reserve will be available for distribution in portions in the following years based on the amortization carried out by the receiving company on the higher values determining capital gains from contribution;
- 27,135 thousand euro for the positive cash flow hedge reserve including the fair value of hedging derivatives and bonds in foreign currency, net of tax;
- for 43,764 thousand euro, the negative reserve arising from the adoption of IAS 19 Revised - Employee Benefits, which requires actuarial profits and losses to be recognized directly in an equity reserve, net of the tax effect.
- for 462 thousand euro, the negative available-for-sale reserve including the fair value of certain available-for-sale shareholdings net of the tax effect;
- for 306,339 thousand euro, the legal reserve, whose increase of 24,274 thousand euro compared with the previous year derives from the allocation of profit for the previous year.

It shall be noted that in 2021, the company opted, pursuant to L.D. 104/2020, for the realignment of differences between the higher statutory value and the lower tax value of tangible assets via payment of a substitute tax equal to 3% of the realigned value in three annual installments. The company's reserves are therefore subject to a tax suspension restriction amounting to 227,530 thousand euro, calculated as the difference between the realigned value and the substitute tax due. The distribution of these reserves or their allocation to uses other than loss coverage will result in taxation of the same.

The additional reserves and the profits that in case of distribution must be considered as IRES tax suspension amounted to 20,593 thousand euro.

It should be noted that during 2022, dividends amounting to 283,215 thousand euro corresponding to 0.0904 euro per share were distributed, as approved by the shareholders' meeting on April 28, 2022.

15) Result of the year

Positive result for 545,581 thousand euro.

Liabilities

Non-current liabilities

16) Non-current financial liabilities

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Non-convertible bonds	3,179,585	1,431,965	4,611,550	3,179,585	4,611,550
Payables to banks	755,023	20,694	775,717	755,023	775,717
Payables to other lenders	199,838	31	199,869	199,838	199,869
Non-current financial payables for rights of use to third parties	17,883	10,595	28,478	17,883	28,478
Non-current financial payables for rights of use to related parties	38,911	(6,128)	32,783	38,911	32,783
Total non-current financial liabilities	**4,191,240**	**1,457,157**	**5,648,397**	**4,191,240**	**5,648,397**

"Non-current financial liabilities" amounted to 5,648,397 thousand euro (4,191,240 thousand euro at December 31, 2021), with an increase of 1,457,157 thousand euro.

"Non-convertible bonds" amounting to 4,611,550 thousand euro (3,179,585 thousand euro at December 31, 2021) relate to the following bonds, which are accounted for at amortized cost

- 299,816 thousand euro, Private Placement maturing in March 2024 and coupon of 1.25%, the nominal value of which is equal to 300,000 thousand euro;
- 299,071 thousand euro, maturing in February 2025 and coupon of 1.75%, the nominal value of which is equal to 300,000 thousand euro;
- 297,351 thousand euro, maturing in October 2027 and coupon of 1.625%, the nominal value of which is equal to 300,000 thousand euro;
- 99,198 thousand euro, Private Placement in yen maturing in August 2036 and fixed rate of 5.405%, the nominal value of which is equal to 14 billion yen;
- 395,462 thousand euro, maturing in July 2029 and coupon of 1.00%, the nominal value of which is equal to 400,000 thousand euro;
- 493,750 thousand euro, maturing in October 2032 and coupon of 0.625%, the nominal value of which is equal to 500,000 thousand euro;
- 496,048 thousand euro, maturing in July 2031 and coupon of 0.625%, the nominal value of which is equal to 500,000 thousand euro;
- 494,603 thousand euro, maturing in November 2033 and coupon of 1%, the nominal value of which is equal to 500,000 thousand euro;
- 495,226 thousand euro, maturing in March 2028 and coupon of 1.5%, the nominal value of which is equal to 500,000 thousand euro;
- 595,665 thousand euro, maturing in June 2026 and coupon of 2.5%, the nominal value of which is equal to 600,000 thousand euro;
- 645,360 thousand euro, maturing in September 2030 and coupon of 4.5%, the nominal value of which is equal to 650,000 thousand euro.

The increase in the non-current component of "Non-convertible bonds" of 1,431,965 thousand euro compared to December 31, 2021 was due to the counter effect of the subscription of the three new bonds maturing in 2026, 2028 and 2030 (respectively with nominal value 600,000 thousand euro, 500,000 thousand euro and 650,000 thousand euro, recorded in the financial statements net of amortized cost), partly offset by the reclassification to "Current financial liabilities" of the bond maturing in 2023 (299,854 thousand euro) and the decrease in the ECB exchange rate applied to the yen bond.

Non-current "Payables to banks" amounted to 775,717 thousand euro (755,023 thousand euro at December 31, 2021) and showed a net increase of 20,694 thousand euro compared to the end of the previous year due to the new bank loans for 500,000 thousand euro, partly offset by the reclassification in the item current liabilities of the capital installments maturing in 2023. At year-end, this item recognized the principal portion of loans granted by the European Investment Bank in the amount of 526,719 thousand euro and by various credit institutions in the amount of 250,000 thousand euro, net of the adjustment for amortized cost valuation in the amount of 1,002 thousand euro.

“Payables to other lenders” amounted to 199,869 thousand euro (199,838 thousand euro at December 31, 2021) and refer to a loan granted by the Cassa Depositi e Prestiti.

“Financial payables for non-current rights of use”, in application of IFRS 16 for leases previously classified as operating, both to third parties and related parties, amounted to 61,261 thousand euro, with an increase of 4,467 thousand euro compared to the end of the previous year.

For an analysis of the maturity dates of each item of these payables, please refer to the special detailed table in the “Other information” section in chapter 5) Financial Risk Management in paragraph d. Liquidity risk, while for further analysis of the division between fixed-rate and variable-rate payables, please refer to the special detailed table in paragraph b. Interest rate risk.

The following table shows the comparison, for each long-term debt category, between the book value and the fair value, as well as the portion maturing in the following 12 months, as better described in note 21) Current financial liabilities. For listed debt instruments, the fair value is determined using stock prices, while for unlisted securities the fair value is determined using valuation models for each category of financial instrument and using market data relating to the closing date of the financial year, including the credit spreads of A2A S.p.A.. Please note that this table does not contain the valuation of financial payables for rights of use.

thousands of euro	Nominal value	Book value	Current portion	Non-current portion	Fair value
Bonds	4,948,000	4,949,784	338,234	4,611,550	4,249,650
Bank loans and Other lenders	1,458,255	1,458,255	482,669	975,586	1,330,611
Total	**6,406,255**	**6,408,039**	**820,903**	**5,587,136**	**5,580,261**

17) Employee benefits

“Employee Benefits” amounted to 132,030 thousand euro (149,175 thousand euro at December 31, 2021) with changes as follows:

thousands of euro	Balance at 12 31 2021	Accruals	Uses	Other changes	Balance at 12 31 2022
Employee leaving entitlement (TFR)	23,404	7,245	(2,395)	(9,229)	19,025
Employee benefits	125,771	-	(6,893)	(5,873)	113,005
Total employee benefits	**149,175**	**7,245**	**(9,288)**	**(15,102)**	**132,030**

The change in the item is attributable for 7,245 thousand euro to provisions for the period, for 9,288 thousand euro to the decrease due to the disbursements of the year and for 15,102 thousand euro to the net increase referred to actuarial valuations, deriving from the combined effect of the increase for interest cost equal to 2,568 thousand euro, of the decrease for actuarial gains/losses equal to 12,013 thousand euro, mainly due to the increase in electricity costs, net of other negative changes for 5,657 thousand euro.

Technical valuations were carried out on the basis of the following assumptions:

thousands of euro	2021	2022
Discount rate	from -0.17% to +0.98%	from +3.34% to +3.77%
Annual inflation rate	1.75%	2.3%
Annual seniority bonus increase rate	2.0%	2.0%
Annual additional months increase rate	0.0%	0.0%
Annual cost of electricity increase rate	2.0%	2.0%
Annual cost of gas increase rate	0.0%	0.0%
Annual salary increase rate	1.0%	1.0%
Annual TFR increase rate	2.8125%	3.225%
Average annual increase rate of supplementary pensions	1.125%	1.125%
Annual turnover frequencies	5.0%	5.0%
Annual TFR advance frequencies	2.0%	2.0%

It is noted that:

- the annual discount rate used to determine the present value of the bond has been derived, in line with paragraph 83 of IAS 19, from the Iboxx Corporate AA index recognized at the measurement date. For this purpose, the yield with duration comparable to the duration of the work group evaluated was chosen;
- the annual rate of salary increase applied exclusively to companies with fewer than 50 employees on average in 2006 was determined on the basis of the reference data communicated by Group companies;
- the annual rate of TFR increase, according to art. 2120 of the Civil Code, is equal to 75% of inflation plus 1.5 percentage points;
- the annual advance and turnover frequencies are derived from historical experiences of the Group and the frequencies arising from the experience of the Actuary on a significant number of similar companies;
- for the demographic technical bases, it is noted that:
    - for “death”, use was made of the tables TG62 (Premungas) and AS62 (Electricity and gas discount);
    - for “inability”, the INPS tables divided by age and gender were used;
    - for “retirement”, the 100% parameter was used upon reaching the requirements of AGO (Obligatory General Insurance) in accordance with LD no. 04/2019;
    - for the “probability of leaving the family”, the table in the INPS model was used for projections to 2010 updated;
    - for the “frequency of the various structures of surviving nuclei and average age of members”, the table in the INPS model was used for projections to 2010.

As required by IAS 19, the sensitivity for post-employment employee benefit obligations is outlined below:

thousands of euro	Turnover rate +1%	Turnover rate -1%	Inflation rate +0.25%	Inflation rate -0.25%	Discount rate +0.25%	Discount rate -0.25%
Employees’ leaving entitlement (TFR)	19,043	18,932	19,164	18,816	18,718	19,267

thousands of euro	Discount rate +0.25%	Discount rate -0.25%	Mortality table increased by 10%	Mortality table decreased by 10%
Premungas	11,545	11,852	11,130	12,327
Electricity and gas discount	95,012	100,560	100,734	94,971
Additional months	2,084	2,161	n.s.	n.s.

18) Provisions for risks, charges and liabilities for landfills

thousands of euro	Balance at 12 31 2021	Provisions	Releases	Uses	Other changes	Balance at 12 31 2022
Decommissioning provisions	6,782	-	-	(419)	(2,279)	4,084
Tax provisions	2,613	-	-	-	-	2,613
Personnel lawsuits and disputes provisions	13,798	1,600	(2,700)	(6,713)	(27)	5,958
Other risk provisions	78,238	45,197	(5,966)	(3,073)	1,084	115,480
Provisions for risks, charges and liabilities for landfills	**101,431**	**46,797**	**(8,666)**	**(10,205)**	**(1,222)**	**128,135**

“Decommissioning provisions”, which amounted to 4,084 thousand euro, include charges for costs of dismantling and recovery of production sites related to hydroelectric plants of Valtellina and Calabria. Changes in this item regard: uses of 419 thousand euro and other decreases of 2,279 thousand euro, which refer to the revision of the discount rates used to estimate future charges.

“Tax Provisions”, which amounted to 2,613 thousand euro (unchanged compared to the end of the previous year), refer to provisions for pending or potential litigation with the tax authorities or territorial entities for levies and direct and indirect taxes.

The “Personnel lawsuits and disputes provisions” amounted to 5,958 thousand euro and refer to lawsuits pending with social security institutions, for contributions not paid for 998 thousand euro, to lawsuits with third parties for 4,713 thousand euro and with employees for 247 thousand euro, to cover the liabilities that could arise from litigations in progress. Changes during the period regard provisions of 1,600 thousand euro, releases of 2,700 thousand euro, uses of 6,713 thousand euro and other negative changes of 27 thousand euro.

“Other risk provisions” of 115,480 thousand euro refer to provisions relating to public water derivation fees for 88,197 thousand euro, provisions for contractual expenses for 14,717 thousand euro, to the mobility provision for the costs arising from the corporate restructuring plan for 98 thousand euro, as well as other provisions for risks for 12,468 thousand euro. Changes during the period regard provisions of 45,197 thousand euro, uses of 3,073 thousand euro, releases of 5,966 thousand euro and other increases of 1,084 thousand euro.

19) Other non-current liabilities

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Other non-current liabilities	3,455	-	3,455	-	-
Non-current derivatives	10,602	(10,543)	59	10,602	59
Total other non-current liabilities	**14,057**	**(10,543)**	**3,514**	**10,602**	**59**

“Other non-current liabilities” amounted to 3,514 thousand euro and refer to:

- “Other non-current liabilities to third parties” amounted to 3,455 thousand euro (3,455 thousand euro at December 31, 2021), of which:
  - “Other non-current payables” totalling 3,354 thousand euro (3,354 thousand euro at December 31, 2021), which refer to payables linked to Long Term Service Agreements relating to plant maintenance;
  - “Security deposits” of 101 thousand euro (101 thousand euro at December 31, 2021).
- “Non-current derivative instruments” of 59 thousand euro (10,602 thousand euro at December 31, 2021), which refer to the fair value of financial derivatives to hedge interest rate risk on variable rate mortgages.

Current liabilities

20) Trade payables and other current liabilities

thousands of euro	Balance at 12 31 2021	Changes	Balance at 12 31 2022	of which included in the NFP	
				12 31 2021	12 31 2022
Advances and payables to customers	993	72,389	73,382		
Payables to suppliers	1,741,125	2,164,773	3,905,898		
Trade payables to related parties of which:	430,748	196,606	627,354		
- subsidiaries	365,207	199,058	564,265		
- joint ventures	65,384	(2,899)	62,485		
- associates	1	448	449		
- Municipalities of Milan and Brescia	156	(1)	155		
Total trade payables	**2,172,866**	**2,433,768**	**4,606,634**	-	-
Payables to pension and social security institutions	14,649	522	15,171		
Current derivatives	3,708,394	(1,147,554)	2,560,840	-	-
Other current liabilities of which:	433,866	(284,072)	149,794		
- payables to employees	24,085	(1,638)	22,447		
- tax payables	44,728	(622)	44,106		
- payables to subsidiaries for tax consolidation	48,804	14,055	62,859		
- payables for tax transparency	7,167	(1,799)	5,368		
- payables to third-party shareholders	362	29	391		
- payables for liabilities of competence of the following year	129	(92)	37		
- payables for collections to be allocated	9,244	(1,701)	7,543		
- sundry payables	299,347	(292,304)	7,043		
Total other current liabilities	**4,156,909**	**(1,431,104)**	**2,725,805**	-	-
Total trade payables and other current liabilities	**6,329,775**	**1,002,664**	**7,332,439**	-	-

“Trade payable and other current liabilities” amounted to 7,332,439 thousand euro (6,329,775 thousand euro at December 31, 2021), representing an overall increase of 1,002,664 thousand euro.

“Trade payables” amounted to 4,606,634 thousand euro and include advances for 73,382 thousand euro, debt exposure to third-party suppliers (3,905,898 thousand euro) and trade payables to related parties (627,354 thousand euro). The increase in payables to third-party suppliers is mainly attributable to the increase in commodity trading transactions with bilateral counterparties and to an efficient net working capital management policy.

“Payables to social security institutions” amounted to 15,171 thousand euro and relate to the company’s debt position with social security and pension institutions, related to contributions of the month of December not yet paid.

“Current derivative instruments” amounted to 2,560,840 thousand euro and refer to the fair value valuation of derivatives. The decrease was mainly attributable to a reduction in overall volumes traded and the high volatility of energy commodity prices, which had an impact on the differentials between subscription prices and forward prices.

“Other current liabilities” amounting to 149,794 thousand euro (433,866 thousand euro at December 31, 2021) mainly refer to:

- Group “payables to subsidiaries for tax consolidation” amounting to 62,859 thousand euro (48,804 thousand euro at December 31, 2021);
- “payables to employees” for 22,447 thousand euro (24,085 thousand euro at December 31, 2021), relating to payables to employees for the productivity bonus accrued during the year, as well as the expense for holidays accrued but not taken at December 31, 2022;

- “tax payables” amounting to 44,106 thousand euro (44,728 thousand euro at December 31, 2021) essentially regarding VAT payables, payables for water diversion fees, as well as payables to the tax authorities for withholding tax and excise duties;
- “payables for fiscal transparency” for 5,368 thousand euro (7,167 thousand euro at December 31, 2021) to the associate Ergosud S.p.A..

At December 31, 2021, other payables included 276,354 thousand euro related to advance receipts of electricity and gas futures contracts the economic manifestation of which was in the current year, which instead had a zero balance at December 31, 2022.

21) Current financial liabilities

thousands of euro	Balance at 12 31 2021	Changes	**Balance at 12 31 2022**	of which included in the NFP	
				12 31 2021	12 31 2022
Non-convertible bonds	533,447	(195,213)	338,234	533,447	338,234
Payables to banks	79,164	402,494	481,658	79,164	481,658
Payables to other lenders	-	1,011	1,011	-	1,011
Financial payables to related parties	357,566	298,265	655,831	357,566	655,831
Current financial payables for rights of use to third parties	5,613	5,541	11,154	5,613	11,154
Current payables for rights of use to related parties	5,946	441	6,387	5,946	6,387
Total current financial liabilities	**981,736**	**512,539**	**1,494,275**	**981,736**	**1,494,275**

“Current financial liabilities” amounted to 1,494,275 thousand euro, an overall increase of 512,539 thousand euro.

“Non-convertible bonds” amounted to 338,234 thousand euro and showed a net decrease of 195,213 thousand euro, due to the redemption of a bond with nominal value of 500,000 thousand euro maturing in January 2022, partly offset by the reclassification from “Non-current financial liabilities” of the bond with nominal value of 300,000 thousand euro maturing in December 2023. At December 31, 2022, the calculation of interest coupons amounted to 38,380 thousand euro (33,469 thousand euro at December 31, 2021).

Current “Payables to banks”, which amounted to 481,658 thousand euro, increased by 402,494 thousand euro in the period, mainly due to the reclassification from “Non-current financial liabilities” of residual loans maturing in 2023, which totalled 419,698 thousand euro, partly offset by the change in accrued interest and amortized cost.

“Payables to other lenders” amounted to 1,011 thousand euro and refer to interest calculated on the loan received from Cassa Depositi e Prestiti.

“Financial payables for current rights of use”, in application of IFRS 16 for leases previously classified as operating, both to third parties and related parties, amounted to 17,541 thousand euro, with an increase of 5,982 thousand euro compared to the end of the previous year.

“Financial payables to related parties” amounted to 655,831 thousand euro with an increase of 298,265 thousand euro and relate to intra-group current accounts on which rates are applied at market conditions, with variable Euribor base with specific spreads for companies.

22) Tax payables

thousands of euro	Balance at 12 31 2021	Changes	**Balance at 12 31 2022**
Tax liabilities	**5,935**	**108,285**	**114,220**

At December 31, 2022, tax payables amounted to 114,220 thousand euro (5,935 thousand euro at December 31, 2021) and mainly related to the Extraordinary Solidarity Contribution expected for the year 2023, determined pursuant to Article 1, paragraphs 115-119 of Law No. 197 of December 29, 2022 (Budget Law 2023), the recognition of current IRAP for the year 2022, as well as the still unpaid portion of the substitute tax recognized in the year 2021 following the realignment pursuant to L.D. 104/2020.

3.7

Net debt

23) Net debt
(pursuant to CONSOB Communication no. DEM/6064293 of July 28, 2006 and ESMA/2013/319)

The following table provides details of net debt:

thousands of euro	12 31 2021	12 31 2022
Bonds - non-current portion	3,179,585	4,611,550
Bank loans - non-current portion	755,023	775,717
Non-current payables to other lenders	199,838	199,869
Non-current financial payables for rights of use	56,794	61,261
Other non-current liabilities	10,602	59
Total medium/long-term debt	**4,201,842**	**5,648,456**
Non-current financial assets - related parties	(1,307,738)	(1,331,267)
Non-current financial assets	(4,535)	(4,613)
Other non-current assets	-	(7,168)
Total medium/long-term financial receivables	**(1,312,273)**	**(1,343,048)**
Total non-current net debt	**2,889,569**	**4,305,408**
Bonds - current portion	533,447	338,234
Bank loans - current portion	79,164	481,658
Current amounts due to other providers of finance	-	1,011
Current financial payables for rights of use	11,559	17,541
Current financial payables to related parties	357,566	655,831
Total short-term debt	**981,736**	**1,494,275**
Other current financial assets	(3,306)	(2,112)
Current financial assets - related parties	(1,201,668)	(2,363,842)
Total short-term financial receivables	**(1,204,974)**	**(2,365,954)**
Cash and cash equivalents	(886,354)	(2,338,465)
Total current net debt	**(1,109,592)**	**(3,210,144)**
Net financial debt	**1,779,977**	**1,095,264**

Pursuant to IAS 7 "Cash Flow Statement", the following are the changes in financial assets and liabilities:

thousands of euro	12 31 2021	Cash flow	Non-cash flow		Balance at 12 31 2022
			Change in fair value	Other changes	
Bonds	3,713,032	1,254,912	(7,848)	(10,312)	4,949,784
Financial payables	1,459,944	703,837	-	29,107	2,192,888
Other liabilities	10,602	-	(10,543)	-	59
Financial assets	(2,517,247)	(1,184,599)	-	12	(3,701,834)
Other activities	-	-	(7,168)	-	(7,168)
Net liabilities deriving from financing activities	**2,666,331**	**774,150**	**(25,559)**	**18,807**	**3,433,729**
Cash and cash equivalents	(886,354)	(1,452,111)	-	-	(2,338,465)
Net financial debt	**1,779,977**	**(677,961)**	**(25,559)**	**18,807**	**1,095,264**

3.8

Notes to the income statement

24) Revenues

Revenues at December 31, 2022 amounted to 19,688,338 thousand euro (8,255,984 thousand euro at December 31, 2021).

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Revenues from the sale of goods	19,410,770	7,952,044	11,458,726	n.s.
Revenues from services	256,455	243,971	12,484	5.1%
Total revenues from the sale of goods and services	**19,667,225**	**8,196,015**	**11,471,210**	**n.s.**
Other operating income	**21,113**	**59,969**	**(38,856)**	**(64.8%)**
Total Revenues	**19,688,338**	**8,255,984**	**11,432,354**	**n.s.**

Details of the more significant items are as follows:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Sales of electricity of which:	**12,990,045**	**5,144,815**	**7,845,230**	**n.s.**
- third-party customers	8,433,754	3,720,278	4,713,476	n.s.
- subsidiaries	4,547,364	1,419,176	3,128,188	n.s.
- associates	8,927	5,361	3,566	66.50%
Sales of gas and fuels of which:	**5,701,529**	**2,229,449**	**3,472,080**	**n.s.**
- third-party customers	3,149,587	1,397,222	1,752,365	n.s.
- subsidiaries	2,538,677	828,776	1,709,901	n.s.
- associates	13,265	3,451	9,814	n.s.
Sales of heat of which:	**3,068**	**789**	**2,279**	**n.s.**
- subsidiaries	3,068	789	2,279	n.s.
Sales of materials and equipment of which:	**11,278**	**9,705**	**1,573**	**16.20%**
- third-party customers	1,576	19	1,557	n.s.
- subsidiaries	9,702	9,686	16	0.20%
Sales of emission certificates and allowances of which:	**704,850**	**567,286**	**137,564**	**24.20%**
- third-party customers and inventory change	59,444	213,814	(154,370)	(72.20%)
- subsidiaries	603,205	308,738	294,467	95.40%
- associates	42,201	44,734	(2,533)	(5.70%)
Total revenues from the sale of goods	**19,410,770**	**7,952,044**	**11,458,726**	**n.s.**
- Services to third parties	1,641	2,354	(713)	(30.30%)
- Services to subsidiaries	251,941	238,730	13,211	5.50%
- Services to associates	182	143	39	27.30%
- Services to parent companies	2,691	2,744	(53)	(1.90%)
Total revenues from services	**256,455**	**243,971**	**12,484**	**5.10%**
Total revenues from the sale of goods and services	**19,667,225**	**8,196,015**	**11,471,210**	**n.s.**
Damage compensation	801	786	15	1.90%
Contingent assets	2,876	9,580	(6,704)	(70.00%)
Gains on disposals of assets	45	4,477	(4,432)	(99.00%)
Incentives for production from renewable sources (feed-in tariff)	8,214	36,446	(28,232)	(77.50%)
Rent income of which:	4,998	5,390	(392)	(7.30%)
- third-party customers	463	510	(47)	(9.20%)
- subsidiaries	4,527	4,876	(349)	(7.20%)
- associates	8	4	4	100.00%
Other revenues of which:	4,179	3,290	889	27.00%
- third-party customers	3,343	3,250	93	2.90%
- subsidiaries	563	40	523	n.s.
- associates	273	-	273	n.s.
Total other operating revenues	**21,113**	**59,969**	**(38,856)**	**(64.80%)**
Total revenues	**19,688,338**	**8,255,984**	**11,432,354**	**n.s.**

Sales revenues amounted to 19,410,770 thousand euro (7,952,044 thousand euro at December 31, 2021), up 11,458,726 thousand euro from the previous year.

Sales revenues amounted to 19,410,770 thousand euro and mainly refer to the sale of electricity (12,990,045 thousand euro) to wholesalers and institutional operators (Gestore Mercato Elettrico S.p.A. and Terna S.p.A.), also through sales on the IPEX markets (Italian Power Exchange) as well as to subsidiaries and associates for a total of 19,823 million kWh (+20% compared to December 31, 2021); to the sale of gas and fuel to third parties and subsidiaries and associates (5,701,529 thousand euro) from the commercialization of 4,606 million cubic meters of gas (+21% compared to the previous year); to the sale of heat (3,068 thousand euro), materials and plants to both third parties and subsidiaries (11,278 thousand euro) and to the sale of environmental certificates to third parties and subsidiaries and associates (704,850 thousand euro).

The increase in sales revenues is mainly due to the increase in prices on the wholesale markets for both electricity and gas, as well as to higher revenues for CO2 sales as a result of the recognition of revenue from subsidiaries and associates whose plants are managed by A2A S.p.A. through tolling agreements.

Revenues from services amount to 256,455 thousand euro and mainly relate to revenues from provisions to subsidiaries of administrative, fiscal, legal, managerial and technical services, and revenues from the Municipality of Milan for the video surveillance service.

“Other operating revenues”, which amounted to 21,113 thousand euro (59,969 thousand euro at December 31, 2021), mainly refer to incentives for production from renewable sources “feed-in tariff” (8,214 thousand euro), rents from subsidiaries, contingent assets recognized as a result of the difference in allocations from previous years, and reimbursements for damages and penalties received from customers, insurance companies and private individuals.

25) Operating expenses

“Operating expenses” totalled 19,181,703 thousand euro (7,903,709 thousand euro at December 31, 2021).

The main components of this item are as follows:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Costs for raw materials and consumables	17,928,416	6,973,208	10,955,208	n.s.
Costs for services	425,573	349,024	76,549	21.93%
Total costs for raw materials and services	**18,353,989**	**7,322,232**	**11,031,757**	**n.s.**
Other operating expenses	**827,714**	**581,477**	**246,237**	**42.35%**
Total operating expenses	**19,181,703**	**7,903,709**	**11,277,994**	**n.s.**

The following table sets out details of the more significant components:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Purchases of electricity of which:	**8,079,820**	**3,246,899**	**4,832,921**	**n.s.**
- third-party suppliers	7,627,477	2,997,434	4,630,043	n.s.
- subsidiaries	452,206	249,465	202,741	81.27%
- associates	137	-	137	n.s.
Purchases of gas of which:	**9,305,157**	**3,238,253**	**6,066,904**	**n.s.**
- third-party suppliers	9,283,300	3,208,477	6,074,823	n.s.
- subsidiaries	21,857	29,776	(7,919)	(26.60%)
Purchases of fuel of which:	**106,724**	**2,718**	**104,006**	**n.s.**
- third-party suppliers	106,720	2,714	104,006	n.s.
- subsidiaries	4	4	-	0.00%
Change in inventories of fuel	**(252,238)**	**(41,793)**	**(210,445)**	**n.s.**
Purchases of heat of which:	**697**	**450**	**247**	**54.89%**
- third-party suppliers	-	7	(7)	(100.00%)
- subsidiaries	697	443	254	57.34%
Purchases of water of which:	**58**	**58**	**-**	**0.00%**
- third-party suppliers	45	53	(8)	(15.09%)
- subsidiaries	13	5	8	n.s.
Purchases of materials of which:	**14,323**	**11,857**	**2,466**	**20.80%**
- third-party suppliers	14,317	11,725	2,592	22.11%
- subsidiaries	6	132	(126)	(95.45%)
Change in inventories of materials	**32**	**146**	**(114)**	**(78.08%)**
Hedging losses on operating derivatives	**13,799**	**3,633**	**10,166**	**n.s.**
Hedging gains on operating derivatives	**(34,483)**	**(12,434)**	**(22,049)**	**n.s.**
Purchases of emission certificates and allowances of which:	**694,527**	**523,421**	**171,106**	**32.69%**
- third-party suppliers	692,505	522,970	169,535	32.42%
- subsidiaries	2,022	451	1,571	n.s.
Total expenses for raw materials and consumables	**17,928,416**	**6,973,208**	**10,955,208**	**n.s.**
Delivery and transmission costs of which:	**249,315**	**189,446**	**59,869**	**31.60%**
- third-party suppliers	234,018	178,271	55,747	31.27%
- subsidiaries	15,297	11,175	4,122	36.89%
Maintenance and repairs	**66,342**	**51,548**	**14,794**	**28.70%**
Services of which:	**109,916**	**108,030**	**1,886**	**1.75%**
- third-party suppliers	95,906	93,227	2,679	2.87%
- subsidiaries	14,010	14,803	(793)	(5.36%)
Total costs for services	**425,573**	**349,024**	**76,549**	**21.93%**
Total costs for raw materials and services	**18,353,989**	**7,322,232**	**11,031,757**	**n.s.**
Leaseholds of which:	**725,189**	**490,923**	**234,266**	**47.72%**
- third-party suppliers	30,078	21,195	8,883	41.91%
- subsidiaries	628,235	406,193	222,042	54.66%
- associates	66,876	63,535	3,341	5.26%
Other operating costs of which:	**102,525**	**90,554**	**11,971**	**13.22%**
- Concession fees	71,991	62,079	9,912	15.97%
- Contributions to territorial entities, consortia and ARERA	5,241	4,214	1,027	24.37%
- Damages and penalties	803	845	(42)	(4.97%)
- Contingent liabilities	1,343	2,457	(1,114)	(45.34%)
- Losses on disposal of tangible assets	-	2	(2)	(100.00%)
- Taxes and duties	14,064	14,829	(765)	(5.16%)
- Other costs	9,083	6,128	2,955	48.22%
- other operating expenses	8,738	6,091	2,647	43.46%
- losses on receivables and cash and cash equivalents	341	-	341	n.s.
- subsidiaries	4	37	(33)	(89.19%)
Other operating expenses	**827,714**	**581,477**	**246,237**	**42.35%**
Total operating expenses	**19,181,703**	**7,903,709**	**11,277,994**	**n.s.**

"Expenses for raw materials and services" amounted to 18,353,989 thousand euro (7,322,232 thousand euro at December 31, 2021).

Costs for raw materials and consumables amounted to 17,928,416 thousand euro and refer to costs for purchases of electricity, fuel and heat (17,492,398 thousand euro) from third parties and subsidiaries for both electricity production and for resale to customers and wholesalers, the increase of which mainly derives from the increase in procurement unit prices following the growth of the reference scenario, as well as to greater quantities purchased; the change in inventories of fuels (-250,107 thousand euro); the gains/losses from hedging derivatives (-20,684 thousand euro); the purchase of materials and water (14,413 thousand euro including the change in inventories); and the purchase of environmental certificates (694,527 thousand euro), the increase of which refers in particular to higher purchases of CO2 both as a result of the increase in the procurement price and the higher volumes issued correlated to the higher thermoelectric production.

Service costs amounted to 425,573 thousand euro and relate to the logistics costs for transport on the natural gas network (249,315 thousand euro), costs for maintenance and repairs (66,342 thousand euro) related to both the plants and information systems of the company, as well as costs for services from third parties and subsidiaries and associates (109,916 thousand euro) that include costs for administrative and technical professional services, costs for certification activities, gas storage costs, expenses for insurance, monitoring, banking and other services. The increase compared to the previous year is mainly due to higher costs for the transport and storage of natural gas and for IT services related to the development of new projects.

"Other operating costs" amounted to 827,714 thousand euro (581,477 thousand euro at December 31, 2021). This item includes the use of third-party assets for 725,189 thousand euro mainly relating to the contracting of thermoelectric production plants "tolling agreement" owned by the subsidiaries A2A Energiefuture S.p.A. and A2A gencogas S.p.A., costs related to the use of part of a portion of the electricity capacity of Ergosud S.p.A.; the increase is mainly due to the higher cost of CO2. Other costs amounted to 102,525 thousand euro and mainly refer to public water derivation fees, damages and penalties and contingent liabilities.

During the year, the Company paid 3,000 thousand euro in donations to the AEM, ASM and LGH Foundations.

Trading margin

The following table sets out the results arising from the Trading Portfolio, including the effect of changes in derivative instruments; these figures relate to trading in electricity, gas and environmental certificates.

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Revenues	13,373,821	247,231	13,126,590	n.s.
Operating expenses	(13,293,080)	(221,699)	(13,071,381)	n.s.
Total trading margin	**80,741**	**25,532**	**55,209**	**n.s.**

The trading margin was positive for 80,741 thousand euro, an increase of 55,209 thousand euro compared to December 31, 2021.

During the financial year 2022, there were multiple values of European electricity and gas prices compared to the values recorded on average during 2021. In addition to the extraordinary levels of commodity prices, the persistence of exceptional volatility coupled with decreasing market liquidity contributed to the widening of absolute market bid/ask values while forcing traders to execute trades quickly.

The concomitant gradual rise in prices was accompanied by a drastic drop in demand with a reduction in natural gas consumption, while the impact of the mild winter was additionally felt in the latter part of the year. The combination of these contingencies led to an uncertainty in the balance between supply and demand.

In continuity with what was done in the first half of 2022, it was therefore possible to continue to trade profitably by exploiting opportunities characterised by very narrow execution time windows to the benefit of trading, flow intermediation, price quotation and market making activities.

26) Labour costs

At December 31, 2022, labour costs, net of capitalized charges, totalled 174,892 thousand euro (160,014 thousand euro at December 31, 2021), the increase for the year includes both the effect linked to new hires of personnel materialized in 2022 and contract renewals.

"Labour costs" may be analysed as follows:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Wages and salaries	115,847	106,549	9,298	8.7%
Social security charges	36,935	34,066	2,869	8.4%
Employee leaving entitlement (TFR)	7,245	6,886	359	5.2%
Other costs	19,464	17,050	2,414	14.2%
Total labour costs before capitalizations	**179,491**	**164,551**	**14,940**	**9.1%**
Capitalized labour costs	(4,599)	(4,537)	(62)	1.4%
Total labour costs	**174,892**	**160,014**	**14,878**	**9.3%**

The table below shows the average number of employees during the period, broken down by category:

thousands of euro	12 31 2022	12 31 2021	Change
Managers	105	109	(4)
Middle Managers	368	341	27
White-collar workers	1,316	1,217	99
Blue-collar workers	155	160	(5)
Total	**1,944**	**1,827**	**117**

At December 31, 2022, A2A S.p.A. employees totalled 2,004, while at December 31, 2021, they were equal to 1,847.

The item also includes the remuneration paid by A2A S.p.A. to the members of the Board of Directors in the period for a total of 1,766 thousand euro; for further details, reference is made to the specific file "Remuneration Report - 2022".

27) Gross operating income

In light of the dynamics explained above, the "Gross operating income" was positive for 331,743 thousand euro (positive for 192,260 thousand euro at December 31, 2021).

28) Depreciation, amortization, provisions and write-downs

"Depreciation, amortization, provisions and write-downs" equalled 162,247 thousand euro (123,140 thousand euro at December 31, 2021).

The following table provides details of the individual items:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Amortization of intangible assets	37,913	29,141	8,772	30.10%
Depreciation of tangible assets	85,164	80,668	4,496	5.57%
Net write-downs of fixed assets	213	1,113	(900)	(80.86%)
Total depreciation, amortization, provisions and write-downs	**123,290**	**110,922**	**12,368**	**11.15%**
Provisions for risks	38,131	13,861	24,270	n.s.
Bad debt provision on receivables recognized as current assets	826	(1,643)	2,469	n.s.
Total depreciation, amortization, provisions and write-downs	**162,247**	**123,140**	**39,107**	**31.76%**

In particular, "Depreciation and Amortization" totalled 123,077 thousand euro (109,809 thousand euro at December 31, 2021). The increase compared to December 31, 2021 derives from the combined effect of the higher depreciation for the investments that have entered service, net of the decrease linked to the disposals of the period and to the fixed assets that concluded the depreciation and amortization process in the previous year. Depreciation is calculated on the basis of technical and economic rates considered representative of the remaining useful life of the related tangible assets.

At December 31, 2022, write-downs of fixed assets amounted to 213 thousand euro (1,113 thousand euro at December 31, 2021) and mainly refer to the write-down of software.

The balance of “Provisions for risks and charges” shows a net effect of 38,131 thousand euro (13,861 thousand euro at December 31, 2021) due to allocations of 46,797 thousand euro, offset by the 8,666 thousand euro of risk provisions made in previous years and released in the current year since the original disputes have ceased to exist. Provisions, net of releases in the year, included for 39,231 thousand euro provisions to “Other risk provisions” mainly related to public water derivation fees and for 1,100 thousand euro releases to “Personnel lawsuits and disputes provision”. For further details, reference is made to note 19) Provisions for risks, charges and liabilities for landfills.

The “Bad debt provision” showed a negative balance of 826 thousand euro (positive for 1,643 thousand euro at December 31, 2021) and is related to the provisions during the year under review.

29) Net operating income

The “Net Operating Income” is positive by 169,496 thousand euro (positive by 69,120 thousand euro at December 31, 2021).

30) Result from non-recurring transactions

The “Result from non-recurring transactions” amounted to 155,202 thousand euro (no value at December 31, 2021) and is related to the gain deriving from the sale of the three properties located in Milan in February 2022.

31) Financial balance

The “Financial balance” showed a positive balance of 372,262 thousand euro (positive for 375,773 thousand euro at December 31, 2021), and the breakdown is as follows:

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Financial income	469,295	448,739	20,556	4.6%
Financial expenses	97,033	72,966	24,067	33.0%
Total financial balance	**372,262**	**375,773**	**(3,511)**	**(0.9%)**

Financial income

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Gains on disposals of financial assets	**-**	**970**	**(970)**	**(100.0%)**
Income from financial assets:	**469,295**	**447,769**	**21,526**	**4.8%**
Income from dividends:	407,371	415,304	(7,933)	(1.9%)
- subsidiaries	406,979	415,304	(8,325)	(2.0%)
- associates	392	-	392	n.s.
Income on receivables/securities recorded as current assets:	58,483	30,082	28,401	94.4%
- subsidiaries	50,205	29,082	21,123	72.6%
- associates	148	212	(64)	(30.2%)
- third parties of which:	8,130	788	7,342	n.s.
- on bank accounts	2,898	37	2,861	n.s.
- discounting income	195	209	(14)	(6.7%)
- on other receivables	5,037	542	4,495	n.s.
Foreign exchange gains	3,441	2,383	1,058	44.4%
Total financial income	**469,295**	**448,739**	**20,556**	**4.6%**

"Financial income" totalled 469,295 thousand euro (448,739 thousand euro at December 31, 2021) and refers to:

- income from dividends in the amount of 407,371 thousand euro (415,304 thousand euro at December 31, 2021) related to dividends distributed by subsidiaries for 406,979 thousand euro, and associates for 392 thousand euro;
- income from receivables/securities recognized under current assets for 58,483 thousand euro (30,082 thousand euro at December 31, 2021). This primarily regards interest to subsidiaries accrued on current accounts and intra-group loans totalling 50,205 thousand euro, financial income from associates of 148 thousand euro, interest on bank deposits and interest on sundry receivables of 8,130 thousand euro;
- foreign exchange gains for 3,441 thousand euro (2,383 thousand euro at December 31, 2021).

In the previous year, this item included 970 thousand euro related to capital gains on the sale of financial assets, which referred to the higher value resulting from the closing of the liquidation process of the shareholdings in Plurigas S.p.A. and Ergon Energia S.r.l. carried out last year.

Financial expenses

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Expenses on derivatives:	**1,119**	**1,851**	**(732)**	**(39.5%)**
- realized on financial derivatives	1,119	1,851	(732)	(39.5%)
Write-downs/losses of financial assets:	**-**	**1,868**	**(1,868)**	**(100.0%)**
- third parties	-	1,868	(1,868)	(100.0%)
Expenses on financial assets:	**95,914**	**69,247**	**26,667**	**38.5%**
- subsidiaries	391	503	(112)	(22.3%)
- associates	7	3	4	n.s.
- third parties of which:	95,516	68,741	26,775	39.0%
- interest on bond loans	74,367	62,478	11,889	19.0%
- interest charged by banks	13,518	2,752	10,766	n.s.
- decommissioning charges	145	45	100	n.s.
- discounting charges	2,857	1,060	1,797	n.s.
- financial expenses IFRS16	327	256	71	27.7%
- other expenses	2,081	579	1502	n.s.
- foreign exchange losses	2,221	1,571	650	41.4%
Total financial expenses	**97,033**	**72,966**	**24,067**	**33.0%**

"Financial expenses" amounted to 97,033 thousand euro (72,966 thousand euro in 2021) and referred to:

- expenses on financial derivatives for 1,119 thousand euro (1,851 thousand euro at December 31, 2021) related to the negative "realized" of the year;
- other expenses from financial liabilities amounting to 95,914 thousand euro (69,247 thousand euro at December 31, 2021), broken down as follows:
  - interest charged by subsidiaries in the amount of 391 thousand euro (503 thousand euro at December 31, 2021) for financial expenses accrued on intra-group accounts;
  - interest charged by associates for 7 thousand euro (3 thousand euro at December 31, 2021);
  - other financial expenses in the amount of 95,516 thousand euro (68,741 thousand euro at December 31, 2021), which essentially relate to interest on bond issues, interest on short-term credit lines for liquidity needs related to margining for commodity derivatives and other financial expenses.

In the previous year, this item included write-downs of financial assets for 1,868 thousand euro, which referred for 1,800 thousand euro to the write-down of the shareholding in Linea Gestioni S.r.l. following the results of the specific Impairment Test carried out on the shareholding by an external expert and 68 thousand euro to losses on minor shareholdings.

The nature and content of derivatives are described in the section "Other information".

32) Income taxes

thousands of euro	12 31 2022	12 31 2021	Change	Percentage change
Current IRES	46,138	17,193	28,945	n.s.
Current IRAP	14,961	3,290	11,671	n.s.
Effect of differences - taxes of previous years	(11,231)	222	(11,453)	n.s.
Total current taxes	**49,868**	**20,705**	**29,163**	**n.s.**
Deferred tax assets IRES	6,156	9,829	(3,673)	(37.40%)
Deferred tax assets IRAP	(1,168)	(193)	(975)	n.s.
Deferred tax assets	**4,988**	**9,636**	**(4,648)**	**(48.20%)**
Deferred tax liabilities IRES	26,424	(61,949)	88,373	n.s.
Deferred tax liabilities IRAP	(16)	(9,281)	9,265	(99.80%)
Deferred tax liabilities	**26,408**	**(71,230)**	**97,638**	**n.s.**
Solidarity contribution L. 197/2022	**99,824**	**-**	**99,824**	**n.s.**
Total losses/gains for income taxes	**181,088**	**(40,889)**	**221,977**	**n.s.**

It is noted that for IRES purposes, the company filed for tax on a consolidated basis, together with its main subsidiaries, in accordance with articles 117-129 of DPR 917/86.

To this end, a contract has been entered into with each of the subsidiaries to regulate the tax benefits and burdens transferred, with specific reference to current items.

The deferred tax assets and liabilities calculated when determining the subsidiaries' taxable income, again only for IRES purposes, are not transferred to the parent company, A2A S.p.A., but are recognized in the income statement of the individual subsidiary each time there is an effective divergence between net income calculated for tax reporting purposes and net income calculated for financial reporting purposes due to any temporary differences. The deferred tax assets and liabilities shown in the income statement of A2A are therefore calculated exclusively on the divergences between its income for taxable purposes and income for financial reporting purposes.

Current income tax (IRES) of A2A S.p.A. is calculated on its own taxable income net of the adjustments relating to the national tax consolidation filing, in accordance with appendix E of accounting standard OIC 25 of August 2014.

In compliance with accounting standard OIC 25, the "income/expense related to consolidation", which constitute the remuneration/counter-entry for the transfer to the parent company A2A of a tax loss or taxable income, are recognized in the balance sheet.

The total amount of IRAP was determined based on the net value of production, suitably adjusted by the increases and decreases required by tax legislation. In compliance with Article 4(2) of Legislative Decree No. 446, IRAP was calculated on the basis of the territorial distribution of the taxable base according to the region of production: Lombardy, Piedmont and Friuli-Venezia Giulia (tax rate 4.20%), Abruzzo, Calabria, Lazio and Apulia (tax rate 5.12%), Campania (tax rate 5.27%) and the Autonomous Province of Trento (tax rate 2.98%).

The deferred tax assets and liabilities for IRAP purposes are booked to the income statement so as to show the total tax charge for the year, taking into account the tax effects of temporary differences. The recoverability of the "IRES deferred tax assets" recorded in the financial statements is considered probable, as the future plans provide for IRES taxable income sufficient for the absorption of the temporary differences that will be reversed; on the other hand, deferred tax assets and liabilities recorded for IRAP purposes are those considered adequate with respect to the best forecast of absorption from future taxable income.

No items have been excluded from the calculation of deferred taxation for IRES or IRAP purposes, with the exceptions highlighted above, and deferred tax liabilities and assets are recognized according to the balance sheet method.

At December 31, 2022, income taxes for the year (IRES and IRAP), amounted to 181,088 thousand euro (-40,889 thousand euro at the end of the previous year) and were made up as follows:

- 47,516 thousand for current IRES for the period, an amount net of the tax effect on the taxable portion of the capital gain for the sale of the shareholding in ROMEO GAS (399 thousand euro), recorded as a direct reduction of the book value of the capital gain;
- -36 thousand euro for remuneration for the transfer of interest payable to the tax consolidation system;
- -562 thousand euro for transfer to Equity reserve of part of income taxes;
- -780 thousand euro for the recognition of tax receivables on "art bonus" disbursements;
- 14,961 thousand euro in current IRAP of the period;
- -11,231 thousand euro related to taxes of previous years;
- 26,424 thousand euro for deferred tax liabilities for IRES purposes;

- -16 thousand euro for deferred tax liabilities for IRAP purposes;
- 6,156 thousand euro in deferred tax assets for IRES purposes;
- -1,168 thousand euro in deferred tax assets for IRAP purposes;
- 99,824 thousand by way of Extraordinary solidarity contribution planned for the year 2023, determined pursuant to Article 1, paragraphs 115-119 of Law No. 197 of December 29, 2022 (Budget Law 2023).

The main temporary increases for IRES purposes include:

- reversals for non-deductible amortization for 23,867 thousand euro;
- reversals for non-deductible provisions for risks for 49,418 thousand euro.

The main permanent increases for IRES purposes include the reversals for expenses for cars, telephone costs and fines non-deductible for 2,962 thousand euro.

The main decreases include the change related to the capital gain realized on the sale of the properties located in Milan in Corso di Porta Vittoria (Signora), Via Gonin and Via Balduccio da Pisa (Orobia), which were sold in February 2022. Consistent with the taxation regime provided for in Article 86 of Presidential Decree 917/1986, the capital gain will contribute to forming income in the current year and in the four following years: therefore, the aforementioned decrease is matched by an increase equal to 1/5 of the capital gain realized for tax purposes.

Reconciliation between the statutory tax rate and the effective tax rate for IRES and IRAP purposes are presented in the statements below.

IRES - RECONCILIATION BETWEEN STATUTORY AND EFFECTIVE TAXATION

Result before taxes	726,668,747	
Theoretical tax expense 24.00 %		174,400,499
Permanent differences	(749,924,896)	
Income before taxes adjusted for permanent differences	(23,256,149)	
Current gains/losses on income for the year		(5,581,476)
Temporary differences deductible in subsequent years	51,976,057	
Temporary differences taxable in subsequent years	187,860,131	
Reversal of prior year temporary differences	(16,931,738)	
Taxable amount	199,648,302	
Current gains/losses on income for the year*		47,915,592

(*) before tax on the taxable portion of the capital gain on the sale of the shareholding in Romeo Gas

IRAP - RECONCILIATION BETWEEN STATUTORY AND EFFECTIVE TAXATION

Difference between production value and costs	565,049,627	
Costs not relevant for IRAP purposes	(235,072,698)	
Total	329,976,929	
Theoretical tax expense 4.24%*		13,997,250
Temporary differences deductible in subsequent years	49,423,722	
Temporary differences taxable in subsequent years	(120,058)	
Reversal of prior year temporary differences	(26,592,735)	
Taxable income for IRAP purposes	352,687,858	
Current IRAP on income for the year		14,960,622

(*) average IRAP rate

Details are provided below on the analytic situation of the deferred tax assets and liabilities which, as required by international accounting standards, also shows the changes in equity reserves.

IRES - Deferred tax assets and liabilities for the year

Taxable temporary differences

Case description amounts in euro	Previous year	Non-recurring transactions	Deferred taxes previous year			Adjustments (+/-)			Uses in current year			Sub-total		
			Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Value differences of tangible assets	166,704,933.82	0.00	166,704,933.82	24%	40,009,184.12	(1,719,191.31)	24%	(412,605.91)	59,305,256.39	24%	14,233,261.53	105,680,486.12	24%	25,363,316.67
Adoption of the finance lease standard (IAS 17)	15,968,109.37	0.00	15,968,109.37	24%	3,832,346.25	(15,968,109.37)	24%	(3,832,346.25)	0.00	24%	0.00	0.00	24%	0.00
Application of the financial instrument standard (IAS 39)	0.00	0.00	0.00	24%	0.00	0.00	24%	0.00	0	24%	0.00	0	24%	0.00
Measurement differences of intangible assets	12,685,992.43	0.00	12,685,992.43	24%	3,044,638.18	0.00	24%	0,00	371,875.00	24%	89,250.00	12,314,117.43	24%	2,955,388.18
Deferred capital gains	31,345.00	0.00	31,345.00	24%	7,522.80	(31,345.00)	24%	(7,522.80)	0,00	24%	0,00	0,00	24%	0.00
Employee leaving entitlement (TFR)	0.00	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
Other deferred tax liabilities	16,904,204.14	0.00	16,904,204.14	24%	4,057,008.99	13,174.48	24%	3,161.88	379,950.82	24%	91,188.20	16,537,427.80	24%	3,968,982.67
IFRS 5 reclassification	(17,687,300.99)	0.00	(17,687,300.99)	24%	(4,244,952.24)	17,687,300.99	24%	4,244,952.24	0.00	24%	0.00	0.00	24%	0,00
Total	**194,607,283.77**	**0.00**	**194,607,283.77**		**46,705,748.10**	**(18,170.21)**		**(4,360.84)**	**60,057,082.21**		**14,413,699.73**	**134,532,031.35**		**32,287,687.52**

Deductible temporary differences

Case description amounts in euro	Previous year	Non-recurring transactions	Deferred taxes previous year			Adjustments (+/-)			Uses in current year			Sub-total		
			Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Taxed risk provisions	220,767,237.05	0.00	220.767.237,05	24%	52,984,136.89	(480,198.31)	24%	(115,247.59)	25,947,375.19	24%	6,227,370.05	194,339,663.55	24%	46,641,519.25
Amortization, depreciation and write-downs	205,292,940.62	0.00	205.292.940,62	24%	49,270,305.75	(290,595.03)	24%	(69,742.81)	24,053,052.95	24%	5,772,732.71	180,949,292.64	24%	43,427,830.23
Application of the financial instrument standard (IAS 39)	10,601,646.00	0.00	10.601.646,00	24%	2,544,395.04	0.00	24%	0.00	0.00	24%	0.00	10,601,646.00	24%	2,544,395.04
Bad debt provision	8,308,107.59	0.00	8.308.107,59	24%	1,993,945.82	154,445.41	24%	37,066.90	9,524.81	24%	2,285.95	8,453,028.19	24%	2,028,726.77
Costs for business combinations	0.00	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
Grants	0.00	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
Goodwill	173,145,140.06	0.00	173.145.140,06	24%	41,554,833.61	0.00	24%	0.00	23,899,941.53	24%	5,735,985.97	149,245,198.53	24%	35,818,847.65
Other deferred tax assets	(37,140,324.24)	0.00	(37.140.324,24)	24%	(8,913,677.82)	(27,345.00)	24%	(6,562.80)	3,078,925.25	24%	738,942.06	(40,246,594.49)	24%	(9,659,182.68)
IFRS 5 reclassification	(281,771.69)		(281.771,69)	24%	(67,625.21)	281,771.69	24%	67,625.21	0,00	24%	0.00	0.00	24%	0.00
Total	**580,692,975.39**	**0.00**	**580.692.975,39**		**139,366,314.09**	**(361,921.24)**		**(86,861.10)**	**76,988,819.73**		**18,477,316.74**	**503,342,234.42**		**120,802,136.26**

Changes in tax rate			Increases for the year			Equity			Total deferred tax liabilities		
Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
105,680,486.12	24%	25,363,316.67	187,740,073.35	24%	45,057,617.60	0.00	24%	0.00	293,420,559.47	24%	70,420,934.27
0,00	24%	0,00	0,00	24%	0,00	0.00	24%	0.00	0.00	24%	0.00
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0	24%	0.00
12,314,117.43	24%	2,955,388.18	120,058.10	24%	28,813.94	0.00	24%	0.00	12,434,175.53	24%	2,984,202.13
0.00	24%	0,00	0.00	24%	0,00	0.00	24%	0.00	0,00	24%	0.00
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
16,537,427.80	24%	3.968.982,67	0.00	24%	0.00	0.00	24%	0.00	16.537.427,80	24%	3,968,982.67
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
134,532,031.35		**32,287,687.52**	**187,860,131.45**		**45,086,431.55**	**0.00**		**0.00**	**322,392,162.80**		**77,374,119.07**

Changes in tax rate			Increases for the year			Equity			Total deferred tax assets		
Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
194,339,663.55	24%	46,641,519.25	49,210,259.62	24%	11,810,462.31	(7,810,443.58)	24%	(1,874,506.46)	235,739,479.59	24%	56,577,475.10
180,949,292.64	24%	43,427,830.23	2,185,797.57	24%	524,591.42	0.00	24%	0.00	183,135,090.21	24%	43,952,421.65
10,601,646.00	24%	2,544,395.04	0.00	24%	0.00	(17,710,594.00)	24%	(4,250,542.56)	(7,108,948.00)	24%	(1,706,147.52)
8,453,028.19	24%	2,028,726.77	0.00	24%	0.00	0.00	24%	0.00	8,453,028.19	24%	2,028,726.77
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0,00
149,245,198.53	24%	35,818,847.65	0.00	24%	0.00	0.00	24%	0.00	149,245,198.53	24%	35,818,847.65
(40,246,594.49)	24%	(9,659,182.68)	580,000.00	24%	139,200.00	19,163,599.21	24%	4,599,263.81	(20,502,995.28)	24%	(4,920,718.87)
0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00	0.00	24%	0.00
503,342,234.42		**120,802,136.26**	**51,976,057,19**		**12,474,253,73**	**(6,357,438.37)**		**(1,525,785.21)**	**548,960,853,24**		**131,750,604.78**

IRAP - Deferred tax assets and liabilities for the year

Taxable temporary differences

Case description amounts in euro	Previous year	Non-recurring transactions	Deferred taxes previous year			Adjustments (+/-)			Uses in current year			Sub-total		
			Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Value differences of tangible assets	479,268.16	0.00	479,268.16	5.57%	26,695.24	0.00	5.57%	0.00	0.00	5.57%	0.00	479,268.16	5.57%	26,695.24
Adoption of the finance lease standard (IAS 17)	0.00	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
Measurement differences of intangible assets	2,518,024.26	0.00	2,518,024.26	5.57%	140,253.95	(921.01)	5.57%	(51.30)	402,301.89	5.57%	22,408.22	2,114,801.36	5.57%	117,794.44
Other deferred tax liabilities			0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
IFRS 5 reclassification														
Total	**2,997,292.42**	**0.00**	**2,997,292.42**		**166,949.19**	**(921.01)**		**(51,30)**	**402,301.89**		**22,408.22**	**2,594,069.52**		**144,489.67**

Deductible temporary differences

Case description amounts in euro	Previous year	Non-recurring transactions	Deferred taxes previous year			Adjustments (+/-)			Uses in current year			Sub-total		
			Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
Taxed risk provisions	213,633,494.13	0.00	213,633,494.13	5.57%	11,899,385.62	(605,258.39)	5.57%	(33,712.89)	25,931,675.19	5.57%	1,444,394.31	187,096,560.55	5.57%	10,421,278.42
Amortization, depreciation and write-downs	4,583,715.00	0.00	4,583,715.00	5.57%	255,312.93	(896,241.69)	5.57%	(49,920.66)	1,063,361.47	5.57%	59,229.23	2,624,111.84	5.57%	146,163.03
Costs for business combinations	0	0	0	5.57%	0.00	0	5.57%	0.00	0	5.57%	0.00	0	5.57%	0.00
Grants	0.00	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
Goodwill	18,688,104.32	0.00	18,688,104.32	5.57%	1,040,927.41	(31,621.01)	5.57%	(1,761.29)	0.00	5.57%	0.00	18,656,483.31	5.57%	1,039,166.12
Other deferred tax assets	(50,138,676.17)	0.00	(50,138,676.17)	5.57%	(2,792,724.26)	0.00	5.57%	0.00	0.00	5.57%	0.00	(50,138,676.17)	5.57%	(2,792,724.26)
IFRS 5 reclassification	(116,853.02)		(116,853.02)	5.57%	(6,508.71)	116,853.02	5.57%	6,508.71		5.57%			5.57%	
Total	**186,649,784.27**	**0.00**	**186,649,784.27**		**10,396,392.98**	**(1,416,268.07)**		**(78,886.13)**	**26,995,036.66**		**1,503,623.54**	**158,238,479.54**		**8,813,883.31**

	Changes in tax rate			Increases for the year			Equity			Total deferred tax liabilities		
	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
	479,268.16	5.57%	26,695.24	0.00	5.57%	0.00	0.00	5.57%	0.00	479,268.16	5.57%	26,695.24
	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
	2,114,801.36	5.57%	117,794.44	120,058.10	5.57%	6,687.24	0.00	5.57%	0.00	2,234,859.46	5.57%	124,481.67
	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
	2,594,069.52		**144,489.67**	**120,058.10**		**6,687.24**	**0.00**		**0.00**	**2,714,127.62**		**151,176.91**

	Changes in tax rate			Increases for the year			Equity			Total deferred tax assets		
	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax	Taxable amount	Rate	Tax
	187,096,560.55	5.57%	10,421,278.42	49,210,259.62	5.57%	2,741,011.46	(7,810,443.58)	5.57%	(435,041.71)	228,496,376.59	5.57%	12,727,248.18
	2,624,111.84	5.57%	146,163.03	213,462.08	5.57%	11,889.84	0.00	5.57%	0.00	2,837,573.92	5.57%	158,052.87
	0	5.57%	0.00	0	5.57%	0.00	0	5.57%	0.00	0	5.57%	0.00
	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00	0.00	5.57%	0.00
	18,656,483.31	5.57%	1,039,166.12	0.00	5.57%	0.00	0.00	5.57%	0.00	18,656,483.31	5.57%	1,039,166.12
	(50,138,676.17)	5.57%	(2,792,724.26)	0.00	5.57%	0.00	19,879,349.77	5.57%	1,107,279.78	(30,259,326,40)	5.57%	(1,685,444.48)
		5.57%			5.57%						5.57%	
	158,238,479.54		**8,813,883.31**	**49,423,721.70**		**2,752,901.30**	**12,068,906.19**		**672,238.07**	**219,731,107.43**		**12,239,022.68**

33) Net result from discontinued operations

The “Net result from discontinued operations” was positive for 29,709 thousand euro (negative for 304 thousand euro at December 31, 2021) and refers to the capital gain, net of the effect of current taxes on the same, realized from the sale of the shareholding in ROMEO GAS S.p.A., after the demerger of the unit in favor of the latter relative to gas distribution referred to ATEM deemed non-strategic by Unareti S.p.A..

In the previous year, this item included:

- for -1,959 thousand euro the reclassification of depreciation related to three buildings in the Milan area that, in accordance with IFRS 5, had been reclassified to “Assets held for sale”;
- for -295 thousand euro the recognition of a loss on the investment in Sviluppo Turistico Lago d’Iseo S.p.A., equal to 24.29% of the share capital, for which the company had exercised its right of withdrawal and which had been reclassified under “Assets held for sale”;
- for 1,950 thousand euro the gain realized on the sale of the investment held in Ge.S.I. S.r.l. of 47% of the share capital.

34) Result of the year

Profit, net of taxes for the year, amounted to 545,581 thousand euro (485,478 thousand euro at December 31, 2021).

3.9
Note on related party transactions

35) Note on related party transactions

The definition of "related parties" is included in the international accounting standard describing the disclosures which must be made for related party transactions in financial statements (revised IAS 24).

Relationships with parent companies and their subsidiaries

On October 5, 2007, the Municipalities of Milan and Brescia signed a Shareholders' Agreement to regulate the ownership structure of A2A S.p.A.; this gave the Municipalities joint control over the company.

Specifically, the merger effective January 1, 2008, regardless of the legal structure established, was considered a joint venture, whose joint control was exercised by the Municipalities of Milan and Brescia, each of which owned a share equal to 27.5%.

On June 13, 2014, the Shareholders' Meeting modified the company's governance system, passing from the original two-tier system, adopted in 2007, to a "traditional" system of management and control through the appointment of the Board of Directors.

In December 2014, the Municipalities of Milan and Brescia sold a total shareholding of 0.51% of A2A S.p.A., while in the first two months of 2015, the Municipalities of Milan and Brescia sold an additional shareholding of 4.5% of A2A S.p.A..

On October 4, 2016, the Municipalities of Milan and Brescia renewed for another three years, with effect from January 1, 2017, the Shareholders' Agreement signed on December 30, 2013, concerning 1,566,452,642 ordinary shares representing 50% plus two shares of the share capital of A2A S.p.A.. On May 20, 2016, the two Municipalities had proceeded to sign an appendix to the Agreement, which envisaged reducing from six months to three months the term of the agreement, during which it is possible to terminate the same.

On October 26, 2016, the Municipality of Milan received from the Municipality of Brescia the proposal, approved by the Council of said Municipality on October 25, 2016, to partially amend the shareholders' agreement relating to A2A S.p.A. existing between the two Municipalities. In particular, said proposal requires the commitment of the two Municipalities to maintain syndicated and bound, in the new agreement, a number of shares held by them in equal measure, equal to 42% of the share capital of A2A S.p.A.. On November 4, 2016, the Council of the Municipality of Milan, after having favourably examined the proposal of the Municipality of Brescia of a partial amendment to the shareholders' agreement, submitted to the Municipal Council the proposal of the new shareholders' agreement for the final determinations of competence.

On January 23, 2017, the Milan City Council approved the new Shareholders' Agreement between the Municipality of Milan and the Municipality of Brescia regarding the shareholding in A2A S.p.A. and has undertaken the commitment not to proceed with the disposal of any shares owned by the Municipality of Milan.

On August 2, 2019, the Municipality of Milan, also on behalf of the Municipality of Brescia, announced that the aforementioned Shareholders' Agreement was not subject to termination. Consequently, the agreement is to be considered renewed with effect from February 1, 2020 to January 31, 2023.

On August 2, 2022, the Municipality of Milan, also on behalf of the Municipality of Brescia, announced that the aforementioned Shareholders' Agreement was not subject to termination. Consequently, the agreement is to be considered renewed with effect from February 1, 2023 to January 31, 2026.

At the date of approval of these separate financial statements at December 31, 2022, each of the two shareholders had a 25% shareholding of the share capital plus one share (overall equal to 50% plus two shares), which allows the two municipalities to maintain control over the Company.

The A2A Group companies and the Municipalities of Milan and Brescia routinely entertain commercial relationships related to the supply of electricity, gas, heat, and potable water, management of public lighting systems and street lights, management of water purification and sewers, garbage collection and street sweeping and video surveillance.

Similarly, the A2A Group companies entertain commercial relationships with the companies controlled directly and indirectly by the Municipalities of Milan and Brescia, for example, Metropolitana Milanese S.p.A., ATM S.p.A., Brescia Mobilità S.p.A., Brescia Trasporti S.p.A. and Centrale del Latte di Brescia S.p.A., supplying them with electrical energy, gas, heat, water purification and sewer service at market rates appropriate to the supply conditions and providing the services required. Note that these companies are considered related parties in the preparation of the financial statement schedules pursuant to Consob Resolution 17221 of March 12, 2010.

The relationships between the Municipalities of Milan and Brescia and the A2A Group, in relation to granting the services associated with public lighting, street lights, management and supply of electricity, gas, heat, and water purification and sewer service are regulated by special conventions and specific contracts.

The relationships between the companies controlled by the Municipalities of Milan and Brescia, which refer to the supply of electricity, are at arm's length conditions.

On April 12, 2017, Amsa S.p.A., a subsidiary of A2A S.p.A., in execution of the original assignment ordered in 2001, signed a contract with the Municipality of Milan for the management of services aimed at environmental protection for the period from January 1, 2017 to February 8, 2021; following the publication of the first tender cancelled by the municipality in consideration of the appeals notified and the second tender still in progress, the assignment was extended until April 30, 2023.

The tender now in progress was published on December 30, 2021; it is a European open procedure tender for the contracting of the municipal waste management service with reduced environmental impact from a life-cycle perspective, pursuant to the action plan for the environmental sustainability of consumption in the public administration sector (PAN GPP) and the Decree of the Ministry of the Environment and Protection of Land and Sea of February 13, 2014.

The bid submission date, originally set for July 11, 2022, has been set for October 31, 2022. Two operators notified an appeal against the call for tenders to the Regional Administrative Court of Milan, which in the hearing of November 9, 2022 ordered a verification, appointing ARERA. The next hearing is set for March 8, 2023. However, it could be postponed if the verification requires additional time.

In the context of the same appeals in the second instance, the Council of State ordered the Municipality not to make any award until the conclusion of the judgments on the merits.

Amsa submitted a bid. The Municipality of Milan has arranged for technical extensions to ensure the continuity of the service; a new technical extension to December 31, 2023 is being resolved.

Relationships with subsidiaries and affiliates

The parent company A2A S.p.A., operates like a centralized treasury for the majority of the subsidiaries.

Relations between the companies are regulated through current accounts between the parent company and the subsidiaries, on which rates are applied, at market conditions, based on variable Euribor, with specific spreads for companies. Also for the financial year 2022, A2A S.p.A. and its subsidiaries have adopted the VAT procedure of the Group.

Note that for IRES purposes, A2A S.p.A. files for tax on a consolidated basis, together with its main subsidiaries, in accordance with arts. 117-129 of DPR 917/86. To this end, with each of the subsidiaries joining, a special contract was drawn up to regulate the tax advantages/disadvantages transferred, with specific reference to the current entries. These contracts also govern the transfer of any excess of ROL as set forth by prevailing legislation.

The parent company provides the subsidiaries and affiliates with administrative, fiscal, legal, management and technical services in order to optimize the resources available in the company and to use the existing expertise in terms of economic convenience. These services are governed by specific service contracts stipulated annually. A2A S.p.A. also makes office space and operating areas at its own premises available to subsidiaries and associates, as well as associated services. These are provided at market conditions.

The companies A2A gencogas S.p.A. and A2A Energiefuture S.p.A., for a monthly fee related to the actual availability of the thermoelectric plants, provide to the Parent Company the power generation service.

As of July 1, 2018, the Acinque (formerly ACSM-AGAM) Group's related-party transactions with related parties of the A2A Group are shown as related parties.

As of November 1, 2020, the AEB Group's related-party transactions with related parties of the A2A Group are shown as related parties.

Lastly, in compliance with the requirements of the "Regulation on provisions relating to related party transactions" adopted by Consob with Resolution no. 17221 of March 12, 2010 and subsequently amended by Resolution no. 17389 of June 23, 2010, by way of a resolution of November 11, 2010 the Management Board approved, following the favorable opinion of the Internal Control Committee, the prescribed procedure for identifying the rules and controls designed to ensure the transparency and substantial and procedural correctness of the related party transactions carried out by A2A S.p.A. directly or through its subsidiaries. The aforementioned Procedure was applied effective January 1, 2011 and subsequently amended on August 1, 2012, November 7 and December 18, 2013 and June 22, 2015.

Following a periodic review, the Procedure was subsequently amended/supplemented and approved by the Board of Directors on June 20, 2016, subject to the favourable opinion of the Audit and Risks Committee and then updated on June 22, 2017, in view of Consob Resolution no. 19925 of March 22, 2017 and on December 16, 2019, in view of the amendments to art. 192-quinquies of Legislative Decree February 24, 1998, no. 58 ("TUF") (art. 4 of Legislative Decree May 10, 2019, no. 49).

Lastly, by resolution of the Board of Directors on June 25, 2021, subject to the favourable opinion of the Related Parties Committee established by board resolution of May 13, 2021, the Procedure was amended - effective as of July 1, 2021 - to comply with the Related

Parties Regulation, as amended by Consob Resolution no. 21624 of December 10, 2020, in implementation of the so-called “Shareholders’ Rights II” Directive. The aforementioned Procedure can be found on the website gruppoa2a.it.

Below are the tables with detail of the related party transactions, in accordance with the Consob Resolution no. 17221 of March 12, 2010:

Balance sheet thousands of euro	Total 12 31 2022	Companies subsidiaries	Companies associated/ related and subsidiaries of associates	Municipality of Milan	Subsidiaries direct and indirect Municipality of Milan	Municipality of Brescia	Subsidiaries direct and indirect unicipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
Total assets of which:	**18,456,053**	**9,762,229**	**59,138**	**2,003**	**3**	**145**	**-**	**-**	**9,823,518**	**53.2%**
Non-current assets	*6,710,531*	*5,549,619*	*9,663*	*-*	*-*	*-*	*-*	*-*	*5,559,282*	*82.8%*
Tangible assets	900,951	35,678							35,678	4.0%
Shareholdings	4,183,542	4,182,665	877						4,183,542	100.0%
Other non-current financial assets	1,361,416	1,331,267	8,786						1,340,053	98.4%
Other non-current assets	30,061	9							9	0.0%
Current assets	*11,745,485*	*4,212,610*	*49,475*	*2,003*	*3*	*145*	*-*	*-*	*4,264,236*	*36.3%*
Trade receivables	3,654,978	1,764,341	49,475	2,003	3	145			1,815,967	49.7%
Other current assets	2,979,212	84,427							84,427	2.8%
Current financial assets	2,365,954	2,363,842							2,363,842	99.9%
Total liabilities of which:	**14,853,012**	**1,393,860**	**68,406**	**155**	**47**	**-**	**-**	**113**	**1,462,581**	**9.8%**
Non-current liabilities	*5,912,077*	*34,783*	*-*	*-*	*-*	*-*	*-*	*-*	*34,783*	*0.6%*
Non-current financial liabilities	5,648,397	32,783							32,783	0.6%
Provisions for risks, charges and liabilities for landfills	128,135	2,000							2,000	1.6%
Current liabilities	*8,940,935*	*1,359,077*	*68,406*	*155*	*47*	*-*	*-*	*113*	*1,427,798*	*16.0%*
Trade payables	4,606,634	634,182	63,038	155	47				697,422	15.1%
Other current liabilities	2,725,805	62,677	5,368					113	68,158	2.5%
Current financial liabilities	1,494,275	662,218							662,218	44.3%

Income statement thousands of euro	Total 12 31 2022	Companies subsidiaries	Companies associated/ related and subsidiaries of associates	Municipality of Milan	Subsidiaries direct and indirect Municipality of Milan	Municipality of Brescia	Subsidiaries direct and indirect Municipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
Revenues	**19,688,338**	**7,959,047**	**64,864**	**2,615**	**-**	**76**	**-**	**-**	**8,026,602**	**40.8%**
Revenues from the sale of goods and services	19,667,225	7,953,957	64,583	2,615		76			8,021,231	40.8%
Other operating income	21,113	5,090	281						5,371	25.4%
Eperating expenses	**19,181,703**	**1,134,351**	**69,313**	**-**	**214**	**-**	**28**	**290**	**1,204,196**	**6.3%**
Expenses for raw materials and services	18,353,989	506,112	2,437		214		28	290	509,081	2.8%
Other operating expenses	827,714	628,239	66,876						695,115	84.0%
Labour costs	**174,892**	**-**	**-**	**-**	**-**	**-**	**-**	**1,766**	**1,766**	**1.0%**
Amortization, depreciation, provisions and write-downs	**162,247**	**7,862**	**-**	**-**	**-**	**-**	**-**	**-**	**7,862**	**4.8%**
Financial balance	**372,262**	**456,793**	**533**	**-**	**-**	**-**	**-**	**-**	**457,326**	**n.s.**
Financial income	469,295	457,184	540						457,724	97.5%
Financial expenses	97,033	391	7						398	0.4%

Section 2 of this file provides complete schedules as required under Consob Resolution no. 17221 of March 12, 2010.

It should be noted that during the year, A2A S.p.A. made grants totalling 4,264 thousand euro to foundations that have been included on a voluntary basis among related parties. Specifically, these involve: Fondazione AEM, Fondazione ASM, Fondazione LGH E.T.S., Comitato Banco dell'Energia Onlus, Fondazione Teatro alla Scala, Fondazione Brescia Musei and Associazione Centro Teatrale Bresciano.

* * *

With regard to the compensation paid to the corporate governance bodies, reference shall be made to the document "Remuneration Report – 2022" available on the website gruppoa2a.it.

3.10

Consob Communication no. DEM/6064293 of July 28, 2006

36) Consob Communication no. DEM/6064293 of July 28, 2006

During the month of February, the sale of three buildings located in Milan was concluded for 50,507 thousand euro. The sale took place for a monetary countervalue of 221,000 thousand euro and generated an impact on the income statement of 155,202 thousand euro before the tax effect, recorded under the item "Result from non-recurring transactions", which also takes into account the recognition of net payables for rights of use in the amount of 15,390 thousand euro.

April saw the completion of the sale of the shareholding in ROMEO GAS S.p.A. after the demerger of the unit in favour of the latter relative to gas distribution referring to ATEM deemed non-strategic by Unareti S.p.A. for a total of 43,045 thousand euro. The sale took place for a monetary countervalue of 73,253 thousand euro and generated an impact on the income statement of 29,709 thousand euro, which was recorded under "Net result from discontinued operations".

A2A S.p.A. recognized as taxes for the year the extraordinary solidarity contribution provided for the year 2023, determined pursuant to Article 1, paragraphs 115-119 of Law no. 197 of December 29, 2022 (Budget Law 2023) in the amount of 99,824 thousand euro.

3.11
Guarantees and commitments with third parties

thousands of euro	12 31 2022	12 31 2021
Guarantees received	305,449	412,033
Guarantees provided	622,798	218,187

Guarantees received

Guarantees received amounted to 305,449 thousand euro (412,033 thousand euro at December 31, 2021) and include 73,026 thousand euro for sureties and security deposits issued by subcontractors to guarantee the proper execution of the work assigned and 232,423 thousand euro for sureties and security deposits received from customers to guarantee the regularity of payments.

Guarantees provided and commitments with third parties

Guarantees provided amounted to 622,798 thousand euro (218,187 thousand euro at December 31, 2021), of which for obligations undertaken in the loan agreements of 730 thousand euro. Said guarantees include bank sureties for 622,618 thousand euro and parent company guarantees for 180 thousand euro.

3.12
Other information

1) Significant events after December 31, 2022

Reference should be made to the specific section of this Report on Operations for a description of subsequent events.

2) Information on treasury shares

A2A S.p.A. does not hold any treasury shares at December 31, 2022.

At December 31, 2022, no treasury shares were held through subsidiaries, finance companies or nominees.

3) Information on non-current assets held for sale and discontinued operations (IFRS 5)

The item "Non-current assets held for sale" as of December 31, 2022 amounted to 37 thousand euro and referred to the portion, yet to be collected, for the sale that took place during the year, of the equity investment in the company Sviluppo Turistico Lago d'Iseo S.p.A., which as of December 31, 2021 had been reclassified to "Non-current assets held for sale".

In February 2022, the sale was finalized of the properties located in Milan in Corso di Porta Vittoria (Signora), Via Gonin and Via Balduccio da Pisa (Orobia), classified in the previous year under "Non-current assets held for sale".

4) Rules on public funding (Compliance with art. 1, paragraphs 125 et seq. of Law 124/17)

Pursuant to art. 1, paragraphs 125 et seq. of Law 124/17, considering that the Group companies have not received "subsidies, grants, advantages, contributions or aid, whether in cash or in kind, not general and with no consideration, remuneration or compensation", this note is negative.

It is understood that other information is (also in line with the principle set out in art. 18 of Law 241/1990) available elsewhere, including the State Aid Register, also under the criterion set out in paragraph 127 of the same art. 1 of Law 124/17, which prescribes to *"avoid the accumulation of irrelevant information"*.

It should also be noted that the companies of the A2A Group operate (for the most part) in regulated sectors. Therefore, some sums are recognized by public bodies, but not as subsidies/contributions, but as recognition of the activities they provide or as forms of compensation for costs incurred to meet specific regulatory obligations and in any case by virtue of a general regime (e.g. energy incentives). Also all these forms of payment have not been indicated: also in compliance with both the literal aspect of the regulations and with the interpretation criteria that the Group companies have identified (see above).

5) Financial risk management

The parent company, A2A S.p.A., provides centralized risk management for Group companies.

The A2A Group operates in the electricity, natural gas and district heating industry and is exposed to various financial risks in performing its activity:
a) commodity risk;
b) interest rate risk;
c) exchange rate risk not related to commodities;
d) liquidity risk;
e) credit risk;
f) equity risk;
g) default and covenant non-compliance risk.

The commodity price risk, related to the volatility of energy commodity prices (gas, electricity, fuel oil, coal, etc.) and prices of environmental securities (EUA/ETS emission rights, green certificates, white certificates, etc.), consists of the possible negative effects that a change in the market price of one or more commodities may have on the cash flows and income prospects of the company, including the exchange rate risk related to the same commodities.

Interest rate risk is the risk of additional financial costs as the result of an unfavourable change in interest rates.

Currency risk not related to commodities is the risk of higher costs or lower revenues because of an unfavourable change in exchange rates between currencies.

Liquidity risk is the risk that financial resources will not be sufficient to meet established financial and business obligations in a timely manner.

Credit risk is the exposure to potential losses deriving from non-performance of commitments by commercial, trading and financial counterparties.

Equity risk is the possibility of incurring losses due to an unfavourable change in the price of shares.

Default and covenant non-compliance risk represent the possibility that loan agreements or bond regulations to which one or more Group companies are party contain provisions allowing the counterparties, banks or bondholders, to ask the debtor for immediate reimbursement of the amounts lent if certain events take place.

Details on the risks to which A2A S.p.A. is exposed are provided below.

a. Commodity risk

a.1) Commodity price risk and exchange rate risk involved in commodity activities

A2A S.p.A. is exposed to price risk, including the related exchange rate risk, on all of the energy commodities that it handles, namely electricity, natural gas, heat, coal, fuel oil, and environmental certificates; the financial performance of production, purchasing and sales activities is affected by the related price fluctuations. These fluctuations act both directly and indirectly, through formulas and indexing in the pricing structure.

To stabilize cash flows and to assure the Group's economic and financial stability, A2A S.p.A. has an Energy Risk Policy that sets out clear guidelines to manage and control the above risks, based on guidance by the Committee of Chief Risk Officers Organizational Independence and Governance Working Group ("CCRO") and the Group on Risk Management of Euroelectric. Reference was also made to the Accords of the Basel Committee on bank supervision and the requirements laid down in international accounting standards on how to recognize the volatility of commodity price and financial derivatives in the Income statement and Balance sheet.

In the A2A Group, assessment of this kind of risk is centralized at the holding company, which has established a Group Risk Management Organizational Unit as part of the Planning, Finance and Control Organizational Unit. This unit has the task to manage and monitor market and commodity risks, to create and evaluate structured products, to propose financial energy risk hedging strategies, and to support senior management in defining the Group's energy risk management policies.

Each year, the Board of Directors of A2A S.p.A. sets the Group's commodity risk limits approving the PaR and VaR proposed (prepared in the Risk Committee) in conjunction with approval of the Budget/Business Plan; Group Risk Management supervises the situation to ensure compliance with these limits and proposes to senior management the hedging strategies designed to bring risk within the set limits, if exceeded.

The activities that are subject to risk management include all of the positions on the physical market for energy products, both purchasing/production and sales, and all of the positions in the energy derivatives market taken by Group companies.

For the purpose of monitoring risks, industrial and trading portfolios have been separated and are managed in different ways. The industrial portfolio consists of the physical and financial contracts directly relating to the Group's industrial operations, namely where the objective is to enhance production capacity also through the wholesaling and retailing of gas, electricity and heat.

The Trading Portfolio comprises all contracts, both physical and financial, entered into to supplement the profits made from the industrial activities, i.e. all contracts that are ancillary though not strictly necessary to the industrial activity.

In order to identify Trading activity, the A2A Group follows the Capital Adequacy Directive and the definition of assets held for trading provided by International Accounting Standard IFRS 9: namely assets held for the purpose of short-term profit taking on market prices or margins, without being for hedging purposes, and designed to create a high-turnover portfolio.

Given that they exist for different purposes, the two portfolios have been segregated and are monitored separately with specific tools and limits. More specifically, the trading portfolio is subject to particular risk control and management procedures as laid down in Deal Life Cycle documents.

Senior management is systematically updated on changes in the Group's commodity risk by the Group Risk Management Unit, which controls the Group's net exposure. This is calculated centrally on the entire asset and contract portfolio and monitors the overall level of economic risk assumed by the industrial and trading portfolios (Profit at Risk - PaR, Value at Risk - VaR, Stop Loss).

a.2) Commodity derivatives, analysis of transactions

Derivatives of the Industrial Portfolio considered hedges

The hedging of price risk by means of derivatives focuses on protecting against the volatility of energy prices on the power exchange (IPEX-EEX), stabilizing electricity price margins on the wholesale market with particular attention being paid to fixed price energy sales and purchases and stabilizing price differences deriving from various indexing mechanisms for the pricing of gas and electricity. To that end, hedging contracts were executed during the year on electricity purchase and sale agreements and on contracts to hedge the fee for the use of electricity transport capacity between the areas of the IPEX market (CCC contracts); hedging contracts were also concluded for the purchase and sale of gas so as to protect sales margins and at the same time keep the risk profile to within the limits set by the Group's Energy Risk Policy.

As part of the optimization of the portfolio of greenhouse gas emission allowances (see Directive 2003/87/EC), A2A S.p.A. has stipulated Future contracts on the ICE ECX (European Climate Exchange) price. These are considered hedging transactions from an accounting point of view in the event of demonstrable surplus/deficit quotas.

The fair value at December 31, 2022 was 32,387 thousand euro (60,114 thousand euro at December 31, 2021).

Derivatives of the Industrial Portfolio not considered hedges

Again with a view to optimising the Industrial Portfolio, A2A S.p.A. entered into Future contracts on the ICE ECX (European Climate Exchange) stock exchange price. These do not qualify as hedging transactions from an accounting point of view as they fail to meet the requirement set out in the accounting standards.

The fair value at December 31, 2022 was 220 thousand euro (252 thousand euro at December 31, 2021).

Derivatives of the Trading Portfolio

As part of its trading activity, A2A S.p.A. has taken out Future contracts on major European energy stock exchanges (EEX, ICE) and forward contracts on the price of electricity with delivery in Italy and neighboring countries such as France, Germany and Switzerland. A2A S.p.A. has also stipulated Future contracts on the ICE ECX (European Climate Exchange) stock exchange price. Also as part of trading activities, both Future and Forward contracts were also stipulated for the market price of gas (ICE-Endex CEGH, PEGAS).

The fair value at December 31, 2022 was 268,140 thousand euro (-31,562 thousand euro at December 31, 2021).

a.3) Energy Derivatives, risk assessment of Industrial Portfolio derivatives

PaR[1] (Profit at Risk) is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by A2A S.p.A. that are attributable to the industrial portfolio. It is the change in the value of a financial instruments portfolio within set probability assumptions as the result of a shift in the market indices. The PaR is calculated using the Montecarlo Method (at least 10,000 trials) and a 99% confidence level. It simulates scenarios for each relevant price driver depending on the volatility and correlations associated with each one, using as the central level the forward market curves at the balance sheet date, if available. By means of this method, after having obtained a distribution of probability associated with changes in the result of outstanding financial contracts, it is possible to extrapolate the maximum change expected over a time horizon given by the accounting period at a set level of probability. Based on this methodology, over the time horizon of the accounting period and in the event of extreme market movements and at a 99% confidence level, the expected maximum negative change in financial derivatives outstanding at December 31, 2022 was 192,226 thousand euro (310,036 thousand euro at December 31, 2021).

The following are the results of the simulation with the related maximum variances:

thousands of euro	12 31 2022		12 31 2021	
Profit at Risk (PaR)	Worst case	Best case	Worst case	Best case
Confidence level 99%	**(192,226)**	**299,227**	**(310,036)**	**468,517**

This means that with a 99% probability, A2A S.p.A. expects not to have changes in fair value exceeding 192,226 thousand euro in the fair value of its entire portfolio of financial instruments at December 31, 2022 due to commodity price fluctuations in the 12 months following. If there are any negative changes in the fair value of hedge derivatives, these would be compensated by changes in the underlying physical.

1 Profit at Risk: statistical measurement of the maximum potential negative deviation of the margin of an asset portfolio in case of unfavourable market changes over a given time horizon and with a defined confidence interval.

a.4) Energy Derivatives, risk assessment of Trading Portfolio derivatives

VaR[2] (Value at Risk) is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by A2A S.p.A. that are attributable to the trading portfolio. It is the negative change in the value of a financial instruments portfolio within set probability assumptions as the result of an unfavourable shift in the market indices. VaR is calculated using the RiskMetrics method with a holding period of 3 days and a confidence level of 99%. Alternative methods are used for contracts where it is not possible to perform a daily estimate of VaR such as stress test analysis.

Under this method, in the case of extreme market movements, with a confidence level of 99% and a holding period of 3 days, the maximum estimated loss on the derivatives in question was 2,948 thousand euro at December 31, 2022 (1,673 thousand euro at December 31, 2021).

In order to ensure closer monitoring of activities, VaR and Stop Loss (the sum of VaR, P&L Realized and P&L Unrealized) limits are also set.

The following are the results of the assessments:

thousands of euro	12 31 2022		12 31 2021	
Value at Risk (VaR)	VaR	Stop Loss	VaR	Stop Loss
Confidence level 99%, holding period 3 days	**(2,948)**	**(2,948)**	**(1,673)**	**(1,673)**

b. Interest rate risk

The Group is exposed to the risk that changes in the interest rate curve result in changes in economic results, cash flows and the value of assets and liabilities measured at fair value. The volatility of financial expenses associated to the performance of interest rates is monitored and mitigated through a policy of interest rate risk management aimed at identifying a balanced mix of fixed-rate and floating rate loans and the use of derivatives that limit the effects of fluctuations in interest rates.

The book value of bank borrowings and other financing may be analyzed as follows at December 31, 2022:

millions of euro	12 31 2022			12 31 2021		
	No derivatives	With derivatives	% with derivatives	No derivatives	With derivatives	% with derivatives
Fixed rate	4,849	4,969	78%	3,603	3,750	79%
Variable rate	1,559	1,439	22%	1,144	997	21%
Total	**6,408**	**6,408**	**100%**	**4,747**	**4,747**	**100%**

At December 31, 2022, the following are the hedging instruments for interest rate risk:

millions of euro		12 31 2022		12 31 2021	
Hedging instrument	Hedged asset	Fair value	Notional	Fair value	Notional
Collar	Floating rate loan	(0.1)	19.0	(1.6)	38.1
Total		**(0.1)**	**19.0**	**(1.6)**	**38.1**

2 Value at Risk: statistical measurement of the maximum potential drop in the fair value of an asset portfolio in the event of unfavourable movements in the market with a given time horizon and confidence level.

With reference to the accounting treatment, hedging derivatives for interest rate risk can be classified as follows:

millions of euro									
Accounting treatment	Type of derivatives	Financial assets				Financial liabilities			
		Notional at:		Fair value at:		Notional at:		Fair value at:	
		12 31 2022	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
Cash flow hedge	Collar	-	-	-	-	19.0	38.1	(0.1)	(1.6)
Total		**-**	**-**	**-**	**-**	**19.0**	**38.1**	**(0.1)**	**(1.6)**

The table below shows the technical characteristics and accounting treatment of derivatives existing at December 31, 2022:

Hedged loan	Derivative	Accounting
A2A S.p.A. loan with BEI: expiring in November 2023, residual balance at December 31, 2022 amounting to 19.0 million euro, at variable rate.	Collar to fully cover the loan and the same maturity, with a floor on Euribor rate 2.99% and 4.65% cap. At December 31, 2022, the fair value was negative for 0.1 million euro.	The loan is measured at amortized cost. The collar is a cash flow hedge, with 100% recognized in a specific equity reserve.

A2A performs sensitivity analysis by estimating the effects on the value of financial statement items relating to the portfolio of financial instruments deriving from changes in the level of interest rates.

In particular, the sensitivity analysis measures the potential impact on the Income Statement and shareholders' equity of different market scenarios that would determine the change in fair value of derivative financial instruments and the change in financial expenses related to the portion of gross debt not hedged.

These market scenarios are obtained by shifting the reference interest rate curve at the reporting date up and down in parallel.

Keeping all other variables constant, the pre-tax result is impacted by changes in the level of interest rates as follows:

millions of euro	Effect on the Income statement (before tax)		Effect on Equity (before tax)	
	-50 bps	+50 bps	-50 bps	+50 bps
Change in financial expenses on gross variable-rate debt after hedging	3.2	(5.1)	-	-
Change in fair value of derivative financial instruments classified as non-hedge	-	-	-	-
Change in fair value of derivative financial instruments classified as hedge (excluding BCVA as per IFRS 13):				
Cash flow hedge	-	-	-	-
Fair value hedge	-	-	-	-

c. Exchange rate risk not related to commodities

The Group is exposed to the risk that changes in exchange rates with respect to the currency of account may lead to changes in its results of operations and cash flows. In relation to exchange rate risk other than that included in the price of commodities, the hedging instrument at December 31, 2022 is as follows:

millions of euro		12 31 2022		12 31 2021	
Hedging instrument	Hedged asset	Fair value	Notional	Fair value	Notional
Cross Currency IRS	Fixed rate loan in foreign currency	7.2	98.0	(9.0)	98.0
Total		**7.2**	**98.0**	**(9.0)**	**98.0**

The accounting treatment of the derivative indicated above is as follows:

millions of euro									
Accounting treatment	Type of derivatives	Financial assets				Financial liabilities			
		Notional at:		Fair value at:		Notional at:		Fair value at:	
		12 31 2022	12 31 2021	12 31 2022	12 31 2021	12 31 2022	12 31 2021	12 31 2022	12 31 2021
Cash flow hedge	CCIRS	-	-	-	-	98.0	98.0	7.2	(9.0)
Total		**-**	**-**	**-**	**-**	**98.0**	**98.0**	**7.2**	**(9.0)**

In particular, the underlying of the Cross Currency IRS derivative refers to the bond at fixed rate of 14 billion yen with maturity 2036 bullet issued in 2006.

A cross currency swap contract was stipulated for the entire duration of this loan, which converts the principal and interest payments from yen into euro.

At December 31, 2022, the fair value of the hedge was positive for 7.2 million euro.

The fair value and, as a consequence, the effect on equity, would improve by 14.3 million euro in the event of a 10% increase in the forward curve of the euro/yen exchange rate with an appreciation of the yen, while it would worsen by 4.4 million euro in the event of a 10% drop in the forward curve of the euro/yen exchange rate with a depreciation of the yen.

This sensitivity analysis was performed with the aim of calculating the effect of changes in the forward curve of the euro/yen exchange rate on the fair value ignoring any impact on the adjustment due to the bCVA.

d. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations in a timely manner or that it is able to do so under unfavourable economic conditions due to situations of tension or systemic crisis or to the changed perception of its riskiness by the market. This risk includes: i) the risk related to the company's inability to raise new funds (Funding Risk) and, ii) the risk related to the company's inability to liquidate assets on the market in a timely manner and at market conditions (Liquidity Market Risk).

One of the main factors influencing the market's perceived riskiness is the creditworthiness of A2A assigned by rating agencies. This judgement plays a very important role because it influences the ability of A2A to access sources of financing as well as the related costs. A deterioration in creditworthiness could lead to a limitation of access to the capital market and/or financing costs with a negative impact on the economic, financial and equity situation. A2A has a medium- and long-term rating of BBB (negative outlook) with S&P and Baa2 (negative outlook) with Moody's.

The profile of the gross debt maturities of A2A for loans from banks and other lenders is summarized as follows:

millions of euro	Accounting balance 12 31 2022	Portions maturing within 12 months	Portions maturing beyond 12 months	Portions maturing by				
				12 31 2024	12 31 2025	12 31 2026	12 31 2027	After
Bonds	4,950	338	4,612	300	299	596	297	3,120
Loans	1,458	483	975	219	75	61	358	262
Total	**6,408**	**821**	**5,587**	**519**	**374**	**657**	**655**	**3,382**

The risk management policy is realized through (i) a debt management strategy diversified by funding sources and maturities, and (ii) maintenance of financial resources sufficient to meet scheduled and unexpected commitments over a given time horizon.

At December 31, 2022, the company had a total of 3,999 million euro, as follows: (i) committed revolving credit lines for 1,660 million euro, of which: a) 600 million euro maturing in 2023, b) 560 million euro maturing in 2025 and c) 500 million euro maturing in 2026, not used; (ii) cash and cash equivalents totalling 2,339 million euro.

A2A also maintains a Bond Issue Program (Euro Medium Term Note Programme) of 6 billion euro, of which 1,150 million euro available at December 31, 2022.

Over the years, A2A has embarked on a path of issues with ESG characteristics, in the form of Green Bonds and Sustainability-Linked Bonds. For A2A, the failure to meet certain sustainability KPI (ESG) targets may lead to an increase in the financing costs of the debt instruments to which these KPIs are linked. Similarly, failure to realize investments financed with Green Bonds may result in a risk of lack of access to certain sources of financing.

The following table analyses the worst case for financial liabilities (including trade payables) in which all of the flows shown are undiscounted future nominal cash flows determined on the basis of residual contractual maturities for both principal and interest; they also include the undiscounted nominal flows of derivative contracts on interest rates.

12 31 2022 millions of euro	1- 3 MONTHS	4- 12 MONTHS	BEYOND 12 MONTHS
Bonds	19	379	5,165
Payables and other financial liabilities	55	1,122	1,110
Total financial flows	**74**	**1,501**	**6,275**
Payables to suppliers	483	11	2
Total trade payables	**483**	**11**	**2**

12 31 2021 millions of euro	1- 3 MONTHS	4- 12 MONTHS	BEYOND 12 MONTHS
Bonds	530	35	3,474
Payables and other financial liabilities	1	80	989
Total financial flows	**531**	**115**	**4,463**
Payables to suppliers	172	12	4
Total trade payables	**172**	**12**	**4**

e. Credit risk

Credit risk relates to the possibility that a counterparty may be in default, or fail to respect its commitment in the manner and timing provided by contract. This type of risk is managed by the Group through specific procedures (Credit Policy, Energy Risk Management procedure) and appropriate mitigation actions.

This risk is overseen by both the Credit Management function allocated centrally (and the corresponding functions of the operating companies) and the Group Risk Management Organizational Unit responsible for supporting the Group companies. Risk mitigation is through the prior assessment of the creditworthiness of the counterparty and the constant verification of compliance with exposure limit as well as through the request for adequate guarantees.

The credit terms granted to customers as a whole have a variety of deadlines, in accordance with applicable law and market practice. In cases of delayed payment, default interest is charged as explicitly prescribed by the underlying supply contracts or by current law (application of the default rate as per Legislative Decree 231/2002).

Trade receivables are recognized on the balance sheet net of any write-downs. It is felt that the amount shown provides and accurate representation of the fair value of the trade receivables portfolio.

For the aging of trade receivables, reference is made to note 7) Trade receivables.

f. Equity risk

A2A S.p.A. was not exposed to equity risk at December 31, 2022. In particular, it should be noted that A2A S.p.A. did not hold any treasury shares at December 31, 2022.

As prescribed by IAS/IFRS, treasury shares do not constitute an equity risk as their purchase cost is deducted from equity, and even if they are sold any gain or loss on the purchase cost does not have any effect on Income statement.

g. Covenants non-compliance risk

Bonds, loans, leases and committed revolving bank lines present terms and conditions in line with market practice for each type of instrument. In particular, they envisage: (i) negative pledge clauses as a result of which the parent company undertakes not to constitute collateral on its assets and those of its relevant subsidiaries (as defined from time to time in the related documentation), with the provision of some exceptions and a threshold maximum permitted specifically identified; (ii) cross default/acceleration clauses that entail the obligation of immediate repayment of bonds and loans in the event of serious defaults; (iii) clauses that provide for the obligation of immediate repayment of bonds and loans in the event of insolvency or other insolvency proceedings of the parent company or its relevant subsidiaries.

The bonds include (i) senior unsecured bonds for a nominal amount of 4,850 million euro (book value at December 31, 2022 equal to 4,848 million euro) issued as part of the EMTN Programme, which provide to investors a Change of Control Put option in the event of a change of control of the parent company resulting in a consequent downgrade of the rating to sub-investment grade level in the following 180 days (if within these 180 days, the company's rating returns to investment grade, the option may not be exercised); (ii) a bond in yen placed privately with a maturity in 2036 for a nominal amount of 98 million euro (book value at December 31, 2022 equal to 101 million euro), which provides to the investor a Put option in the event that the rating of the parent company is lower at BBB- or equivalent level (sub-investment grade).

The loans stipulated with the European Investment Bank (EIB), for a total nominal debt of 605 million euro and a book value of 606 million euro, of which 262 million have a maturity of more than five years, include (i) a credit rating clause (if rated lower than BBB- or equivalent sub-investment grade) that provides for the obligation of A2A to inform EIB in the event of a rating downgrade and, in such circumstance, the right of EIB to request additional guarantees from A2A and, where such guarantees are not provided or are not satisfactory to EIB, the right to request early repayment of the loan, and ii) a change of control clause of the parent company, with the right for the bank to invoke, subject to notice to the company containing the reasons, early repayment of the loan.

The committed revolving bank lines of A2A, for a total of 1,660 million euro, provide a Change of Control clause which, in the event of a change of control of the parent company causing a Material Adverse Effect, allows the majority of banks lending the line to request the line to be extinguished and any amounts drawn down to be repaid.

As at 31 December 2022, there was no non-compliance with the above-mentioned covenants by A2A or its relevant subsidiaries.

Analysis of forward transactions and derivatives

Tests were performed to determine whether these transactions qualify for hedge accounting in accordance with International Accounting Standard IFRS 9. In particular:

1) transactions qualifying for hedge accounting under IFRS 9: can be analyzed between transactions to hedge cash flows (cash flow hedges) and transactions to hedge fair value of assets and liabilities (fair value hedges). For the cash flow hedges, the accrued result is included in gross operating margin when realized on commodity derivatives and in the financial balance for interest rate and currency derivatives, whereas the future value is shown in equity. For fair value hedge transactions, the impacts in the Income Statement are recorded within the same line of the financial statements.
2) transactions not considered as hedges for the purposes of IFRS 9, can be:
    a. margin hedges: for all hedging transactions of cash flows or the market value in line with internal risk policies, the accrued result and future value are included in gross operating margin for commodity derivatives and in the financial balance for interest rate and currency derivatives;
    b. trading transactions: the accrued result and future value are recognized above gross operating margin for commodities transactions and in financial income and expense for interest rate and currency transactions.

The use of derivatives in the A2A Group is governed by a coordinated set of procedures (Energy Risk Policy, Deal Life Cycle) which are based on industry best practices and designed to limit the risk of the Group being exposed to commodity price fluctuations, based on a cash flow hedging strategy.

The derivatives are measured at fair value based on the forward market curve at the balance sheet date, if the asset underlying the derivative is traded on markets with a forward pricing structure. In the absence of a forward market curve, fair value is measured on the basis of internal estimates using models that refer to industry best practices.

A2A S.p.A. uses "continuous-time" discounting to measure fair value. As a discount factor, it uses the interest rate for risk-free assets, identified in the Euro Overnight Index Average (EONIA) rate and represented in its forward structure by the Overnight Index Swap (OIS) curve. The fair value of the cash flow hedges has been classified on the basis of the underlying derivative contracts in accordance with IFRS 9.

In compliance with the provisions of IFRS 13, the fair value of an over-the-counter (OTC) financial instrument is determined taking into account the non-performance risk. To quantify the fair value adjustment attributable to this risk, A2A S.p.A. has, in line with best market practices, developed a proprietary model called the "bilateral Credit Value Adjustment" (bCVA), which takes into account changes in the creditworthiness of the counterpart as well as the changes in its own creditworthiness.

The bCVA has two addends, calculated by considering the possibility that both counterparties go bankrupt, known as the Credit Value Adjustment (CVA) and the Debit Value Adjustment (DVA):

- the CVA is a negative component and contemplates the probability that a counterparty defaults and, at the same time, A2A S.p.A. has a claim against the counterparty;
- the DVA is a positive component and contemplates the probability that A2A S.p.A. defaults and, at the same time, a counterparty has a claim against A2A S.p.A..

The bCVA is therefore calculated with reference to the exposure, measured on the basis of the market value of the derivative at the time of the default, the probability of default (PD) and the loss given default (LGD). This latter item, which represents the non- recoverable portion of the receivable in the case of default, is measured on the basis of the IRB Foundation Methodology as stated in the Basel 2 accords, whereas the PD is measured on the basis of the rating of the counterparties (Internal Rating Based where not available) and the historic probability of default associated with this and published annually by Standard & Poor's.

Applying the above method did not result in significant changes in fair value measurements.

Instruments Outstanding at December 31, 2022

A) On interest and exchange rates

The following analyses show the outstanding amounts of derivative contracts stipulated and not expired at the balance sheet date, by maturity.

thousands of euro	Notional value (a)						Balance sheet value (b)	Progressive effect to Income statement (c)
	Due within 1 year		Due in 1 to 5 years		Due over 5 years			
	to be received	to be paid	to be received	to be paid	to be received	to be paid		
Interest rate risk management								
cash flow hedges as per IFRS 9		19,048					(59)	
not considered hedges as per IFRS 9								
Total derivatives on interest rates	**-**	**19,048**	**-**	**-**	**-**	**-**	**(59)**	**-**
Exchange rate risk management								
considered hedges as per IFRS 9								
- on commercial transactions								
- on non-commercial transactions						98,000	7,168	
not considered hedges as per IFRS 9								
- on commercial transactions								
- on non-commercial transactions								
Total derivatives on exchange rates	**-**	**-**	**-**	**-**	**-**	**98,000**	**7,168**	**-**

(a) Represents the sum of the notional value of the elementary contracts that derive from any dismantling of complex contracts.
(b) Represents the net receivable (+) or payable (-) recognized in the balance sheet following the measurement of derivatives at fair value.
(c) Represents the adjustment of derivatives to fair value recognized progressively over time in the income statement from the stipulation of the contract to the present day.

B) On commodities

The following is an analysis of the commodity derivative contracts outstanding at the balance sheet date set up for the purpose of managing the risk of the fluctuations in the market prices of commodities.

		Volume by Maturity			Notional Value	Fair value	
		Due within 1 year	Due within two years	Due within five years		**Balance sheet Value (*)**	**Progressive effect to Income statement (**)**
Energy product price risk management	Unit of measurement	Quantity			Thousands of euro	Thousands of euro	Thousands of euro
A. Cash flow hedges as per IFRS 9, including:						**32,386.9**	**-**
- Electricity	TWh	0.6	0.2	0.1	126,609.3	48,153.3	
- Oil	Bbl						
- Coal	Tonnes	70,000			15,692.0	(3,073.2)	
- Natural Gas	TWh	0.4	0.2	0.0	58,258.7	(11,642.6)	
- Natural Gas	Millions of cubic metres						
- Natural Gas	Degrees day						
- Exchange rate	Millions of dollars						
- Emission rights	Tonnes	535,000	452,000		84,457.6	(1,050.6)	
B. considered fair value hedges as per IFRS 9						**-**	**-**
C. not considered hedges as per IFRS 9 of which						**268,359.4**	**299,669.2**
C.1 hedge margin						**219.8**	**(32.0)**
- Electricity	TWh						
- Oil	Bbl						
- Natural Gas	TWh						
- Natural Gas	Millions of cubic metres						
- CO2 emission rights	Tonnes	120,000			10,779.8	219.8	(32.0)
- Exchange rate	Millions of dollars						
C.2 trading transactions						**268,139.6**	**299,701.2**
- Electricity	TWh	13.5	3.9	0.2	4,034,451.3	90,433.5	92,029.2
- Natural Gas	TWh	86.1	13.3	0.4	9,239,811.2	177,376.9	206,972.6
- CO2 emission rights	Tonnes	1,161,000	252,000		118,198.1	329.2	699.4
- Environmental Certificates	MWh						
- Environmental Certificates	Tep						
Total						**300,746.3**	**299,669.2**

(*) Represents the net receivable (+) or payable (-) recognized in the balance sheet following the measurement of derivatives at fair value.
(**) Represents the adjustment of derivatives to fair value recognized over time in the Income Statement from stipulation of the contract to the present date.

C) On investments

At December 31, 2022, there are no derivatives on shareholdings like in the previous year.

Financial and operating effects for derivative transactions in 2022

Effects on the balance sheet

The following table shows the balance sheet figures at December 31, 2022, for derivative transactions.

thousands of euro	Notes	Total
Assets		
Non-current assets		**7,168**
Other non-current assets - Derivatives	5	7,168
Current assets		**2,861,586**
Other current assets - Derivatives	8	2,861,586
Total assets		**2,868,754**
Liabilities		
Non-current liabilities		**59**
Other non-current liabilities - Derivatives	19	59
Current liabilities		**2,560,840**
Trade payables and other current liabilities - Derivatives	20	2,560,840
Total liabilities		**2,560,899**

Effect on the income statement

The following table sets out the income statement figures at December 31, 2022 arising from the management of derivatives.

thousands of euro	Notes	Realised during the year	Change in fair value during the year	Amounts recognized in the Income statement
Revenues	24			
Revenues from the sale of goods				
Energy product price risk management and exchange rate risk management on commodities				
- considered hedges as per IFRS 9		782,048	-	782,048
- not considered hedges as per IFRS 9		916,477	3,718,247	4,634,724
Total revenues from the sale of goods		**1,698,525**	**3,718,247**	**5,416,772**
Operating expenses	25			
Expenses for raw materials and services				
Energy product price risk management and exchange rate risk management on commodities				
- considered hedges as per IFRS 9		(122,618)	-	(122,618)
- not considered hedges as per IFRS 9		(958,356)	(3,418,578)	(4,376,934)
Total costs for raw materials and services		**(1,080,974)**	**(3,418,578)**	**(4,499,552)**
Total recognized in Gross operating income (*)		**617,551**	**299,669**	**917,220**
Financial balance	31			
Financial income				
Interest rate risk management and equity risk management				
Income on derivatives				
- considered hedges as per IFRS 9		-	-	-
- not considered hedges as per IFRS 9		-	-	-
Total		**-**	**-**	**-**
Total Financial income		**-**	**-**	**-**
Financial expenses				
Interest rate risk management and equity risk management				
Expenses on derivatives				
- considered hedges as per IFRS 9		(1,119)	-	(1,119)
- not considered hedges as per IFRS 9		-	-	-
Total		**(1,119)**	**-**	**(1,119)**
Total Financial expenses		**(1,119)**	**-**	**(1,119)**
Total recognized in financial balance		**(1,119)**	**-**	**(1,119)**

(*) The figures do not include the effect of the net presentation of the negotiation margin of trading activities

Classes of financial instruments

To complete the analyses required by IFRS 7 and IFRS 13, the following table sets out the various types of financial instrument that are to be found in the various balance sheet items, with an indication of the accounting policies used and, in the case of financial instruments measured at fair value, an indication of where changes are recognized (Income statement or equity). The last column of the table shows the fair value of the instrument at December 31, 2021, where applicable.

		Criteria to measure the reported amount of financial instruments					
thousands of euro	Notes	Financial instruments measured at fair value with changes recognized in:			Financial instruments measured at amortized cost	Amount as stated in the consolidated balance sheet	Fair value
		Income statement	Equity				
		(1)	(2)	(3)	(4)		
Assets							
Other non-current financial assets							
Financial assets measured at fair value of which:							
-unlisted		5,157				5,157	n.a.
-listed						-	-
Financial assets held to maturity					96	96	96
Other non-current financial assets					1,356,163	1,356,163	1,356,163
Total other non-current financial assets	3					**1,361,416**	
Other non-current assets	5		7,168		22,893	30,061	30,061
Trade receivables	7				3,654,978	3,654,978	3,654,978
Other current assets	8	2,801,486	60,100		117,626	2,979,212	2,979,212
Current financial assets	9				3,265,954	3,265,954	3,265,954
Cash and cash equivalents	11				2,338,465	2,338,465	2,338,465
Liabilities							
Financial liabilities							
Non-current and current bonds	16 and 21		99,198		4,512,352	4,611,550	4,611,550
Other non-current and current financial liabilities	16 and 21				2,531,122	2,531,122	2,531,122
Other non-current liabilities	19		59		3,455	3,514	3,514
Trade payables	20				4,606,634	4,606,634	4,606,634
Other current liabilities	20	2,533,127	27,713		164,965	2,725,805	2,725,805

(*) The fair value has not been calculated for receivables and payables not related to derivative contracts and loans as the corresponding carrying amount is a good approximation to this.
(1) Financial assets and liabilities measured at fair value with the changes in fair value recognized in the Income Statement
(2) Cash flow hedges
(3) Financial assets available for sale measured at fair value with profit/loss recognized in equity
(4) Loans and receivables and financial liabilities measured at amortized cost

Fair value hierarchy

IFRS 7 and IFRS 13 require that fair value classification of financial instruments to be based on the quality of the input source used to calculate the fair value.

In particular, IFRS 7 and IFRS 13 set out three levels of fair value:

- level 1: this level consists of financial assets and liabilities for which fair value is based on (unadjusted) prices for identical assets or liabilities quoted on active official or over-the-counter markets;
- level 2: this level consists of financial assets and liabilities for which fair value is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;
- level 3: this level consists of financial assets and liabilities for which fair value is based on unobservable market data. This level includes instruments measured on the basis of internal estimates made using proprietary methods based on best sector practice.

An analysis of the assets and liabilities included in the three fair value levels is set out in the following "fair value hierarchy" table.

thousands of euro	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value	3		888	4,269	5,157
Other non-current assets	5		7,168		7,168
Other current assets	8	2,861,586			2,861,586
Total assets		**2,861,586**	**8,056**	**4,269**	**2,873,911**
Non-current financial liabilities	16	99,198			99,198
Other non-current liabilities	19		59		59
Other current liabilities	20	2,538,291	11,142	11,407	2,560,840
Total liabilities		**2,637,489**	**11,201**	**11,407**	**2,660,097**

6) Main regulatory provisions regarding concessions and agreements in the sectors of activity in which the company operates

Large hydroelectric derivation concessions

The national discipline on large derivation hydroelectric concessions (i.e. plants with a nominal power greater than or equal to 3 MW) was originally dictated by R.D. december 11, 1933, no. 1775, which was based on the issuance of concessions by the State on a long-term basis. This regulatory framework was subsequently superseded first by electricity sector nationalization Law no. 1643/1962, which resulted in Enel taking over the majority[3] of hydroelectric concessions with the relative recognition of an unlimited duration, and then by the liberalization of the market as a result of Legislative Decree no. 79/1999 (implementing Directive 96/92/EC), which introduced with art. 12 (and subsequent amendments) the principles of:

- the temporariness of the concessions, establishing a validity period (2029) for concessions without expiration because they are owned by Enel and assigning the term of December 31, 2010 for concessions that have already expired or are expiring by that date;
- contestability of concessions in the event of expiration, forfeiture or renunciation, providing, no later than 5 years before the expiration, the call for tenders by the competent administration (i.e. the Region) for the allocation of the same for consideration.

Pending the reallocation of concessions, Legislative Decree 79/1999 (article 12, paragraph 8bis) provides that the outgoing concession holder is to continue to operate the concession under the same conditions as those laid down in the regulations and specifications in force. In this stalemate, some Regions have enacted laws aimed at regulating the “temporary continuation of operations” for expired concessions, also providing for the imposition of an additional fee.

Article 11-quater of Law no. 12/2019 has, in part, further amended the rules governing large derivation hydroelectric concessions. The new rules provide that the Regions regulate with their own laws the methods, procedures and criteria for the allocation of concessions, which may be entrusted to economic operators identified through a tender, or to public/private joint ventures with selection of the private partner through a tender, or through forms of partnership under Legislative Decree 50/2016. Article 7 of Law no. 118 of August 5, 2022 (Annual Law for the Market and Competition 2021) established that the procedure for awarding the contract must be started within 2 years of the entry into force of the individual Regional Laws and, in any case, no later than December 31, 2023.

The duration of the new concessions will be between 20 and 40 years, with the possibility of extending the maximum period by a further 10 years depending on the complexity of the project proposal and the amount of investment.

The new rule provides that a specific regional measure (after consulting ARERA) will define:

- a State fee to be paid on a six-monthly basis to the Regions, comprising a fixed component linked to the average nominal power of the concession and a variable calculated as a percentage of normalized revenues;
- the possible obligation for the concessionaires to supply annually and free of charge 220 kWh per kW of concession power for at least 50% destined to public services of the provincial territories involved in the derivation.

Concessions that have expired or are due to expire before December 31, 2024 may be exercised in temporary continuation for no longer than three years from the date of entry into force of the Annual Law for the Market and Competition 2021 (i.e. until August 27, 2025), subject to payment of an additional fee.

In terms of compensation to outgoing operators, the rule prescribes:

- for “wet works”: the transfer without compensation of ownership to the Regions, except for the compensation only of investments not yet amortized;
- for “dry works”: the recognition of a residual value derived from accounting records or certified appraisal. In the event of non-inclusion in the project of the incoming concessionaire, removal and disposal of movable property is envisaged at the expense of the proposer, while immovable property remains the property of the entitled parties.

In compliance with the provisions of the legislative framework and in line with the provisions of ARERA Resolution 490/2019/I/eel (“Guidelines for the issue of non-binding opinions on draft regional laws on state fees”[4]), the Lombardy Region, with article 31 of R.L. 23/2019 di Assestamento al Bilancio (Budget Reconciliation) 2020-22, has defined, starting from 2020, the obligation to supply free energy to the Region by all holders of concessions of large derivation (220 kWh for each kW of concession power), whether they are exercised before or after expiry, providing both the physical delivery and its monetization (even in full) to be calculated on the basis of an average hourly zonal price weighted on the quantity of electricity fed into the grid by the plant.

In April 2020, the Lombardy Region approved Regional Law no. 5/2020 (amended with Regional Law no. 19/2021), which regulates the procedures for assigning concessions for large hydroelectric derivations and determines the state fee based on the new two-

3 With the exception of derivations in the ownership of self-producers, municipal companies and local authorities.

4 The variable component of the fee should be equal to a percentage, in any case defined by the Regions, of the sum of the products between the hourly quantity of electricity fed into the grid and the corresponding hourly zonal price recorded on the Day-Ahead Market (MGP), while the fixed component should derive from environmental and/or water-use-related assessments that are outside the Authority’s competence.

component structure[5], in addition to the additional fee payable by the outgoing concessionaire for the temporary continuation of expired concessions until the award procedures are completed (and, in any case, no later than July 31, 2024), determined on a reconnaissance basis at 20 €/kW. The Law also defines the criteria for the acquisition of assets pertaining to the concession (see "dry works" and "wet works") by the Region and thereconnaissance activity aimed at the subsequent putting out to tender.

The large-scale derivation hydroelectric concessions held by A2A S.p.A. located in Valtellina (with a nominal concession capacity of about 215 MW) have for the most part expired: the Lombardy Region with Regional Council Resolution (D.G.R.) no. X/7717 of December 28, 2022 allowed the temporary continuation of the year until December 31, 2023, confirming the payment of an additional fee and the non-application of the partial exemption from the state fee on the Premadio 1, Grosio, Lovero and Stazzona plants. Other A2A S.p.A. concessions (plants in Mese, Udine and Calabria with a total nominal concession capacity of about 345 MW), originally owned by Enel, expire in 2029.

5 With reference to the fixed component, Council Resolution no. XI/6142 of March 21, 2022 updated the 2021 tariff of 35 euro/kW following the application of the annual variation of the ISTAT index on the industrial price for the production, transport and distribution of electricity, setting it at 46.13 euro/kW for 2022.

7) Update of the main legal and tax disputes still pending

Adequate provisions are provided where necessary for the disputes and litigation described below. It is noted that if there is no explicit reference to the presence of a provision, the company assessed the corresponding risk as possible without appropriating provisions in the financial statements.

It should be noted that certain disputes illustrated in previous financial statements and still pending are not further reported due to the absence of updates or the cessation of the previous risk situation.

Reorganization of Edison - compensation cases

Carlo Tassara: first lawsuit for damages against EDF and A2A S.p.A.

On March 24, 2015, Carlo Tassara S.p.A. notified A2A, Electricité de France (EDF) and Edison a summons requesting the Court of Milan to condemn A2A and EDF to compensation for damages allegedly suffered by Carlo Tassara, in its capacity as minority shareholder of Edison, in relation to the mandatory tender offer launched by EDF on Edison shares consequently to the transaction by which, in 2012, A2A sold its indirect shareholding in Edison to EDF and simultaneously acquired 70% of the capital of Edipower from Edison and Alpiq.

In the summons notified, Carlo Tassara complained that, in the transaction, EDF and A2A agreed on a mutual "discount" on the price paid by EDF for the purchase of Edison shares, on the one hand, and on the price paid by A2A for the purchase of 70% of Edipower, on the other. This discount was expected to be the result of abusive conduct by EDF and A2A as shareholders of Edison and the violation, among other things, of the regulations on transactions with related parties. This - according to Carlo Tassara - was expected to allow maintaining artificially low the price of the Edison shares paid to A2A and consequently the tender offer price paid to minorities of Edison (which by law was expected to be equal to that paid to A2A).

The writ of summons did not quantify the damage allegedly suffered by Carlo Tassara as a result of such transactions. However, with brief on February 20, 2017, Carlo Tassara requested the judge (who rejected the preliminary request) to have an expert witness to calculate the damages (specifying that they should have been quantified in the alleged difference between the tender offer price and the market value that the Edison shares had previously). Carlo Tassara also filed an appraisal in which such damages were quantified in a total amount between 197 and 232 million euro, amount to calculate the compensation due from each of the companies that will be considered responsible by the judge.

After several postponements justified also by modifications of the judge, on October 17, 2018, the judge rejected the requests for investigation of the plaintiffs, setting March 19, 2019 as the hearing for clarification of conclusions.

On September 8, 2021, the Milan Business Court filed Sentence 7859 rejecting all of the claims made by Carlo Tassara S.p.A., without accepting the reconstruction according to which the shareholders acted to cause an undervaluation of Edison and Edipower. According to the Business Court of First Instance, in the case submitted, the conditions for assessing management and coordination are not met. The Court also found that the price of Edison shares, at which EDF purchased its shares during the tender offer, was not subject to review because it was the price defined by Consob pursuant to article 106 of the TUF; the sentence also highlights the difference between the price of Edison shares and the value of the Edipower subsidiary and, more importantly, the price at which the latter was sold to A2A.

Carlo Tassara S.p.A. served a writ of summons on the appeal and A2A S.p.A. entered an appearance requesting that the Tassara S.p.A. appeal be declared inadmissible as well as groundless, and re-proposed the exceptions, defenses and requests raised in the first level of judgement for full protection. At the first hearing on March 2, 2022, the judge adjourned the case to July 12, 2023 for clarification of conclusions.

Carlo Tassara: second lawsuit for damages against Transalpina dell'Energia and A2A S.p.A.

On April 14, 2022, Carlo Tassara S.p.A. served a new summons on the Court of Milan, requesting that Transalpina Di Energia and A2A be ordered, jointly and severally with each other, to pay Carlo Tassara S.p.A. the damages that will be quantified in the course of the proceedings, after ascertaining and declaring the liability of the two companies for the breach of article 106 TUF (Total Tender Offer).

In the writ of summons, Carlo Tassara S.p.A. quantifies the damage caused by the write-down of the value of its equity investment in Edison at 316,843,562.97 euro, figure resulting from the theoretical value of the tender offer calculated by Carlo Tassara S.p.A. on the basis of:

a) Value of Edison shares recorded in the financial statements by TDE and A2A (1.5003 euro/share);

b) Value assigned by Edison in fair value appraisals (1.3 euro/share);

c) Highest edict value identified by Consob (0.95 euro/share);

d) Market value to be defined by the Court.

The writ of summons provides a description of the facts related to the extraordinary transaction to be ascertained: (i) the avoidance and violation of article 106 of the TUF and (ii) the demonstration of the existence of an alleged pact between the two defendants to depress Edison's value, prior to launching a takeover bid - with the consequent violation of the rule protecting minority shareholders of listed companies and non-achievement of the latter of: (i) control price and (ii) market price of the Edison shares held by Carlo Tassara S.p.A.

In anticipation of the first hearing set for January 11, 2023, A2A entered an appearance and illustrated the grounds for the rejection of the appeal; at the hearing, the judge declared the default of TDE (which did not enter an appearance and did not appear at the hearing) and, on January 12, 2023, with an order outside the hearing, adjourned the case for the definition of the conclusions to July 4, 2023, in order to allow the panel, before considering the merits of the deeded claims, to examine the procedural objections raised by A2A.

Class Action notified by ordinary shareholder

On May 4, 2022, a natural person shareholder, owner - at the date of the reorganization transactions of Edison S.p.A. - of 1,250,000 ordinary shares of Edison S.p.A. (equal to 0.025% of the share capital of Edison S.p.A.), served a summons pursuant to article 140-bis of Legislative Decree September 6, 2005, no. 206 of the Consumer Code for a class action before the Business Court of Milan, seeking an order that Transalpina Di Energia and A2A, jointly and severally with each other, pay to itself, and to all class members who joined the action within the terms that may be set by the Court after declaring the admissibility of the action, compensation for damages to be quantified in the course of the proceedings, after ascertaining and declaring the liability of the two companies for the breach of article 106 TUF (Total Tender Offer).

The factual reconstruction proposed by the plaintiff and the alleged liability of the two defendant companies retrace the contents of the writ of summons served a few weeks earlier by Carlo Tassara S.p.A. (reference is therefore made to the statement of this position).

The hearing was held on November 24, 2022 and on January 12, 2023, the Court filed an order in which it declared the class action request inadmissible, accepting the objections and defences of A2A and sentencing the plaintiff to pay A2A legal expenses and to publish the operative part of the order in "Il Sole 24 Ore" within the following 30 days, the term in which the order may be appealed to the Court of Appeal, called to set hearing and term for notification.

On March 1, 2023, the original applicant served the complaint filed in the Court of Appeal and the order setting the hearing for May 10, 2023.

The company, having fulfilled the requirements of the regulations in force, does not consider likely the risk for which it has not allocated any provisions.

Derivations of public water for the production of hydroelectricity in Lombardy

A number of appeals are still pending in which A2A and Linea Green have challenged the measures issued by the Lombardy Region to regulate the continuation of water derivation for hydroelectric use even after the expiry of their respective concessions.

In particular, D.G.R. (Regional Council Resolution) of Lombardy no. 5130/2016 ordered, by implementing paragraph 5 of art. 53-bis of Regional Law 26/2003 introduced by Regional Law 19/2010, the subjection of the Lombardy hydroelectric concessions already expired to an “additional fee” established “provisionally” at 20 €/kW of nominal power of concession, and reserved the request for settlement at the outcome of the assessments by the regional offices regarding the profitability of expired concessions. The additional fee was imposed retroactively from the original expiry of each concession; therefore, for the Grosotto, Lovero and Stazzona concessions, it would be effective from January 1, 2011, for the Premadio 1 concession from July 29, 2013, for the Grosio concession from November 15, 2016 and for the Resio concession from December 31, 2010.

A2A and Linea Green, which, like other operators, have always contested, also in the courts, the legitimacy, also constitutional, of article 53-bis, paragraph 5, of Regional Law 26/2003, have challenged before the Superior Court of Public Waters and, sometimes, where the Superior Court of Public Waters has ruled on the appeals of the companies, before the Court of Cassation and other competent instances the D.G.R. 5130/2016 and the related and consequent measures that governed the conditions for the temporary continuation of each concession, and which, where provided for, ordered the revocation of the exemption of part of the State fee.

A2A has also more recently challenged the orders whereby the Lombardy Region ordered the company to pay the amount allegedly due for the operation of the large derivations of Grosio, Cancano-Premadio 1, Lovero and Stazzona due to the company’s failure to pay that part of the state fee that is exempt pursuant to article 73 of Royal Decree 1775/1933, a benefit allegedly revoked by some of the resolutions that governed the provisional continuation of the concession after its expiry. This and other related litigation are still ongoing.

The case brought by A2A in order to obtain the cancellation of the regional resolutions that governed the temporary continuation of the Cancano-Premadio 1 concession ended with the rejection sentence issued by the Joint Sections of the Supreme Court no. 15990/2020 and the judgement brought by A2A in order to obtain the cancellation of the regional resolutions that governed the temporary continuation of the Grosotto, Lovero and Stazzona concessions ended with the rejection sentence issued by the Joint Sections of the Supreme Court, no. 1043/2021.

The provisions of the Regions concerning the temporary continuation of expired or expiring concessions could, as from 2019, be justified by the provisions introduced by the Conversion Law no. 12/2019 of Legislative Decree no. 135/2018, the constitutional compatibility of which is nevertheless controversial. In this last regard, it should be pointed out that A2A and Linea Green appealed before the TSAP for the annulment of General Director Decree (D.D.G.) no. 10544/2019 by means of which the Lombardy Region ascertained and determined the amounts allegedly owed by the concessionaires as additional fees for 2019, disputes subsequently integrated with reference to the additional fee for the years 2020 and 2021, and with these appeals, they also requested referral to the Constitutional Court of a matter of constitutional legitimacy in relation to the aforementioned provisions introduced by the law converting Decree Law Simplifications with regard to hydroelectric concessions.

Also Regional Law 5/20 issued by the Lombardy Region in implementation of Law 12/2019 was submitted to the judgement of constitutionality by the Government, which, however, by Resolution of the Council of Ministers of November 24, 2021 after the amendments resulting from the entry into force of Regional Law no.19 November 4, 2021, waived the appeal.

With reference to hydroelectric concessions, national Law 12/2019 also established that regions may introduce an obligation for concessionaires to provide 220 kWh annually and free of charge to the same regions for each kW of average nominal capacity of the concession. Availing itself of this faculty, with art. 31 Regional Law L.R. 23/2019 and, therefore, with Regional Council Resolution D.G.R. 3347/2020, the Lombardy Region regulated the obligation of free transfer of electricity with effect from the year 2020 for expired and unexpired derivation concessions. By Regional Council Resolution D.G.R. no. 191 of 02/11/2022, the Friuli-Venezia Giulia Region also regulated this obligation for expired and unexpired derivation concessions. The aforementioned regional implementation measures were challenged by A2A and Linea Green under various profiles before the TSAP and, at times, before the Court of Cassation.

Finally, the same Law 12/2019 stipulated that concessionaires pay the regions a fee every six months, determined by a regional law, consisting of a fixed component and a variable component. A2A and Linea Green have challenged the Lombardy regional measures on various grounds.

For disputes relating to public water derivation fees, the Company allocated adequate provisions for risks on a prudent basis, the quantification of which also takes into account the payments - subject to any subsequent repayment upon the final outcome of the respective legal proceedings - of certain positions, for the sole purpose of preventing additional costs.

Judgments on the integration transaction between A2A and AEB S.p.A.

With two initial appeals with cautionary request (R.G. 971/2020 submitted by CST Centro Servizi Termici (Thermal Service Center), DE.CA.BO. S.r.l. and Lombardy Regional Councillor Marco Fumagalli; R.G. 983/2020 submitted by Seregno Municipal Councillor Tiziano Mariani) filed with the Milan Regional Administrative Court, the resolution of the Seregno Municipal Council approving the merger between A2A and AEB was challenged; this resolution was suspended by Ordinances no. 868/2020 and no. 869/2020 by which the Regional Administrative Court accepted the precautionary requests submitted by the appellants and set the merit hearing for December 2, 2020.

On December 2, 2020, the third appeal was also discussed (R.G. 1095/2020 submitted by Idrotech and Ecoterm S.r.l.s.).

A2A, the Municipality of Seregno and AEB have filed separate cautionary appeals before the Council of State to obtain the annulment and/or reform of the ordinances. The Council of State, at the outcome of the Council Chamber set for August 27, 2020, on August 28, 2020, upheld the appeals *«due to the clear lack of legitimacy and interest of the claimants at first instance and the consequent clear lack of the assumption of direct and immediate harm involving the same claimants from the contested deeds, in view of the nature of the corporate change and the inapplicability of the transaction subject to the appeal at first instance»*.

The resolution of the Municipality of Seregno, therefore, also took effect for the purposes of the corporate deeds that were in fact carried out. The company has evaluated the content of the Council of State's ordinances and the appeals and, also in light of the position of the appointed lawyers, performed the company transaction, considering the prevalence of the principles of legal certainty and market confidence given the performance of corporate acts.

On February 15, 2021, the Milan Regional Administrative Court published the judgments upholding the three appeals filed respectively by (i) CST Centro Servizi Termici di Calzolari Maurizio, Depositi Carboni Bovisa DE.CA.BO. S.r.l. and Marco Fumagalli (Councillor Lombardy Region) Sentence no. 412/21, (ii) Tiziano Mariani (Councillor Municipality of Seregno) Sentence no. 413/21 and (iii) Idrotech di Corno Irwin Maria Sentence no. 414/21.

In order to enforce Sentence 413/21, Municipal Councillor Mariani has also appealed to the Milan Regional Administrative Court for a judgement of compliance. On March 2, 2021, the Regional Administrative Court, at the claimant's request, issued a precautionary decree in which it denied single-court precautionary measures, but set a Council Chamber for March 24, 2021. Following the hearing on the merits on April 28, 2021, with Sentence no. 1248 of May 20, 2021, the Regional Administrative Court rejected the appeal for compliance, on the grounds that delivery by AEB of the due diligence of the transaction to Councillor Mariani constituted full compliance with Sentence 413/21. In the same sentence, the Lombardy Regional Administrative Court (TAR) also specified that «not included in the compliance effect» of the ruling for which compliance was requested (i.e. of Sentence no. 413/21) are *«the validity and effectiveness of the corporate deeds adopted as a consequence of the contested resolution, for which the administrative judge does not have jurisdiction (Civil Cassation, Joint Sections, Ordinance January 23, 2014, no. 1237; Sentence December 30, 2011, no. 30167; Council of State, Plenary Meeting, Sentence June 3, 2011 , no. 10)»*, thus confirming that the acceptance of the appeal proposed by the Director Mariani did not produce immediate effects on the company deeds that have occurred in the meantime.

AEB and the Municipality of Seregno have filed an appeal with the Council of State requesting a suspension of the effects of Sentence 413/21. On March 22, 2021, the Council of State denied the suspension because it found that the ruling did not jeopardize the stability of the corporate integration transaction and, given the peculiarity and delicacy of the matter, scheduled a merit hearing as early as July 1, 2021. A similar appeal has been filed - without a request for precautionary measures - by A2A.

The Regional Administrative Court 412/2021 Sentences (CST and others) and 414/2021 (Idrotech and others) qualify the business combination as a transformation of AEB S.p.A. into a mixed company carried out in alleged violation of art. 17 Legislative Decree 175/16 and art. 3 Legislative Decree 50/16 and consider that the conditions do not exist for exemption from the procedures dictated by art. 10 of the same Legislative Decree no. 175/16. A2A, as well as AEB and the Municipality of Seregno, has notified appeal to the Council of State to request the annulment of the sentences. The public hearing to discuss the merits of the appeals was held on July 1, 2021, with the sole exception of the appeal notified by A2A against Sentence 413/21 not yet discussed.

On September 1, 2021, the Council of State filed Sentence 6143 dismissing the appeals served by the Municipality and AEB against Sentence 413/21 (Director Mariani). A2A was also notified of the sentence on September 2.

On September 1, 2021, the Council of State also filed Sentence 6142 by which it rejected the appeals notified by the Municipality, AEB and A2A against Sentence 414 of February 15, 2021 (which had upheld the appeals notified by Idrotech and Eco Term); and on September 6, 2021, the Council of State also filed Sentence 6213 by which it rejected the appeals notified by the Municipality, AEB and A2A against Sentence 412 of February 15, 2021 (which had upheld the appeal notified by Regional Councillor Fumagalli, CST and DE.CA.BO.).

Also in these two cases, therefore, the annulment of the resolution passed by the Seregno City Council on April 20,2020 with number 17 was confirmed.

Moreover, on September 3, 2021, the legal counsel of the appellants, Idrotech and Ecoterm, asked the Municipality, AEB and A2A to provide compensation for the damages suffered by the companies as a result of the illegitimate transaction carried out, announcing possible legal action in the event of inactivity. The Municipality replied, fulfilling its obligations to respond to the companies.

A2A and AEB have appealed the sentences both before the Council of State by way of revocation and appeal by cassation.

In its appeals for revocation, A2A claimed that the Council of State had made a factual error in two respects: on the one hand, in that it mistakenly deemed the companies claiming at first instance to be "operators in the sector" and, as such, legitimated to act against the merger between A2A and AEB; on the other, in that it mistakenly qualified the merger as a public-private partnership aimed at obtaining public assignments, without appreciating the fact that it was objectively unsuitable.

In its appeals to the Supreme Court, A2A claimed both absolute lack of jurisdiction on the part of the administrative judge (since it decided on appeals lodged by parties without legitimacy) and excess of jurisdictional power due to exceeding the limits of administrative jurisdiction (since the Council of State's pronouncements invaded the sphere of regulatory production reserved for the legislator, introducing an obligation to tender in corporate transactions with public companies that is not provided for by the law).

The disputes were settled out of court with the original plaintiff companies with the settlement of the compensation claims made, without any acknowledgement of liability, and the consequent waiver by them of the appeals filed in first instance, the Regional Administrative Court rulings and their effects, and the Council of State rulings and their effects, and the waiver by A2A and AEB of the appeals for revocation and cassation.

Following the opposition filed by BEA, in the revocation proceedings, in connection with these waivers, the Council of State set the hearing for October 6, 2022, at which the Council ordered an ex officio adjournment to November 3, 2022 to assess preliminary procedural issues. On March 1, 2023, the Council of State filed its rulings on the conclusion of the judgments filed by A2A, which it declared inadmissible, as a result of which it did not ascertain the inadmissibility due to the supervening lack of interest following the settlement and waiver of the first instance appeals by the original appellant companies. The judgments do not rule on the validity of the settlement and the previously ordered corporate actions.

The Court of Cassation set the hearing for November 22, 2022 and filed its final orders: (i) Ordinance 219 of January 5, 2023 dismissed the AEB appeal against Sentence 6143/21 (Director Mariani) due to an interpretation of the lack of jurisdiction and the failure of the Municipal Councillor to abandon the original appeal and the resulting sentence, (ii) Ordinances 300 (CST and Decabo position) and (iii) 301 (Idrotec and Ecoterm position) of January 9, 2023 declared the appeals inadmissible in the Court of Cassation, given the waiver by the four original appellant companies of the appeal and the first and second instance rulings with the consequent lack of interest in the appeals.

Monza Public Prosecutor's Office - Criminal Proceeding no. 1931/2021 R.G.N.R.

On July 5, 2021, officers and agents of the Guardia di Finanza of Seregno showed up at the headquarters of AEB S.p.A. in Seregno to execute "personal and local search orders" and "request for delivery - local search order". The proceedings, which in the initial phase were against unknown persons, originated from two complaints submitted to the Prosecutor's Office on November 25, 2019 and on February 10, 2020 by Tiziano Mariani, Municipal Councillor of the Municipality of Seregno, who also notified an appeal to the Regional Administrative Court in the terms referred to above.

The “personal and local search decree” concerns the Chair of the Board of Directors of AEB S.p.A and is also valid as “information of guarantee” pursuant to art. 369 of the Italian Code of Criminal Procedure for the person under investigation. On the basis of this decree, the Chair of AEB is being investigated, in conjunction with others (art. 110 of the Criminal Code), who have not been named, for the offences referred to in art. 353 bis Criminal Code (disturbance of the freedom of the procedure for choosing a contractor), 319 Criminal Code (bribery for an act contrary to the duties of office), 321 Criminal Code (penalties for the briber), committed between “October 2019 and in present permanency.”

At the same time, AEB was served with a “request for delivery and a local search decree” with which the Monza Public Prosecutor’s Office ordered the acquisition of documentation concerning the transaction.

Subsequently, on September 24, 2021, the Finance Police of Seregno, at the request of the Monza Public Prosecutor’s Office, appeared at the A2A Milan headquarters to serve, as part of Procedure no. 1931/2021 R.G.N.R. relating to the merger between the A2A and AEB Groups, a notice of non-repeatable technical checks on the IT supports already previously seized, with the appointment on October 8, 2021 of a consultant appointed by the Public Prosecutor’s Office to make the forensic copy.

The deed in question was notified to persons, other than the current directors of A2A S.p.A., who in A2A S.p.A., Unareti S.p.A. and A2A Illuminazione Pubblica S.r.l. had positions of responsibility, or considered such, for various reasons in the project in question and also contains information about the guarantee and the right of defense in relation to the investigation concerning the hypotheses of crime pursuant to articles 110 of the Italian Criminal Code (conspiracy), 353 bis Criminal Code (disturbance of the freedom of the procedure for choosing a contractor), 319 Criminal Code (bribery for an act contrary to the duties of office), 321 Criminal Code (penalties for the corruptor).

* * *

The following information is provided in connection with the main litigation of a fiscal nature:

A2A S.p.A. - Registration tax for transfer of business unit and sale of the investment Chi.na.co. S.r.l.

On April 4, 2016, the Provincial Directorate I of Milan - Regional Office of Milan 1 - notified the invitation to appear to provide clarifications on a business transfer in the company Chi.na.co. S.r.l. and the subsequent sale of the investment held in it under control for registration tax purposes. The invitation was followed by a contradictory with the Office and subsequent notification by the latter of the notice of liquidation to the acquiring counterparty, which filed an appeal on September 28, 2016. The Provincial Tax Commission of Milan rejected the appeal with sentence filed on July 07, 2017. On February 13, 2018, the acquiring company filed an appeal, which was rejected by the Milan Regional Administrative Court. On April 8, 2019, the Company filed an appeal with the Supreme Court. On February 21, 2020, the Office filed a counter-appeal and a cross-appeal with the Supreme Court. The risks provision recognized for 1.4 million euro was fully used for the payment of the amounts requested with the liquidation notice.

A2A S.p.A. (merging company of AMSA Holding S.p.A.) - VAT Tax assessments for tax years from 2001 to 2005

In early 2006, the Italian Finance Police – Lombardy Regional Unit, Milan – carried out a tax audit of AMSA Holding S.p.A. (now A2A S.p.A.) for VAT purposes for tax years 2001 to 2005.

The audit ended with the issue of a final report contesting the legitimacy of the ordinary VAT rate, in place of the special rate applied by suppliers for waste disposal and plant maintenance, as well as the subsequent deduction made after the invoices issued for these services were duly paid.

The report was followed by formal notices of assessment from the Tax Revenue Office – Milan 3 Office – for each year audited; appeals were then filed with the Provincial Tax Commission within the term provided by law.

The appeals for 2001 and for 2004 and 2005 were discussed on January 25, 2010 and on February 17, 2010 respectively, with a favourable outcome for the company in all cases. The Tax Revenue Office appealed against the verdict of the first court. The Regional Tax Commission rejected this appeal for all three years, 2001, 2004 and 2005.

For 2001, the Tax Revenue Office filed an appeal with the Supreme Court against which AMSA Holding S.p.A. (now A2A S.p.A.), filed a cross-appeal on November 9, 2012. At the hearing on December 12, 2018, the Company requested that the case be suspended in order to assess the facilitated settlement of the dispute. On May 24, 2019, the company filed an application for a facilitated settlement of pending tax disputes and definitively settled its tax claim.

The outcomes of the 2002 and 2003 disputes were also favourable for the company but the Tax Revenue Office filed an appeal against both sentences. The appeal for 2002 was discussed on November 30, 2010, and by way of a sentence lodged on February 2, 2011 the Milan Regional Tax Commission overturned the sentence of the first court, upholding the Tax Revenue Office’s appeal on almost all counts with the exception of the hazardous waste category. The Company filed an appeal with the Supreme Court for 2002. The hearing was held on December 12, 2018 and the appeal was upheld and the judgement was adjourned to the Regional Technical Committee (CTR). On December 23, 2019, the Company filed an appeal for reinstatement in CTR and an appeal for revocation with the Supreme Court. For 2003 the appeal made by the Tax Revenue Office was discussed on November 7, 2011 before the Regional Tax Commission which rejected it with a sentence filed on November 11, 2011. The Tax Revenue Office has not appealed to the Supreme Court for 2003, 2004 and 2005 and the sentence has become final, thereby closing the litigation.

No provisions for risks have been recognized.

8) Contingent assets arising from environmental certificates

At December 31, 2022, A2A S.p.A. had a surplus of environmental certificates.

9) Auditors' fees

In accordance with Article 2427, paragraph 16-bis, of the Italian Civil Code, it is hereby reported that the company paid EY S.p.A. total fees for the legally required auditing of the annual accounts and for other services provided during the year in the amount of 362 thousand euro.

10) Registered office

The registered office of the company is in Brescia in Via Lamarmora 230.

4

Attachments

4.1

1. Statement of changes in tangible assets

Tangible assets thousands of euro	Balance at 12 31 2021	Changes			
		Acquisitions	Changes in category	Reclassifications/Other changes	
				Gross value	Accumulated depreciation
Land	27,989	149	572	42	(42)
Buildings	153,715	1,833	3,422	(54)	42
Plant and machinery	634,199	1,383	9,732	(2,299)	-
Industrial and commercial equipment	4,943	764	-	-	-
Other assets	14,280	9,128	-	214	-
Construction in progress and advances	43,851	25,943	(14,100)	(127)	-
Leasehold improvements	511	224	-	-	-
Assets for rights of use	54,731	-	-	13,072	2,043
Total tangible assets	**934,219**	**39,424**	**(374)**	**10,848**	**2,043**

Tangible assets thousands of euro	Balance at 12 31 2020	Effect non-recurring transactions	Changes			
			Acquisitions	Changes in category	Reclassifications/Other changes	
					Gross value	Accumulated depreciation
Land	32,497	-	-	-	(3,879)	-
Buildings	204,422	-	1,233	5,317	(92,234)	43,527
Plant and machinery	672,245	4,039	2,382	11,350	313	1
Industrial and commercial equipment	2,452	2,588	702	-	-	(1)
Other assets	9,321	1,368	8,228	96	-	-
Construction in progress and advances	23,854	4,730	33,397	(16,947)	(60)	-
Leasehold improvements	50	417	56	169	1	-
Assets for rights of use	55,578	2,187	-	-	2,705	5,542
Total tangible assets	**1,000,419**	**15,329**	**45,998**	**(15)**	**(93,154)**	**49,069**

Changes					Balance at 12 31 2022
Disposals/Sales		Write-down	Depreciation	Total changes	
Gross value	Accumulated depreciation				
(8)	-	-	-	713	28,702
(49)	45	-	(7,848)	(2,609)	151,106
-	-	-	(58,875)	(50,059)	584,140
(1,084)	1,084	-	(843)	(79)	4,864
(1,865)	1,836	-	(4,579)	4,734	19,014
-	-	(4)	-	11,712	55,563
-	-	-	(111)	113	624
-	-	-	(12,908)	2,207	56,938
(3,006)	**2,965**	**(4)**	**(85,164)**	**(33,268)**	**900,951**

Changes					Balance at 12 31 2021
Disposals/Sales		Write-down	Depreciation	Total changes	
Gross value	Accumulated depreciation				
(629)	-	-	-	(4,508)	27,989
(2,617)	1,761	-	(7,694)	(50,707)	153,715
(64)	46	-	(56,113)	(42,085)	634,199
(113)	113	-	(798)	(97)	4,943
(865)	732	-	(4,600)	3,591	14,280
(10)	-	(1,113)	-	15,267	43,851
(192)	192	-	(182)	44	511
-	-	-	(11,281)	(3,034)	54,731
(4,490)	**2,844**	**(1,113)**	**(80,668)**	**(81,529)**	**934,219**

4.2

2. Statement of changes in intangible assets

Intangible assets thousands of euro	Balance at 12 31 2021	Changes			
		Acquisitions	Changes in category	Reclassifications/Other changes	
				Gross value	Accumulated amortization
Industrial patent and intellectual property rights	23,880	6,942	3,696	(206)	-
Concessions, licences, trademarks and similar rights	39,236	29,529	8,076	(255)	-
Goodwill	65,144	-	-	-	-
Assets in progress	15,978	14,774	(11,398)	(16)	-
Other intangible assets	2,146	514	-	8,178	-
Total intangible assets	**146,384**	**51,759**	**374**	**7,701**	**-**

Intangible assets thousands of euro	Balance at 12 31 2020	Effect non-recurring transactions	Changes			
			Acquisitions	Changes in category	Reclassifications/Other changes	
					Gross value	Accumulated amortization
Industrial patent and intellectual property rights	16,495	94	6,326	10,885	(45)	-
Concessions, licences, trademarks and similar rights	27,810	988	27,803	1,616	(123)	-
Goodwill	35,641	29,503	-	-	-	-
Assets in progress	18,648	158	12,287	(12,486)	(88)	-
Other intangible assets	2,225	2,356	-	-	(2,027)	-
Total intangible assets	**100,819**	**33,099**	**46,416**	**15**	**(2,283)**	**-**

Changes					Balance at 12 31 2022
Disposals/Sales		Impairment/ Reversal	Amortization	Total changes	
Gross value	Accumulated amortization				
-	-	-	(13,669)	(3,237)	20,643
(3)	3	-	(23,840)	13,510	52,746
-	-	-	-	-	65,144
-	-	(209)	-	3,151	19,129
-	-	-	(404)	8,288	10,434
(3)	**3**	**(209)**	**(37,913)**	**21,712**	**168,096**

Changes				Balance at 12 31 2021
Disposals/Sales		Amortization	Total changes	
Gross value	Accumulated amortization			
-	-	(9,875)	7,291	23,880
-	-	(18,858)	10,438	39,236
-	-	-	-	65,144
(2,541)	-	-	(2,828)	15,978
-	-	(408)	(2,435)	2,146
(2,541)	**-**	**(29,141)**	**12,466**	**146,384**

4.3

3/a. Statement of changes in investments in subsidiaries

Shareholdings thousands of euro	Balance at financial statements 12 31 2021	Changes			
		Increases	Decreases	Other changes	Reclassifications
Financial assets					
Subsidiaries:					
Unareti S.p.A.	1,381,831				(42,995)
A2A Ambiente S.p.A.	639,480			95,154	
A2A Calore & Servizi S.r.l.	330,627			57,323	
A2A Ciclo Idrico S.p.A.	167,000				
A2A gencogas S.p.A.	606,817				
A2A Energiefuture S.p.A.	189,730				
A2A Energia S.p.A.	122,545				
Retragas S.r.l.	30,105				
A2A Smart City S.p.A.	14,456				
Proaris S.r.l. in liquidation	3,557				
Camuna Energia S.r.l.	740				
SEASM S.r.l.	469		(469)		
Linea Gestioni S.r.l.	21,064			(21,064)	
LD Reti S.r.l.	153,895				
Linea Green S.p.A.	124,191			(99,385)	
Linea Ambiente S.r.l.	16,628			(16,628)	
Fragea S.r.l. società agricola	245			(245)	
AGRIPOWER S.p.A.	15,155			(15,155)	
A2A Montenegro d.o.o.	102				
Azienda Servizi Valtrompia S.p.A.	10,758				
A2A Security S.c.p.A.	24				
A2A Energy Solution S.r.l.	4,575				
A2A Rinnovabili S.p.A.	50				
Acinque S.p.A.	190,422				
Ambiente Energia Brianza S.p.A.	158,638				
Yada Energia S.r.l.	20,010	20,000			
A2A E-MOBILITY S.r.l.	10	3,000			
ROMEO GAS S.p.A.	50		(43,045)		42,995
ES Energy S.r.l.	5				
A2A Alfa S.r.l. in liquidation	-				
Total subsidiaries	**4,203,179**	**23,000**	**(43,514)**	**-**	**-**

Balance at financial statements 12 31 2022	Share of equity		
	% held	Equity at 12 31 2022	Pro-rata amount
1,338,836	100.00%	1,381,358	1,381,358
734,634	100.00%	683,386	683,386
387,950	100.00%	439,363	439,363
167,000	100.00%	212,522	212,522
606,817	100.00%	680,918	680,918
189,730	100.00%	167,115	167,115
122,545	100.00%	112,631	112,631
30,105	87.27%	39,245	34,249
14,456	100.00%	13,448	13,448
3,557	60.00%	5,039	3,023
740	74.50%	1,031	768
-			
-			
153,895	95.60%	167,157	159,802
24,806	100.00%	28,642	28,642
-			
-			
-			
102	100.00%	84	84
10,758	74.55%	25,822	19,251
24	45.96%	492	226
4,575	100.00%	9,521	9,521
50	100.00%	13,704	13,704
190,422	41.34%	441,166	182,378
158,638	33.52%	431,348	144,588
40,010	100.00%	13,696	13,696
3,010	100.00%	1,687	1,687
-			
5	50.00%	910	455
-	70.00%	(17)	(12)
4,182,665		**4,870,268**	**4,302,803**

4.4

3/b. Statement of changes in investments in affiliates

Shareholdings thousands of euro	Balance at financial statements 12 31 2021	Changes			
		Increases	Decreases	Other changes	Reclassifications
Financial assets					
Affiliates:					
SET S.p.A.	467				
Serio Energia S.r.l.	400				
Visano Società Trattamento Reflui S.c.a.r.l.	10				
Total affiliates	**877**	-	-	-	-
Equity investments held for sale					
Sviluppo Turistico Lago d'Iseo S.p.A.	440		(403)		

(*) Figures of the financial statements at December 31, 2021 latest available financial statements.

	Balance at financial statements 12 31 2022	Share of equity		
		% held	Equity at 12 31 2021 (*)	Pro-rata amount
	467	49.00%	2,834	1,389
	400	40.00%	1,988	795
	10	40.00%	26	10
	877		**4,848**	**2,194**
	37	2.04%		

4.5
3/c. Statement of changes in investments in other companies

Company Name thousands of euro	Shareholding %	Shareholder	Carrying amount at 12 31 2022
Available-for-sale financial assets			
Blugas Infrastrutture S.r.l.	27.51%	A2A S.p.A.	4,269
Immobiliare-Fiera di Brescia S.p.A.	0.90%	A2A S.p.A.	280
Others:			
AQM S.r.l.	7.52%	A2A S.p.A.	
AvioValtellina S.p.A.	0.18%	A2A S.p.A.	
Banca di Credito Cooperativo dell'Oglio e del Serio s.c.	n.s.	A2A S.p.A.	
L.E.A.P. S.c.a.r.l.	8.57%	A2A S.p.A.	
E.M.I.T. S.r.l. in liquidation	10.00%	A2A S.p.A.	
Stradivaria S.p.A.	n.s.	A2A S.p.A.	
DI.T.N.E. S.c.a.r.l.	1.82%	A2A S.p.A.	
Sinergie Italiane S.r.l. in liquidation	14.92%	A2A S.p.A.	
MUSA-Multilayered Urban Sustainability Action S.c.a.r.l.	7.00%	A2A S.p.A.	
Total other financial assets			**608**
Total available-for-sale financial assets			**5,157**

Note: A2A S.p.A. took part in the setting up of Società Cooperativa Polo dell'innovazione della Valtellina, subscribing 5 shares having a nominal value of 50 euro.

4.6

4/a. List of investments in subsidiaries

Company Name thousands of euro	Registered office	Currency	Share capital at 12 31 2022	Equity at 12 31 2022
Subsidiaries:				
Unareti S.p.A.	Brescia	euro	965,250	1,381,358
A2A Ambiente S.p.A.	Brescia	euro	250,000	683,386
A2A Calore & Servizi S.r.l.	Brescia	euro	150,000	439,363
A2A Ciclo Idrico S.p.A.	Brescia	euro	70,000	212,522
A2A gencogas S.p.A.	Milan	euro	450,000	680,918
A2A Energia S.p.A.	Milan	euro	3,000	112,631
Retragas S.r.l.	Brescia	euro	34,495	39,245
A2A Smart City S.p.A.	Brescia	euro	3,448	13,448
Proaris S.r.l. in liquidation	Milan	euro	1,875	5,039
Camuna Energia S.r.l.	Cedegolo (BS)	euro	900	1,031
A2A Montenegro d.o.o.	Podgorica (Montenegro)	euro	100	84
A2A Energiefuture S.p.A.	Milan	euro	50,000	167,115
Azienda Servizi Valtrompia S.p.A.	Gardone Val Trompia (BS)	euro	8,939	25,822
A2A Security S.c.p.A.	Milan	euro	52	492
A2A Energy Solutions S.r.l.	Milan	euro	4,000	9,521
A2A Rinnovabili S.p.A.	Milan	euro	50	13,704
Acinque S.p.A.	Monza	euro	197,344	441,166
A2A Alfa S.r.l. in liquidation	Milan	euro	100	(17)
Yada Energia S.r.l.	Milan	euro	4,000	13,696
A2A E-MOBILITY S.r.l.	Milan	euro	1,000	1,687
Ambiente Energia Brianza S.p.A.	Seregno (MB)	euro	119,496	431,348
ES Energy S.r.l.	Jesi (AN)	euro	10	910
LD Reti S.r.l.	Lodi	euro	32,976	167,157
Linea Green S.p.A.	Cremona	euro	7,000	28,642

Result at 12 31 2022	% held	Pro-rata amount (a)	Balance at financial statements (b)	Delta (a-b)
50,557	100.00%	1,381,358	1,338,836	42,522
141,746	100.00%	683,386	734,634	(51,248)
40,848	100.00%	439,363	387,950	51,413
12,622	100.00%	212,522	167,000	45,522
15,965	100.00%	680,918	606,817	74,101
(9,806)	100.00%	112,631	122,545	(9,914)
(8)	87.27%	34,249	30,105	4,144
1,936	100.00%	13,448	14,456	(1,008)
(111)	60.00%	3,023	3,557	(534)
19	74.50%	768	740	28
(35)	100.00%	84	102	(18)
(28,936)	100.00%	167,115	189,730	(22,615)
662	74.55%	19,251	10,758	8,493
69	45.96%	226	24	202
(125)	100.00%	9,521	4,575	4,946
12,145	100.00%	13,704	50	13,654
18,134	41.34%	182,378	190,422	(8,044)
(22)	70.00%	(12)	-	(12)
(10,671)	100.00%	13,696	40,010	(26,314)
(1,953)	100.00%	1,687	3,010	(1,323)
24,566	33.52%	144,588	158,638	(14,050)
336	50.00%	455	5	450
7,490	95.60%	159,802	153,895	5,907
12,476	100.00%	28,642	24,806	3,836

4.7
4/b. List of investments in affiliates

Company Name **thousands of euro**	Registered office	Currency	Share capital at 12 31 2021 (*)	Equity at 12 31 2021 (*)
SET S.p.A.	Toscolano Maderno (BS)	euro	104	2,834
Serio Energia S.r.l.	Concordia sulla Secchia (MO)	euro	1,000	1,988
Visano Società Trattamento Reflui S.c.a.r.l.	Brescia	euro	25	26

(*) Figures of the financial statements at December 31, 2021 latest available financial statements.

Result at 12 31 2021 (*)	% held	Pro-rata amount (a)	Balance at financial statements (b)	Delta (a-b)
762	49.00%	1,389	467	922
30	40.00%	795	400	395
-	40.00%	10	10	-

4.8

Key data of the financial statements of the main subsidiaries and affiliates prepared according to IAS/IFRS

(pursuant to art. 2429.4 of the Italian Civil Code)

Subsidiaries

	Unareti S.p.A.		A2A gencogas S.p.A.		A2A Energiefuture S.p.A.		A2A Ambiente S.p.A.	
Share capital	Euro	965,250,000	Euro	450,000,000	Euro	50,000,000	Euro	250,000,000
% held	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%
Description thousands of euro	**12 31 2022**	12 31 2021 Revised	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
Revenues	464,044	498,662	594,011	382,267	685,731	383,299	645,286	509,364
Gross operating income	209,376	251,300	110,030	57,945	(11,535)	44,559	232,555	205,365
Net operating income	73,790	116,662	39,017	(16,199)	(22,068)	17,365	184,330	150,123
Result before taxes	66,561	113,319	31,209	(21,731)	(24,832)	17,293	192,443	159,440
Result of the year	50,557	83,115	15,965	25,475	(28,936)	11,053	141,746	124,281
Assets	2,419,438	2,331,018	1,492,827	1,365,697	890,535	492,008	1,376,057	1,128,815
Liabilities	1,038,080	884,065	811,909	701,517	723,420	286,024	692,671	582,531
Equity	1,381,358	1,446,954	680,918	664,180	167,115	205,984	683,386	546,283
Net financial position	(725,334)	(499,678)	(250,971)	(223,436)	464,489	222,136	(208,819)	(217,533)

Subsidiaries

	LD Reti S.r.l.		Linea Green S.p.A.		Azienda Servizi Valtrompia S.p.A.		A2A Security S.c.p.a.	
Share capital	Euro	32,975,717	Euro	7,000,000	Euro	8,938,941	Euro	52,000
% held	A2A S.p.A.	95.60%	A2A S.p.A.	100.00%	A2A S.p.A. Unareti S.p.A.	74.55% 0.25%	A2A S.p.A. Unareti S.p.A. A2A Ciclo Idrico S.p.A. Amsa S.p.A. A2A gencogas S.p.A. A2A Ambiente S.p.A. A2A Calore & Servizi S.r.l. A2A Energiefuture S.p.A. Other companies	45.96% 18.37% 10.49% 9.14% 3.95% 3.95% 2.60% 1.93% 3.61%
Description thousands of euro	**12 31 2022**	12 31 2021 Revised	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
Revenues	50,711	53,942	118,850	85,141	14,078	14,991	1,477	1,517
Gross operating income	24,087	26,802	35,888	30,346	3,743	6,340	337	319
Net operating income	10,806	14,260	18,033	14,513	1,234	3,554	102	78
Result before taxes	9,696	13,018	15,814	11,587	845	3,408	100	71
Result of the year	7,490	9,571	12,476	8,852	662	2,490	69	55
Assets	272,431	267,910	70,320	293,745	86,982	63,230	1,186	1,454
Liabilities	105,274	99,720	41,678	168,424	61,159	38,189	694	1,031
Equity	167,157	168,189	28,642	125,321	25,822	25,041	492	424
Net financial position	(77,502)	(66,481)	728	(115,761)	(38,204)	(27,863)	(10)	(288)

	A2A Calore & Servizi S.r.l.		A2A Energia S.p.A.		A2A Smart City S.p.A.		Retragas S.r.l.		A2A Ciclo Idrico S.p.A.	
	Euro	150,000,000	Euro	3,000,000	Euro	3,448,276	Euro	34,494,650	Euro	70,000,000
	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A. Unareti S.p.A.	87.27% 4.33%	A2A S.p.A.	100.00%
	12 31 2022	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
	410,188	273,751	7,865,570	3,319,878	42,916	44,990	8,485	6,904	105,441	109,564
	94,250	84,478	104,793	180,363	9,913	2,790	2,805	4,759	42,127	58,894
	54,862	45,360	(3,145)	136,048	(1,491)	(6,146)	105	2,259	19,706	37,470
	50,104	41,554	(6,283)	136,974	1,644	(4,013)	104	2,259	17,436	36,176
	40,848	40,841	(9,806)	96,771	1,936	(2,625)	(8)	1,564	12,622	26,458
	972,116	771,023	2,043,035	1,393,776	108,287	105,470	50,321	48,056	512,407	465,093
	532,753	391,837	1,930,404	1,175,233	94,838	94,049	11,076	7,323	299,885	240,431
	439,363	379,187	112,631	218,543	13,448	11,422	39,245	40,733	212,522	224,662
	(348,639)	(258,715)	(377,039)	(186,152)	(58,118)	(66,015)	11,741	11,643	(237,033)	(189,326)

	A2A Rinnovabili S.p.A.		A2A Energy Solution S.r.l.		Yada Energia S.r.l.		Acinque S.p.A.		Ambiente Energia Brianza S.p.A.	
	Euro	50,000	Euro	4,000,000	Euro	4,000,000	Euro	197,343,794	Euro	119,495,575
	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	100.00%	A2A S.p.A.	41.34%	A2A S.p.A.	33.52%
	12 31 2022	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
	32,225	18,622	36,394	20,701	29,411	11,915	19,845	33,796	19,007	16,975
	23,769	13,975	1,149	(289)	(9,581)	(8,336)	(4,764)	(4,905)	(679)	(1,525)
	8,596	4,957	(1,197)	(2,489)	(14,174)	(11,799)	(10,889)	(9,418)	(3,518)	(4,850)
	18,270	5,514	(420)	1,930	(14,223)	(11,832)	16,508	10,637	23,744	16,256
	12,145	4,582	(125)	2,346	(10,671)	(8,901)	18,134	15,594	24,566	17,082
	783,897	247,935	58,693	38,329	36,220	19,474	754,630	717,468	488,593	478,755
	770,193	241,932	49,172	30,071	22,525	15,117	313,464	276,187	57,245	61,608
	13,704	6,003	9,521	8,258	13,696	4,357	441,166	441,281	431,348	417,148
	(750,588)	(199,485)	(33,054)	(23,409)	12,270	(5,735)	(61,123)	(74,155)	(7,418)	(27,839)

4.9

Key data of the financial statements of the main subsidiaries and affiliates prepared according to ITALIAN GAAP

(pursuant to art. 2429.4 of the Italian Civil Code)

Subsidiaries

	A2A E-MOBILITY S.r.l.		ES Energy S.r.l.		Proparis S.r.l. in liquidation	
Share capital	Euro	1,000,000	Euro	10,000	Euro	1,875,000
% held	A2A S.p.A.	100.00%	A2A S.p.A.	50.00%	A2A S.p.A.	60.00%
Description thousands of euro	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021	**12 31 2022**	12 31 2021
Revenues	5,139	1,195	13,628	8,764	-	720
Gross operating income	(1,803)	(514)	469	258	(106)	(51)
Net operating income	(2,407)	(701)	469	258	(106)	(100)
Result before taxes	(2,508)	(729)	469	258	(106)	(100)
Result of the year	(1,953)	(555)	336	171	(111)	(77)
Assets	15,701	6,101	1,856	1,758	5,805	5,842
Liabilities	14,014	5,461	945	1,422	767	713
Equity	1,687	640	910	336	5,039	5,129
Net financial position	(8,663)	(4,229)	1,141	995	3,349	3,460

Subsidiaries

	Società Elettrica di Toscolano Maderno S.r.l.		Serio Energia S.r.l.		Visano Società Trattamento Reflui S.c.a.r.l.	
Share capital	Euro	104,000	Euro	1,000,000	Euro	25,000
% held	A2A S.p.A.	49.00%	A2A S.p.A.	40.00%	A2A S.p.A.	40.00%
Description thousands of euro	**12 31 2021**	12 31 2020	**12 31 2021**	12 31 2020	**12 31 2021**	12 31 2020
Revenues	1,446	929	2,138	2,051	30	21
Gross operating income	1,207	672	270	699	-	-
Net operating income	1,049	514	247	461	-	-
Result before taxes	1,041	505	32	461	-	-
Result of the year	762	375	30	337	-	-
Assets	3,627	2,860	2,576	2,308	53	48
Liabilities	794	788	588	350	27	22
Equity	2,834	2,071	1,988	1,958	26	26
Net financial position	857	(102)	1,237	822	5	-

4.10

Certification of the financial statements pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98

1. The undersigned, Renato Mazzoncini, as CEO of A2A S.p.A., and Luca Moroni, as Financial Reporting Manager of A2A S.p.A. also considering the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998, as amended, hereby attest:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

of administrative and accounting procedures for the preparation of financial statements in the year 2022.

2. It is also certified that:

   2.1 the financial statements at December 31, 2022:

   a) have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;

   b) correspond to the information contained in the accounting ledgers and records;

   c) provide a true and fair representation of the equity, economic and financial situation of the issuer;

   2.2 the report on operations includes reliable analysis on the performance, result of operations and the business of the issuer, as well as description of principal risks and uncertainties to which is exposed.

Milan, March 16, 2023

Renato Mazzoncini (Chief Executive Officer)	Luca Moroni (Financial Reporting Manager)

5

Independent Auditors' Report

5

Independent Auditors' Report

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
A2A S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of A2A S.p.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of comprehensive income, statement of changes in equity and the cash-flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit response
Valuation of Shareholdings in subsidiaries At December 31, 2022, the Shareholdings in subsidiaries balance amount to 4.183 million euro. The management assesses at least annually the existence of impairment indicators of each investment, in compliance with its strategy of managing legal entities within the group and, in case of occurrence, these assets are subject to impairment test. The processes and methodologies for assessing and determining the recoverable amount of each shareholdings in subsidiaries are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to the identification of impairment indicators, to forecast of future cash flows relating to the period covered by the Group's strategic plan 2021-2030 updated and approved by Directors on November 22, 2022, the normalized cash flows or the net realized value of the assets assumed as a basis for the terminal value, as well as the long-term growth rates and discount rates applied to such cash flows forecasts. Such assumptions could be affected by future expectation and volatility of energy market conditions and macroeconomic events, as well as by the potential changes in regulations, new authorization processes and legislative measures. In consideration of the judgment required and of the complexity of the assumptions used in the estimate of the recoverable amount of investments, we have considered that this area represents a key audit matter. The disclosures related to the recoverability of the investment in subsidiaries are included in the paragraph "Use of estimates" and in note n.3 "Shareholdings and other non-current financial assets" of the notes to the financial statements.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes and key controls implemented by the Company related to the identification of any loss and to the valuation of Shareholdings in subsidiaries; • assessment of the report produced by the management's third party specialists, as well as the assessment of their competence, capability and objectivity; • assessment of cash flows forecasts and their consistency with energy market conditions, macroeconomic scenarios, regulatory environment, authorization processes and legislative measures; • assessment of the consistency between the future cash flows assumed in the Group A2A's strategic plan and the cash flows forecasts assumed for shareholdings in subsidiaries, appropriately adjusted by estimated future cash flows expected to arise from future restructurings or from improving or enhancing the asset's performance; • assessment of the accuracy of actual results against previous forecasts; • assessment of the long-term growth rates and discount rates. In performing our procedures, we leveraged the used of EY valuation specialists who performed an independent calculation and sensitivity analysis on key assumptions, in order to determine any changes that could significantly impact the valuation of recoverable amount. Lastly, we reviewed the adequacy of the disclosures included in the notes to the financial statements with reference to the recoverability analysis of shareholdings in subsidiaries.

2

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

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continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of A2A S.p.A., in the general meeting held on 11 June 2015, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of A2A S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

4

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2022 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2022 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of A2A S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of A2A S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of A2A S.p.A. as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of A2A S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, April 3, 2023

EY S.p.A.
Signed by: Paolo Zocchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Report of the Board of Auditors

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Report of the Board of Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE 58/1998 AND ARTICLE 2429 PARAGRAPH 3, CIVIL CODE TO THE SHAREHOLDERS' MEETING OF A2A S.P.A. OF APRIL 28, 2023 (SECOND CALL, IF APPLICABLE, APRIL 29 2023)

Shareholders,

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting of A2A S.p.A. (hereinafter, also the "**Company**") of May 13, 2020 and will end its term of office with the Shareholders' Meeting convened to approve the financial statements at December 31, 2022.

Pursuant to article 153, paragraph 1, of Legislative Decree no. 58 of February 24, 1998 (hereinafter the "**T.U.F.**"), the Board of Statutory Auditors hereby informs that, during the year ended December 31, 2022, it carried out the supervisory and control activities required by current regulations, with particular regard to the provisions of the Italian Civil Code, Legislative Decree 58/1998, Legislative Decree no. 39 of January 27, 2010 and Legislative Decree no. 254 of 2016, also taking into account the indications contained in CONSOB communications relating to corporate controls and the activities of the Board of Statutory Auditors, the indications contained in the Corporate Governance Code for listed companies as well as the Rules of Conduct for the Board of Statutory Auditors of listed companies recommended by the National Council of Chartered Accountants and Accounting Experts.

This Report is given to the Shareholders of the Company in view of the Shareholders' Meeting called, on first call, on April 28, 2023 and, if necessary, on second call, on April 29, 2023 for the approval of the Financial Statements at December 31, 2022.

That said, the activities carried out by the Board of Statutory Auditors during 2022 and up to the date of today's report are set out below, also with reference to the requirements of CONSOB Communication no. DEM/1025564 of April 6, 2001 and subsequent amendments.

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1. **Most significant transactions with regard to the company's financial position, results of operations and cash flows.**

The most significant economic, financial and equity transactions and events that took place in 2022 were as follows:

- acquisition from Ardian, a private investment company, of investments in 3New&Partners, Daunia Calvello and Daunia Serracapriola, companies that own wind farms in Italy. Following a reorganization on November 23, 2022, the Company obtained exclusive ownership and control of the companies Daunia Calvello and Daunia Serracapriola and their wind farms, with a total capacity of 83 MW;
- acquisition of a portfolio, 4New, wholly owned by a fund managed by Ardian, consisting of wind and photovoltaic plants totalling 157 MW, of which 117 MW located in Italy and the remaining 40 MW in Spain;
- issuance of a new 500 million euro six-year Sustainability-Linked Bond, intended for institutional investors, and linked to the achievement of a sustainability target related to installed capacity from renewable sources;
- issuance of two new Green Bonds (the first for an amount of 600 million euro and with a duration of 4 years and the second for an amount of 650 million euro and with a duration of 8 years), addressed to institutional investors, intended to finance Eligible Green Projects (strategic circular economy and energy transition projects linked to the

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development of renewables and the environmental sector defined within the A2A Sustainable Finance Framework);

- sale of some non-strategic natural gas distribution assets.

Details of all transactions having a significant impact on the Company's profitability, assets and liabilities or financial position are provided in the "Significant events during the year" section of the Report on Operations.

The Board of Statutory Auditors received from the Directors and top management, with due periodicity, information on the activities carried out and transactions of major economic, financial and equity importance carried out by the Company and its subsidiaries. The Directors have reported on these transactions in their Report on Operations, to which reference is made, also with regard to the characteristics of the transactions and their economic effects.

The Board of Statutory Auditors has acquired adequate information, which have allowed it to reasonably believe that the above transactions complied with the law, By-laws and the principles of correct administration and were not imprudent, risky or in conflict with the resolutions passed by the shareholders' meeting or in any case such as to compromise the integrity of the company's assets.

Transactions with related parties have been subject to the transparency procedures provided for by current legislation.

The Directors have also set out in the Report on Operations information on significant events occurring after the end of the financial year and on the outlook for operations. In particular, specific information was provided on the main impacts of the Russia-Ukraine conflict on the Group's net working capital, commodities, net financial position and cyber risks.

2. Atypical and/or unusual transactions, carried out with third parties, intragroup or related parties.

The Board of Statutory Auditors has not found or received any indications from the Board of Directors, the Independent Auditors or the Head of Internal Audit regarding the existence of atypical and/or unusual transactions, as defined by Consob communication DEM/6064293 of July 28, 2006, carried out with third parties, related parties or intragroup.

In the notes to the financial statements, the Directors reported on ordinary transactions carried out during the year with Group companies and related parties, to which reference should be made, also with regard to the characteristics of the transactions and their economic effects.

Their examination did not reveal any critical issues with regard to their suitability, congruity or correspondence to the interests of the Company.

The Board of Statutory Auditors verified the actual implementation and functioning of the Procedure for Transactions with Related Parties adopted by the Company, including periodic information from the Board of Directors in the event of such transactions being carried out.

3. Observations and proposals on the remarks and requests for information contained in the independent auditors' report.

On April 3, 2023, the independent auditors EY S.p.A. issued their report pursuant to article 14 of Legislative Decree no. 39 of January 27, 2010, and article 10 of Regulation (EU) no. 537 of April 16, 2014, in which the independent auditors certify that in their opinion:

- the annual and consolidated financial statements of A2A S.p.A. provide a true and fair view of the financial position and results of operations of the Company and the A2A Group at December 31, 2022, of the economic results and cash flows for the year ended on said date, in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the measures issued in implementation of article 9 of Legislative Decree no. 38 of February 28, 2005;

- the Report on Operations and some specific information contained in the report on corporate governance and ownership structure indicated in article 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24, 1998 are consistent with the annual and consolidated financial statements of the Company and the A2A Group at December 31, 2022 and have been prepared in accordance with the law;
- the financial statements as at December 31, 2022 have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815;
- the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked in all significant aspects in accordance with the provisions of Delegated Regulation (EU) 2019/815. The same independent auditors have specified that certain information contained in the notes to the consolidated financial statements, when extracted from the XHTML format in an XBRL instance, may not be reproduced identically to the corresponding information displayed in the consolidated financial statements in XHTML format due to certain technical limitations;
- there is nothing to report with reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39 of January 27, 2010, issued on the basis of the knowledge and understanding of the company and the relative context acquired during the audit.

On April 3, 2023, the independent auditors EY S.p.A. also issued their additional report pursuant to article 11 of Regulation (EU) 537/2014, which, among other things, confirms that, during the audit of the Company's annual financial statements and the Group's consolidated financial statements for the year ended December 31, 2022, no significant deficiencies were identified in the internal control system for financial information and/or in the accounting system.

The auditor's reports highlight the key aspects of the audit, to which reference should be made.

The independent auditors EY S.p.A., also on April 3, 2023, issued the certification of compliance, in all significant aspects, of the drafting of the Consolidated Non-Financial Statement prepared by the Company pursuant to articles 3 and 4 of Legislative Decree no. 254/2016 and the GRI Standards.

The same independent auditors specified that the aforementioned attestation does not extend to the information contained in the "European Taxonomy" and "EU Taxonomy" paragraphs thereof, which are required by Article 8 of European Regulation 2020/852.

4. Complaints pursuant to article 2408 of the Civil Code and filing of petitions. Initiatives undertaken by the Board of Statutory Auditors and related outcomes.

In 2022, no complaints were received pursuant to article 2408 Civil Code nor reports of any kind by third parties.

It should be recalled that the Company has adopted a whistleblowing procedure that provides for the establishment of suitable information channels to ensure the reception, analysis and processing of reports, related internal control issues, corporate information, administrative liability of the Company, fraud or other matters, sent by employees, members of corporate bodies or third parties, including in confidential or anonymous form.

5. Appointment of the independent auditors and related costs.

The annual financial statements of A2A S.p.A. and its subsidiaries have been subject to a full audit by EY S.p.A. on the basis of the appointment conferred by the shareholders' meeting for financial years 2016 to 2024.

The following table provides a summary of the fees paid for audit work performed within the Group during 2022.

Description thousands of euro	Leading Auditor	Other auditors
A2A S.p.A.		
Audit of annual financial statements	190	
Audit of consolidated financial statements	43	
Periodic tests of accounting	23	
Review of half-yearly report	86	
Audit of the separate annual accounts for ARERA	20	
Total	**362**	**-**
Subsidiaries		
Audit of annual financial statements	1,335	114
Periodic tests of accounting	258	
Review of half-yearly report	241	
Audit of the separate annual accounts for ARERA	101	
Other consolidated groups (Acinque, AEB)	400	
Total	**2,335**	**114**
Associates and joint ventures		
Audit of the information sent to shareholders for the consolidation	38	
Total	**38**	**-**
Total A2A Group	**2,735**	**114**

The Board of Statutory Auditors has been informed by the Company that the following additional fees paid to companies or professional firms connected to the international network of EY S.p.A. in relation to the offices specified below have been recorded (amounts in euro):

Company	Subject of the assignment	Amount
A2A	Comfort letter bond issue	25,000
Retragas	Revenue certification year 2020 for ARERA	1,000
GELSIA	Certification for participation in the final customer arrears compensation mechanism - Art 16 ter TIV issued to CSEA	1,000
A2A	Comfort letter EMTN program	45,000

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A2A	Comfort letter bond issue	25,000
A2A	Certification fee - year 2020 - San Filippo del Mela power plant (essential units)	1,000
Waste GELSIA	Certification for financial capacity issued to the DMV	1,000
A2A	Certification of Tax Credits for R&D Activities (year 2021)	24,000
A2A Ambiente	Certification of Tax Credits for R&D Activities (year 2021)	14,000
A2A Calore & Servizi	Certification of Tax Credits for R&D Activities (year 2021)	13,000
Unareti	Certification of Tax Credits for R&D Activities (year 2021)	23,000
YADA Energia	Certification of Tax Credits for R&D Activities (year 2021)	12,000
A2A Ciclo Idrico	Certification of Tax Credits for R&D Activities (year 2021)	7,000
A2A Smart City	Certification of Tax Credits for R&D Activities (year 2021)	7,000
A2A	Comfort letter bond issue	25,000
TOTAL		**224,000**

The above-mentioned assignments fall under the procedure "Management of relations with independent auditors", i.e. they have always been approved in advance by the Board of Auditors.

The Board of Statutory Auditors received, in accordance with the provisions of article 6 paragraph 2 letter a) of Regulation (EU) no. 537/2014, from EY S.p.A., certification of the declaration relating to the independence of EY S.p.A., pursuant to article 6 of Regulation (EU) no. 537/2014, contained in the additional report, from which no situations emerge that could compromise its independence.

6. Main opinions issued by the Board of Statutory Auditors in accordance with current legislation.

In 2022, the Board of Statutory Auditors, in particular:

- examined and positively assessed the approval of the 2022 Audit Plan prepared by the Head of the Internal Audit function and approved by the Board of Directors;
- examined and positively assessed the Remuneration Policy for 2022 as well as the text of the Remuneration Report approved by the Board of Directors at its meeting of March 23, 2022, verifying that it contained the information required by article 123 ter of the Consolidated Law on Finance and article 84 quater of Consob Regulation 11971/1999;
- examined and positively assessed the text of the Report on Corporate Governance and Ownership Structure approved by the Board of Directors at its meeting of March 23, 2022, verifying that it contained the information required by article 123 bis of the Consolidated Law on Finance and complied with the provisions of the scheme prepared by Borsa Italiana S.p.A.;
- issued a favourable opinion, pursuant to article 19, first paragraph, letter e) of Legislative Decree no. 39 of January 27, 2010 and article 5 of European Community Regulation no. 537 of April 16, 2014, in relation to the assignment of "non audit services" to the independent auditors.
- expressed its favourable opinion on the appointment of the Manager in charge of preparing the company's accounting documents pursuant to article 154-*bis* of Legislative Decree 58/98, Fabio Colombo on April 28, 2022 and, subsequently, Luca Moroni on September 22, 2022.

Furthermore, it verified:

- that each member of the Board of Statutory Auditors meets the requirements of independence, integrity and professionalism;

- the correct application by the Board of Directors of the criteria and procedures for assessing the independence of its members pursuant to the new Corporate Governance Code.

After the end of the financial year and up to the date of this report, the Board of Statutory Auditors also:

- examined and positively assessed the approval of the 2023 Audit Plan prepared by the Head of the Internal Audit function and approved by the Board of Directors;
- examined and positively assessed the Remuneration Policy for 2023 as well as the text of the Remuneration Report approved by the Board of Directors at its meeting of March 31, 2023, verifying that it contained the information required by article 123 ter of the Consolidated Law on Finance and article 84 quater of Consob Regulation 11971/1999;
- examined and positively assessed the text of the Report on Corporate Governance and Ownership Structure approved by the Board of Directors at its meeting of March 16, 2023, verifying that it contained the information required by article 123 bis of the Consolidated Law on Finance and complied with the provisions of the scheme prepared by Borsa Italiana S.p.A.;
- drawn up, pursuant to article 13 of Legislative Decree no. 39/2010 and article 16, paragraph 2, of Regulation (EU) no. 537/2014, reasoned proposal for the conferment of the statutory audit appointment for the years from 2025 to 2033. The assignment of the statutory audit of accounts, currently assigned to EY S.p.A., will in fact expire with the resolution of the Shareholders' Meeting called to approve the financial statements of the Company at December 31, 2024.

7. Attendance at meetings of corporate bodies.

Much of the financial year 2022 was also characterized by the continuing spread of the COVID-19 pandemic. The government guidelines and measures issued to protect health have imposed stringent measures to limit the spread of the pandemic across the country.

The Board of Statutory Auditors received constant information from the Company on the actions taken to protect the health of employees in compliance with the emergency regulations pro tempore in force. In this regard, there are no items of attention to be submitted to the Company's Shareholders' Meeting.

In this context, the Company's activities were not interrupted and continued, where possible, "remotely" for office personnel.

The activities of the Board of Statutory Auditors were also conducted in mixed form, through the acquisition of data and information in electronic format and the holding of its meetings via video/audio conference or in person.

Considering the degree of reliability and timeliness of the Company in ensuring the proper conduct of meetings and an adequate system for sending information flows, the Board of Statutory Auditors believes that the adoption of these methods has not diminished or affected the degree of reliability of the information received or the effectiveness of its activities.

In 2022, the Board attended all the meetings of the Board of Directors, for a total of 18 sessions, during which it was informed about the activities carried out and the most significant transactions made by the Company and its subsidiaries. In this context, the Board received from the Chairman and CEO the information regarding the exercise of the respective proxies.

Moreover, the Board held 21 meetings in 2022, during which information was also exchanged with the independent auditors in order to ensure that no transactions were carried that were imprudent, risky, in potential conflict of interest, in contrast with the law, By-laws or the resolutions of the shareholders' meeting or such to affect the integrity of the Company's assets.

The Board of Statutory Auditors also attended 14 meetings of the Control and Risk Committee, 14 meetings of the Remuneration and Appointments Committee, 10 meetings of the Committee for Transactions with Related Parties, and 9 meetings of the ESG and Territory Relations Committee, gaining knowledge of the work they performed during the year.

The Control Body also participated in the Shareholders' Meeting of April 28, 2022.

In 2023, to date, the Board of Statutory Auditors has attended 5 meetings of the Board of Directors, 5 meetings of the Control and Risk Committee, 3 meetings of the Remuneration and Appointments Committee, 3 meetings of the Committee for Transactions with Related Parties, 3 meetings of the ESG and Territory Relations Committee, and has held 4 meetings of the Board of Statutory Auditors.

8. Observations on compliance with the principles of correct administration.

The Board of Statutory Auditors, following its supervisory activity, has no observations to make regarding compliance with the principles of correct administration and has verified that the Directors are aware of the riskiness and effects of the operations carried out.

In particular, the Board of Statutory Auditors verified that the management decisions were taken in the interest of the Company, compatible with the Company's resources and assets and adequately supported by information, analysis and verification processes, also with recourse, when deemed necessary, to the advisory activities of the Committees and external professionals.

9. Observations on the adequacy of the organizational structure.

The Board of Statutory Auditors constantly collected information on the organizational structure of the Company and changes thereto, also meeting with the related function managers of the Company. In light of what has been verified, the Board of Statutory Auditors believes that the organizational structure of the Company, the procedures, expertise and responsibilities are adequate in relation to the size of the Company and the type of activity performed.

The Board of Statutory Auditors also verified the adequacy of the organizational structure of subsidiaries with strategic importance of A2A S.p.A., with particular reference to the internal control and risk management system.

10. Adequacy of the Internal Control and Risk Management System.

The Board of Statutory Auditors monitored the adequacy of the Internal Control and Risk Management System of A2A S.p.A. and its strategically important subsidiaries, by means of:

a) regular collection of information, including at meetings of the Control and Risk Committee, as well as by means of meetings with the Manager in charge, the Head of the Internal Audit function, the Head of the Group Compliance function, the Group Risk Officer and the Heads of other functions concerned from time to time, on the activities carried out, the mapping of risks relating to ongoing activities, the verification programs and the projects for implementing the internal control system, with the acquisition of the related documentation;

b) regular participation, in addition to in the Board of Directors' meetings, in the work of the Control and Risk Committee and the ESG and Territory Relations Committee;

c) examination of the periodic reports of the Control and Risk Committee;

d) examination of the reports of the Head of the Internal Audit Function, concerning the checks in the various company areas, both at peripheral and corporate level, on the functioning of the Group's Internal Control and Risk Management System and the monitoring of the implementation of the corrective actions identified as a result of the audit activity; examination of the periodic reports prepared every six months by the Head of Internal Audit function, which contain information on the activities carried out by the latter during the reference period, the risk management procedures within the Company, respect for plans defined for their reduction, strategic goals for reduction and efficiency, as well as the positive assessment of the same Head of the Internal Audit function on the suitability of the internal control and risk management system of the Company and its subsidiaries with strategic importance, with respect to the characteristics of the Company and the profile of risk undertaken;

e) the examination of reports on the prevention, monitoring and management of the risk of legislative non-compliance and anti-corruption risk.

The Board of Statutory Auditors has also:

- verified that the Company has an Organizational, Management and Control Model consistent with the principles contained in Legislative Decree 231/01 and the guidelines drawn up by the Trade Associations, most recently updated by the Board of Directors on December 22, 2022, to take account:
    a. of the new offences introduced in Legislative Decree 231/2001;
    b. of the legislative amendments affecting certain predicate offences already present in Legislative Decree 231/2001 and the Model (formal amendments to headings or descriptions of offences);
    c. of the impact of the smuggling offences introduced in Legislative Decree 231/2001 and Legislative Decree 75/2020 (implementation of the so-called PIF Directive), with respect to the company's operations and the drafting of a new dedicated Special Section ("T").

In addition, regarding the Model:

i. amendments were made to the General Part of the Model mainly for governance, organizational and regulatory alignment;
ii. the layout of the Special Sections was revised as a whole, through the precise indication, for each sensitive activity, of the internal corporate regulatory documents containing the specific control measures relevant to 231, in line with the latest case law on the subject of Legislative Decree 231/2001;
iii. the risk assessment document was completed and aligned with the new approach adopted in 2022.

- verified that the Company has an Anti-Corruption Policy, approved in the version updated by the Board of Directors on July 11, 2019;
- examined the periodic reports (at June 30, 2022 and December 31, 2022) of the Supervisory Body provided for by Legislative Decree no. 231/2001, which summarize the activities carried out during the year by said Body, and met with its members;
- met with representatives of the Board of Statutory Auditors of the subsidiaries A2A Ambiente S.p.A. e A2A Calore & Servizi S.r.l. for the purposes of exchanging information on, among other things, the functioning of corporate activities and compliance with the directives issued by the parent company, the characteristics of the internal control system, the corporate organization of subsidiaries, the composition and activities of the Supervisory Bodies, Committees and the Internal Audit function.

In conclusion, in the course of carrying out the above activities, the Board of Statutory Auditors:

a) did not identify any critical situations or facts that might suggest, in relation to 2022, that the Internal Control and Risk Management System of A2A S.p.A. and its subsidiaries is inadequate;

b) considering the information provided by the Chairman of the Supervisory Board and the reports mentioned above, which show that, in 2022, no censurable facts or violations of the Model emerged, the Board of Statutory Auditors, to the extent of its competence, considers that said Model is suitable for preventing offences under the regulations in question and is correctly adopted;

c) noted the positive assessment expressed by the Board of Directors in relation to the adequacy and effective functioning of the Internal Control and Risk Management System for 2022.

The Board of Statutory Auditors explored and constantly monitored the events during the year regarding ongoing tax, administrative, civil and criminal litigation involving the Company and the Group, for which reference is made to as detailed in the 2022 Consolidated Annual Report, Section 3) Other Information, Paragraph 8) "Update on the main legal and tax disputes currently pending".

11. Adequacy of the administrative-accounting system and its reliability.

The Board of Statutory Auditors, to the extent of its competence, monitored the adequacy of the administrative-accounting system and its reliability in correctly representing operating events as well as the activities carried out, under the coordination of the Head of Financial Reporting, for the purposes of compliance with Law 262/05 *"Provisions for the protection of savings and the regulation of financial markets*" and subsequent amendments and additions, by means of:

a) the acquisition of information from the Head of Financial Reporting as well as from the Heads of other company departments, also in the context of participation in the work of the Control and Risk Committee;

b) the acquisition of information on the procedures adopted and instructions issued by A2A

S.p.A. for the preparation of the Annual Report of the Group at December 31, 2022 and the Half-Year Report of the Group at June 30, 2022;

c) examination of the periodic reports of the Head of Financial Reporting, as well as the reports of the Internal Audit Function on the actual application of the administrative and accounting procedures pursuant to Law 262/05 and on the outcome of the related tests carried out, drawn up in execution of the mandate entrusted by the Head of Financial Reporting;
d) meetings with the Independent Auditors and analysis of the results of their work;
e) examination of company documents.

The Board of Statutory Auditors also noted that, following the favourable opinion issued by the Control and Risks Committee, in accordance with the recommendations made by the European Securities and Markets Authority ("ESMA") on January 21, 2013, the joint document Bank of Italy/Consob/ISVAP no. 4 of March 3, 2010 and Consob Communication no. 3907 of January 19, 2015, on March 16, 2023, the Board of Directors autonomously and prior to the approval of the annual financial statements, approved the impairment test procedures applied by the Company in preparing the financial statements at December 31, 2022 and the impairment test procedures to be applied to the annual financial statements of the companies of the A2A Group.

In the course of carrying out the activity described above, the Board of Statutory Auditors did not identify any critical situations or facts that might lead to the conclusion, in relation to 2022, that the administrative-accounting system of A2A S.p.A. is inadequate and/or unreliable.

12. Adequacy of the instructions given to subsidiaries.

It should be noted that the Company regulates, by means of specific procedures, the flow of information to it from its subsidiaries, particularly with regard to major transactions.

The Board of Statutory Auditors considers the instructions given by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the Consolidated Law on Finance to be adequate, in order to comply with the communication obligations provided for by law.

13. Any relevant aspects relating to meetings with auditors.

The Board of Statutory Auditors met with the independent auditors in relation to the Annual Report at December 31, 2022:

a) to exchange information on the verifications carried out by the latter pursuant to Legislative Decree 39/2010 and article 150, paragraph 3 of the Consolidated Law on Finance, on the regular accounting and correct reporting of events in the accounting records. During these meetings, there were no reports of problems or abnormalities;
b) for the examination and evaluation of the preparation process, including the evaluation of the correct application of accounting standards and homogeneity of the same, the Half-Year Report of the Group at June 30, 2022 and the Annual Report of the Group at December 31, 2022, as well as the outcomes of the audit and evaluation of these documents.

In particular, the Board of Statutory Auditors:

- analyzed the work carried out by the independent auditors, and in particular, the methodological framework, the audit approach used for the various significant areas of the financial statements and the planning of the audit work;
- shared with the independent auditors issues related to business risks, thus being able to appreciate the adequacy of the response planned by the independent auditors with the structural and risk profiles of the Company and the Group.

The Board of Statutory Auditors has also:

a) received, pursuant to article 11 of Regulation (EU) no. 537/2014, the supplementary report of the independent auditors, also illustrating the key issues arising from the statutory audit and any significant deficiencies found in the internal control system for financial reporting and/or in the accounting system, from which no significant deficiencies were identified;

b) took note of the statement on the independence of EY S.p.A. pursuant to article 6 of Regulation (EU) no. 537/2014, contained in the supplementary report, from which no situations emerge that could compromise its independence;

c) discussed, pursuant to article 6, paragraph 2, letter b) of Regulation (EU) no. 537/2014, with the independent auditors the risks relating to the independence of the same and the measures adopted by the independent auditors to mitigate said risks.

14. Adherence to the Corporate Governance Code of listed companies.

The Company adheres to the 2020 edition of the Corporate Governance Code of listed companies effective January 1, 2021.

The Board of Statutory Auditors therefore supervised, pursuant to article 149, paragraph 1, letter c-bis) of the Consolidated Law on Finance, the procedures for the concrete implementation of the rules of corporate governance provided for by the Corporate Governance Code, with particular regard to:

- the correct application of the ascertainment criteria and procedures adopted by the Board of Directors to assess the independence of its members;
- the manner in which the self-assessment activities of the Board of Directors and its Internal Committees were carried out, including that relating to the requirements for independent directors;
- the Company's Corporate Governance structure.

The Board of Statutory Auditors also acknowledges that the Board of Directors, at its meeting of February 23, 2022, examined the recommendations of the Corporate Governance

Committee contained in the letter of January 25, 2023 addressed by the Chair of the Committee to the Chairpersons of the Boards of Directors of Italian listed companies and, for information, to the relative Chief Executive Officers and Chairpersons of the control bodies, in order to make the necessary decisions in this regard.

The Board of Statutory Auditors supervised the activities carried out by the Control and Risk Committee, the Remuneration and Appointments Committee, the ESG and Territory Relations Committee and the Related Parties Committee, also in relation to the activities envisaged by the Corporate Governance Code.

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In addition to the above, the Board of Statutory Auditors:

- assessed the compliance of its composition with the provisions of the law on gender portions, as well as its adequacy in terms of policies on diversity of age and diversity of educational and professional experience;
- confirmed the correctness and effectiveness of its functioning, also taking into account the requirements of professionalism, competence and experience of its members, compliance with the regulatory provisions on the accumulation of offices of the Statutory Auditors, the availability of time in the performance of their duties, as well as the functionality and quality of information flows with the Board of Directors, the Control and Risk Committee, the independent auditors and other control functions;
- successfully carried out the periodic verification regarding compliance with the criteria of independence with regard to each of its members, pursuant to the regulatory provisions and the Corporate Governance Code. The outcome of said audits is outlined in the Annual Report on Corporate Governance and Ownership Structures prepared for the year 2022;
- drafted the summary sheets of the control activities carried out by the Board of Statutory

Auditors in 2021 according to as provided in CONSOB Communication no. 1025564 of April 6, 2001.

15. Consolidated Non-financial Statement

The Board of Statutory Auditors monitored compliance with the provisions of Legislative Decree No. 254 of 30 December 2016 and Consob Regulation No. 20267 of January 18, 2018 regarding the Consolidated Non-Financial Statement ("NFS") prepared by the Company.

The Board of Statutory Auditors finds that the Company, in its capacity as Parent Company, has prepared the Consolidated Non-Financial Statement in accordance with the requirements of Articles 3 and 4 of Legislative Decree No. 254/2016 and the "Global Reporting Initiative Sustainability Reporting Standards" (so-called "GRI Standards") defined by the GRI - Global Reporting Initiative, identified as reporting standards by the Directors, as described in the "Methodological Note" section of the NFS.

The Board of Statutory Auditors monitored compliance with the provisions set forth in Legislative Decree No. 254 of 2016, ascertaining that the NFS allows for an understanding of the Group's activities, its performance, results and impacts produced, and that the NFS reports on environmental, social, personnel-related, human rights and governance issues, taking into account the company's activities and characteristics, in accordance with Article 3 of Legislative Decree No. 254 of 2016.

The Board of Statutory Auditors discussed with the independent auditors the auditing activities it had performed on the NFS and received confirmation that these did not reveal any critical issues to be reported.

The Board of Statutory Auditors also verified the approval by the Board of Directors on March 16, 2023 of the aforementioned Consolidated Non-Financial Statement and the issuance on April 3, 2023, by the independent auditors, of the Group's NFS Report for the financial year ending December 31, 2022, certifying the compliance of its preparation, in all significant aspects, with Articles 3 and 4 of Legislative Decree 254/2016 and the GRI standards, with the exclusion of the information contained in the "European Taxonomy" and "EU Taxonomy" paragraphs thereof, required by Article 8 of European Regulation 2020/852.

Final evaluations of the supervisory activity carried out and proposal to the Shareholders' Meeting.

Having regard to the foregoing, and having, in the year under consideration:

- monitored compliance with the law and By-laws, principles of proper administration, and in particular the adequacy of the administrative and accounting organization structure adopted by the Company and proper functioning thereof;
- monitored observance of information obligations regarding privileged information;
- monitored the functioning and effectiveness of the internal control and risk management system and the administrative-accounting system, in order to assess their suitability to company requirements, as well as their reliability for the representation of management events;
- monitored compliance with the provisions of law relating to the process of preparing, controlling, approving and publishing the Company's statutory financial statements and the process of preparing, controlling and publishing the Group's consolidated financial statements and reports on operations for the year 2022, including through direct checks and information obtained from the independent auditors, and also ascertained the adequacy, from the point of view of the method, of the impairment test process;
- verified that, in accordance with Regulation (EC) no. 1606/2002 and Legislative Decree no. 38/2005, the financial statements of A2A S.p.A. and the consolidated financial statements of the Group at December 31, 2022 are prepared in accordance with IAS/IFRS international

accounting standards approved by the European Commission, supplemented by the related interpretations issued by the International Accounting Standards Board (IASB);

- monitored compliance with the procedure for the preparation and presentation of the annual financial statements to the Shareholders' Meeting also with reference to the ESEF format in accordance with the provisions of Delegated Regulation (EU) 2019/85;
- monitored, pursuant to article 19, paragraph 1 of Legislative Decree 39/2010, the financial reporting process and effectiveness of internal control, internal audit and risk management systems and informed the Board of Directors on the outcome of the statutory audit;
- monitored compliance with the provisions established by Legislative Decree 254/2016 and Consob Regulation No. 20267/2018, regarding the Consolidated Non-Financial Statement;

providing the foregoing, the Board of Statutory Auditors states that, during the supervision activities described above, no reprehensible facts, omissions, or irregularities arose that require reporting to the competent bodies.

In view of the above, the Board of Statutory Auditors kindly requests that you approve the financial statements at December 31, 2022 presented by the Board of Directors along with the report on operations and the proposal to the Meeting therein.

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Shareholders,

with the approval of the financial statements at December 31, 2022, is expiry of the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting on May 13, 2020. You are therefore required to appoint the new Board of Statutory Auditors for the next three years, in accordance with the law and the by-laws .

We wish to take this opportunity to thank you for your trust during these years of mandate.

Milan, April 3, 2023

THE BOARD OF STATUTORY AUDITORS

(Signed Giacinto Sarubbi)	-	Chairman
(Signed Maurizio Leonardo Lombardi)	-	Statutory Auditor
(Signed Chiara Segala)	-	Statutory Auditor