Acquirente Unico S.p.A.

Annual Financial Statements

2020

Share capital € 7,500,000 fully paid-in
Sole shareholder pursuant to Art. 4 of Italian Legislative Decree 79/99 Gestore dei Servizi Energetici - GSE S.p.A.
Entity with direction and coordination powers: GSE S.p.A.
Registered offices - 00197 Rome – Via Guidubaldo Del Monte, 45
Rome Business Register, VAT and Tax Id Code no. 05877611003
Rome Economic and Administrative Register no. 932346

LETTER TO THE SHAREHOLDER

2020 was an exceptional year, characterised by the COVID-19 pandemic, which turned global economies and personal behaviour upside down based on the epidemiological containment measures adopted. The energy sector witnessed a drop in demand, but in particular the prices of the main *commodities* nosedived: oil*futures* recorded negative prices and gas suffered the steepest slump in the last 10 years. Consequently, electricity prices throughout Europe mirrored this downward trend, with the SNP falling to the lowest figure ever recorded since the launch of the Italian power exchange.

Procurement for enhanced protection suffered to a greater extent, with a decrease in volumes purchased of 6.4% compared to 2019. An activity that will continue in the next few years due to an extension of the deadline for the termination of price protections for the electricity and gas market until 1 January 2023 for domestic customers and micro-enterprises with a committed power capacity of less than 15 kW, while small enterprises still subject to enhanced protection will be allocated to new suppliers identified through competitive procedures.

As regards operations, the process of development and digitalisation undertaken by the company over the last few years has enabled it to quickly react to the emergency situation due to COVID-19, by adopting government recommendations for maximising the use of forms of smart working for activities that can be carried out from home or remotely.

Acquirente Unico quickly converted work methods, tools and best practices for all company personnel. Although the activities connected with the provision of services are, at least in theory, most amenable to a shift to remote mode, the actual, large-scale and sudden reconversion from a traditional and materialised approach to an activity carried out entirely online, without, however, jeopardising the levels of operating efficiency and effectiveness, has severely the tested the company's ability to manage change, flexibility and organisational capacity.

Hence, in the space of just a few weeks, the explosion of the pandemic prompted a revolution in terms of culture, management of remote activities and relationships and technology. In particular, it called for a system of different planning of activities and the evaluation of results, to be certain of being able to continue its operations and to provide services to citizens without interruption.

It is worth underlining that, despite the situation, indeed in July 2020, Acquirente Unico obtained the quality certification ISO 9001:2015, without the new structure stunting the achievement, for the services rendered, of the quality standards identified by the company in a process launched before the outbreak of the COVID-19 emergency.

Nonetheless, 2020 was a year in which significant changes and consolidations were achieved. With reference to the IIS, the reform of the gas settlement regulation was completed, launched by the Regulatory Authority for Energy, Networks and Environment (ARERA) with the approval of the “Integrated text of provisions for settlement of physical and economic items regarding the natural gas balancing service". The IIS acquires, as it does for electricity, a central role in the operating methods for exchanging information, with the goal of overcoming long-standing problems connected with difference between the quantities injected in the distribution system and those withdrawn by end users. This important step will enable the efficient provision of natural gas balancing and transport services and allow the company to overcome the current problems tied to the determination of economic items.

The COVID-related emergency period has had a major impact on the volumes of services managed by the Energy and Environment Consumer Help Desk. A decrease was recorded, in particular, in the number of calls made to the Contact Centre and the cases managed by the Conciliation Service in the first half of the year, partially offset by the recovery in June, bringing the 2020 values very close to those of the previous year. However, in 2020, by expanding its reference sectors, the Help Desk also managed requests for information, complaints, applications and notifications coming from Waste sector users, including separated waste, urban and similar. In addition, the support of the Help Desk for handling complaints and the out-of-court settlement of disputes was also extended to the district heating and the district cooling sectors. Operations, at an experimental phase, will get up to full speed from July 2021.

Acquirente Unico continued to provide assistance to vulnerable consumers through the European ASSIST project, an initiative promoted by the European Commission within the framework of the European Horizon2020 programme, intended to fight energy poverty, which came to an end in 2020. At the closing webinar, Acquirente Unico, together with its Italian partners, made a presentation to the European Commission, detailing the whole experience and the significant results recorded during the three years of the project. According to EASME, Executive Agency for Small and Medium-sized Enterprises of the European Commission, the ASSIST project represented a successful model for supporting consumers in difficulty, which can be adopted by different public and private entities that work in various sectors.

The most significant result of 2020 was the award of a new activity to Acquirente Unico: the management of technical and administrative services for the use and circulation of methane gas cylinders for the automotive sector set out in Law no. 640/1950. Initially, these activities were granted under concession to the Ente Nazionale Metano - National Agency for Methane - (now Eni S.p.A.) and managed by the latter through its subsidiary SFBM S.p.A. (Società Fondo Bombole Metano), which conducts the mandatory inspection of the cylinders used as methane fuel tanks on vehicles registered in Italy, verifies the structural integrity of the tanks to ensure they meet the applicable safety standards, hence exercising the functions of public service. The methods employed by Acquirente Unico to acquire the new activities (through the acquisition of SFBM S.p.A. or through the transfer of the business unit) must be established in a decree by a Ministry of Economic Development, in agreement with the Ministry of Finance.

In a year severely affected by the major repercussions of the COVID-19 emergency on the country's economic system in general, and on the energy system in particular, the company can, nonetheless, be satisfied that it has demonstrated, despite the grave situation, flexibility and promptness in continuing with the activities in progress and in developing new ones.

Chairman and Chief Executive Officer

Filippo Bubbico

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CORPORATE STRUCTURE

Board of Directors (2020-2022)

Chairman and Chief Executive Officer	Filippo Bubbico
Directors	Liliana Fracassi Vinicio Mosè Vigilante

Board of Statutory Auditors (2020-2022)

Chairman	Giovanni Lombardo
Statutory Auditors	Concetta Lo Porto Giorgio Marrone
Alternate Statutory Auditors	Andrea Lionzo Giancarla Branda

REPORT ON OPERATIONS

REGULATORY ELEMENTS AND AREAS OF REFERENCE

Acquirente Unico S.p.A. (hereinafter also "Acquirente Unico" or "AU") - joint-stock company wholly owned by Gestore dei Servizi Energetici - GSE S.p.A. (hereinafter "GSE") - was established in accordance with Legislative Decree no. 79 of 16 March 1999, in order to guarantee the supply of electricity to eligible customers.

From 1 July 2007, with the completion of the liberalisation of the retail sale of electricity, as a result of Italian law no. 125 of 3 August 2007, for conversion with amendments to Decree Law no. 73 of 18 June 2007 (hereinafter "Law no. 125/2007"), all end users of electricity, and in particular also civil or domestic users, have the right to freely choose their electricity supplier. In light of this innovation, Italian Law no. 125/07 introduced enhanced protection and safeguards in electricity sales services.

AU's mission was subsequently extended to include additional activities and functions assigned to it through legislative provisions or sector regulations.

Enhanced protection service

Until 31 December 2020, before the entry into force of the gradual protection service for small enterprises, the enhanced protection service targeted residential customers and businesses with fewer than 50 employees with annual revenue not exceeding € 10 million (hereinafter the "small customers" or "protected customers") who decided not to move to the open market. The service is provided, still today, by the enhanced protection provider, which may be a specific sales company, in geographical areas in which the distribution company supplies at least 100,000 end users, or the same distribution company in other cases. In the context of this service, the supply function is provided by Acquirente Unico.

Acquirente Unico, in accordance with the directives of the Regulation Authority for Energy, Networks and Environment, (hereafter, "Authority" or "ARERA"), transfers to the operators the electricity to be supplied to the protected customers, ensuring the balance of its accounts, according to the provisions of Article 4, paragraph 6 of the aforementioned Legislative Decree no. 79/99.

Legislative Decree 93 of 1 June 2011 (hereinafter LD 93/11) subsequently confirmed the enhanced protection service for small customers, providing for possible adjustments over time, in response to the monitoring of developments in the retail market and the existence of effective competition.

During 2019 ARERA also approved the amendment to article 7 of the contract to sell electricity to enhanced protection operators, proposed by Acquirente Unico, in order to grant the operators the right to request postponing of the payment dates established for the fee due for the energy sold (resolution of 11 June 2019, 236/2019/R/eel).

More specifically, the amendment allows an extension for monthly payments of invoices falling due during certain periods of the year indicated in the contract, subject to a positive evaluation of the requesting entity's credit position and without any additional costs applying to AU, which would apply all charges associated with the granting of the extension to the requesting entities.

Therefore, this action is intended to prevent the risk of financial imbalance which Acquirente Unico could incur in the case of delayed payments from enhanced protection operators (especially larger entities), as well as the potential negative repercussions on the entire system which could ensue.

The enhanced protection service recently underwent significant organic change. Already from 2016, ARERA's initiatives involved changing the market mechanisms used to protect prices for domestic and non-domestic customers in the energy sector, including, among other things, a revision of the disbursement conditions for the enhanced protection service (so-called reformed enhanced protection service), effective as of 1 January 2017 (see most recently Resolution 633/2016/R/eel). Italian Law 124 of 4 August 2017 (hereinafter "Annual Market and Competition Law") then established, among other things, the abrogation of paragraph 2 of article 35 of Italian Legislative Decree 93 of 1 June 2011, effective as of 1 July 2019 (term then extended until 1 July 2020 by Decree Law no. 91 of 25 July 2018, converted with amendments by Law no. 108 of 21 September 2018). With this abrogation, regarding the provision that confirms the greater protection service pursuant to Law 125/07, converting with amendments Decree Law 73/07, the legislator intended to remove price protection in the electricity sector (in the same manner as established for the gas sector).

Finally, Decree Law no. 162 of 30 December 2019 ("Mille Proroghe Decree"), converted with amendments to Law no. 8 of 28 February 2020, further extended the deadline for the end of effectiveness of the enhanced protection service for the electricity sector to:

- 1 January 2021 for small and medium enterprises - enterprises employing fewer than 50 people and with annual turnover or a total in the annual financial statements not exceeding € 10 million (small enterprises as identified in Directive EU 2019/944);
- 1 January 2022 for domestic customers and micro-enterprises (with power capacity less than 15kW) - enterprises employing fewer than 10 people and with annual turnover or a total in the annual financial statements not exceeding € 2 million (micro-enterprises as identified in Directive (EU) 2019/944).

In fact, small enterprises that, as of 1 January 2021, have not selected or that remain without a supplier in the free market are included in the Gradual Protection Service established by the Authority under Resolution 491/2020/R/EEL and supplied by the enhanced protection operators in the 1st half of 2021 and, subsequently, by sales companies determined following competitive procedures for the regional areas carried out by Acquirente Unico. The regime prepared by ARERA was substantially confirmed by the Ministry of Economic Development Decree of 31 December 2020, published in Official Gazette no. 12 of 16 January 2020.

Safeguard Service - Electricity Sector

To date, the Safeguard Service has been intended for end users that hold solely withdrawal points connected to the medium or high/very high voltage grid not entitled to enhanced protection in the event that they are without a seller on the free market or did not select one.
The Authority, in implementing the Italian Ministry for Economic Development Decree of 23 November 2007, has assigned to AU the task of organising and carrying out the competitive procedures for the selection of companies that will provide the service, in accordance with the provisions of the Authority. Following the procedures carried out at the end of 2020, Acquirente Unico identified the companies providing the Safeguard Service for the years 2021 and 2022.

Supplies of last resort and default distribution service - Gas Sector

Subject to the changes introduced by Legislative Decree no. 93/11, the service provision of last resort (FUI) for vulnerable customers who are temporarily without a gas supplier, is provided to customers who are entitled to the protection service (domestic customers - including condominiums with consumption of no more than 200,000 cubic metres per year, utilities related to public service activities, other customers with consumption of no more than 50,000 cubic metres per year) by operators selected on the basis of competitive procedures run by Acquirente Unico.
The Authority also assigned to Acquirente Unico the task of managing the tendering procedures for the identification of the default natural gas distribution service, aimed at ensuring the balance of the distribution network, in relation to the withdrawals of natural gas directly by the end customer owning the delivery point, without a supplier, to whom the prerequisites for the activation of the supplier of last resort are not met, or in any case when activation is impossible. Following the procedures carried out at

the end of 2020, AU identified the suppliers of the default distribution service for natural gas end users for the period 1 October 2020-30 September 2021.

Energy and Environment Consumer Help Desk

Law no. 99 of 23 July 2009 sets forth that the Authority can rely on AU to strengthen its activities of protection of the energy consumers, also with reference to the functions referred to in Article 2, paragraph 12, letters l) and m) of law 14 no. 481/95.

Legislative Decree no. 93/11, implementing Directives 2009/72/EC and 2009/73/EC, required, among other things, the Authority to ensure the efficient handling of complaints and conciliation procedures for end users, against sellers and distributors of natural gas and electricity, using Acquirente Unico.

In compliance with these legislative provisions, the Authority entrusted AU with managing the Energy Consumer Help Desk through availment, already as of 1 December 2009. This management was governed through three-year Operating Projects approved by the Authority, jointly with cost recognition and coverage methods.

Legislative Decree 130/2015, implementing Directive 2013/11/EU in our national legislation, established that disputes between consumers and companies can be resolved out of court, with lower costs and more quickly. This provision began a significant process of reforming the protective system during 2016.

Specifically, in implementation of said legislative provision, through Resolution 209/2016/E/com, containing "Adoption of the integrated text on out of court settlement procedures for disputes between customers or end users and operators or managers of sectors governed by the Authority for Electricity, Gas and Water - Integrated Conciliation Text (TICO)", the Authority established, as of 1 January 2017, an obligation to attempt resolution through the Conciliation Service, or through the entities registered on the specific list kept by the Authority, or which have stipulated a specific protocol with it, as a condition for admissibility of legal action for disputes in the electricity and gas sectors.

For the water sector, from 1 July 2019 (Resolution142/2019/E/idr of 16 April 2019) for managers which serve a portion of the population equal to at least 300,000 resident inhabitants, the obligation to participate in procedures voluntarily activated by end users with the Conciliation Service is in force. The possibility of voluntarily informing ARERA of a desire to make use of the Conciliation Service for below-threshold managers is instead in force, providing the commitment lasts at least two years (managers not required to participate will provide notification of their adhesion to the procedure on a case by case basis).

Lastly, from 1 July 2021, customer can attempt conciliation also for disputes in the district heating and district cooling sectors, but this does not, by contrast, constitute a prerequisite for access to ordinary legal action.

Taking into account the provisions already established by TICO, the Authority changed the terms of use for Acquirente Unico in relation to activities associated with the efficient management of complaints and disputes, pursuant to articles 7, paragraphs 6, and 44, paragraph 4 of Italian Legislative Decree 93/11, for the electricity and gas sectors, operational as of 1 January 2017 (Resolution 383/2016/E/com).

In particular, on the basis of the above reform, Help Desk activities performed on behalf of the Authority include:

- managing the Energy Customer Conciliation Service relating to the obligatory settlement attempt as a condition for initiating ordinary legal proceedings (operational in an initial experimental phase from 2013 until 2016);
- managing special procedures to resolve recurring disputes deriving from specific cases involving information already codified in specific databases to which Acquirente Unico has direct access;
- managing special disclosure procedures, which allow affected end users to obtain specific information not available or easily accessed through the operator;
- collecting written notifications and requests for information coming from customers or end users;
- the call centre, an immediately accessible channel that allows a customer or end user to obtain information about the method used to access the services regulated by the Authority, about their rights, liberalisation of the electricity and natural gas markets, conciliation entities that can be used for the obligatory settlement attempt pursuant to TICO, special procedures and tools used to confirm offers;
- the help desk, which provides advisory services to certified branches of consumer associations and trade associations on regulation issues in the sectors the Authority is responsible for, also making use of assistance from the call centre;
- careful monitoring of the results of all activities carried out through availment, in order to allow the Authority to implement any possible follow-up.

Consequently, the Authority approved the proposal for the 2017-2019 Single Project prepared by Acquirente Unico (Resolution 727/2016/E/COM - Reformed Authority Protective System Project - STAR), to perform activities that are part of the reformed system of safeguards relating to complaints and out of court resolution of disputes with end users, through availment of Acquirente Unico, extending the validity of the Availment Regulations until 2019 (pursuant to Resolution 597/2015/E/com). Following the provisions of the Annual Market and Competition Law regarding the extension of availment of Acquirente Unico to all the sectors regulated by the Authority for publication and dissemination of information about the full opening of the market and the conditions for providing services, as well as effective processing of complaints and conciliation procedures, upon the conclusion of a procedure initiated for the said purpose, the Authority confirmed availment of Acquirente Unico also for the water sector and approved the Project to extend the activities of the Help Desk to the water sector, with reference to the Contact Centre service, complaints management, on-line conciliation service and special procedures envisaged for users of the integrated water service (see Resolution 900/2017/E/idr).

The Authority then changed the name from "Energy Consumer Help Desk" to "Energy and Environment Consumer Help Desk" (Resolution 920/2017/A). Lastly, by means of Resolution 528/2019/E/com, the Authority approved the 2020-2022 project proposal for the activities carried out by Acquirente Unico S.p.A. in availment, relating to the system of safeguards for complaints and disputes of customers and end users of sectors regulated by the Authority.

The Authority also introduced temporary provisions for the initial management of requests for information, claims, complaints and notifications received from users in the waste sector through the Help Desk, effective as of 1 July 2018 (resolution 197/2018/R/rif of 5 April 2018). Subsequently, it established the methods to be used to implement the protection system for complaints and disputes from water sector end users, identifying the managers required to participate, as of 1 July 2019, in the procedures voluntarily activated by customers through the Conciliation Service (Resolution of 16 April 2019, 142/2019/E/idr).

Finally, it should be noted that the Help Desk provides auxiliary assistance related to the decision-making procedure for dispute resolution between customers or end users and operators or managers which were not resolved during the settlement process ("third-level" protection, in which dispute resolution is achieved through an administrative decision made by the Authority - Resolution 639/2017/E/com of 21 September 2017).

ARERA also established in 2019 that the Help Desk would offer an information service to end users intended to increase awareness of the services offered by the Consumption Portal, providing a link to it on its homepage (resolution of 25 June 2019, 270/2019/R/com).

As part of consumer information activities, in consideration of the establishment of the Gradual Protection Service effective from 1 January 2021 and intended for small enterprises and micro-enterprises that hold at least one withdrawal point with a contractually agreed power capacity exceeding 15 kW, by means of resolution 584/2020/R/eel, in order to enable a clear and concise disclosure, ARERA set forth that information requests regarding gradual safeguards received from providers of enhanced protection will be redirected to the Help Desk and managed directly by it.

Pursuant to the provisions of Decree Law 124/19, as converted with amendments to Law no. 157 of 19 December 2019, which made provision for the system for the automatic payment of the electricity, gas and water social bonus from 1 January 2021, the new method of receiving said bonus is based on the exchange of information between the INPS (Italian National Social Security Institute) and the Integrated Information System: as well as to guarantee the usual information to all consumers and users, pursuant to DCO 204/2020/R/com, it is envisaged that the Help Desk will help identify the indirect supplies to be subsidised.

Integrated Information System

Italian Decree Law of 8 July 2010, no. 105 converted into Italian Law no. 129 of 13 August 2010, (hereinafter "Law no. 129/10"), established within Acquirente Unico the Integrated Information System (IIS) for the management of information flows related to the electricity and gas markets, based on a database of withdrawal points and end user identification data.

In implementing this law, the Authority established:

- the general criteria for the operation of the IIS;
- the fee for covering costs;
- the principle of the accounting separation of foreign economic and financial activities related to managing IIS with respect to the other activities of the Company;
- the initial information flows to manage.

The functionalities of the IIS were subsequently extended to the management of information related to the consumption of electricity and gas by end users and, therefore, data on related measures of consumption, by the Italian Decree Law no. 1 of 24 January 2012, converted into Law 24 no. 27 of March 2012, in line with the relevant report by the Antitrust Authority.

In addition, Legislative Decree no. 102 of 2014 on energy efficiency matters has given the Authority the option to rely on, among other things, the IIS as part of the tasks conferred by the above-mentioned Decree regarding metering and billing of energy consumption.

The annual Competition and Market Law then arranged for the creation and management by the IIS manager of an IT portal to collect and publish, in open data mode, the current offers on the retail electricity and gas markets, with particular reference to domestic users, companies connected in low voltage and companies with annual consumption not exceeding 200,000 standard cubic metres, based on the provisions established by the Authority.

The 2018 Budget Law also envisaged the stipulation of a memorandum of understanding between the Integrated Information System and ISTAT, after consulting ARERA, the Italian Data Protection Authority and the Italian Competition Authority, to make electricity and gas consumption information available to ISTAT to offer additional data for ISTAT censuses.

During 2019, the Authority issued a series of provisions regarding the IIS, related to the electricity and natural gas sectors, also implementing the reference legislative framework.

Specifically, the Authority provided for:

- establishment of the Electricity and Natural Gas Consumption Portal (hereafter, Consumption Portal), implementing Law 205/2017 (2018 Budget Law) to allow end users to access their historic data in a clear and useful manner. (Resolution 270/2019/R/com of 25 June 2019);
- in the gas sector, completion of regulations for the process to provide technical/master data for delivery points (DPs) and reading data to the Integrated Information System (IIS), while also amending the communication standards, in order to rationalise the information flows for the gas sector regarding the technical/master data for the metering unit and the readings taken, also at the time of technical and sales services (Resolution 271/2019/R/gas ARERA of 25 June 2019). The date on which information flows defined in the IIS technical specifications will take effect, initially set for 1 February 2020, was postponed to 1 June 2020 (Resolution 493/2019/R/GAS of 26 November 2019);
- rationalisation of information flows regarding technical data and readings from delivery points, as well as data used for managing supplier changes, and the introduction of an information service for commercial counterparts, in the context of the Integrated Information System (Resolution 479/2019/R/eel).The new information flows will be applied with reference to all delivery points effective as of 1 August 2020, while those to make functional data available by the IIS when

supply begins and those for historic reading data on the basis of the information available will apply as of switching from 1 September 2020. The information service will be made available to commercial counterparts in the IIS within 5 months of publication of the relevant provision.

- 1 January 2020 saw the entry into force of the regulatory reform of the natural gas transport and balancing service relating to withdrawals of gas from the interconnection points of the transport network with distribution systems (city gates), defined by the Authority through a series of measures adopted between 2018 and 2020 and which provides for the centralisation of some activities, previously under the responsibility of distribution companies, as part of the IIS.
- at the same time as the launch of the aforementioned reform, again through the IIS, the company implemented a simplification of the methods of identification, for each DP, of the entities responsible for withdrawals in the different parts of the supply chain, i.e. at distribution user (DU) and balancing user (BU) level. The clarity of the roles of these entities and the prompt updating of the relationships between them allow the balancing manager (SNAM) to easily carry out the different settlement activities, enhancing transparency to the benefit of retail market development.

As a result of the gradual centralisation of the provision of gas meter readings, as well as the commercial transfer and switching processes, therefore, the task of providing the balancing manager with the daily withdrawal data of each DP for determining the balancing and adjustment items was also assigned to the IIS; consistently, the task of attributing the withdrawal profile of each point and determining the indicator parameter of annual withdrawal (CAPdR) was assigned to the IIS starting from 2019. Additionally, as of 1 June 2019 the regulations for the indemnity system in the IIS took effect also for the natural gas sector (resolution 406/2018/R/com of 26 July 2018). As of this date, transactions and relative processes are managed solely within the IIS (as has been the case for the electricity sector since 1 December 2018). Furthermore, from October 2020 the electricity indemnity system was also extended to the Medium Voltage served points.

Pursuant to the provisions of Decree Law 124/19, as converted with amendments to Law no. 157 of 19 December 2019, which made provision for the system for the automatic payment of the electricity, gas and water social bonus from 1 January 2021, the new method of receiving said bonus is based on the exchange of information between the INPS (Italian National Social Security Institute) and the Integrated Information System managed by Acquirente Unico. The latter, in particular, pursuant to DCO

204/2020/R/com, will be responsible for identifying the supplies of eligible households eligible based on the information contained in the Official Central Register and for structuring the appropriate exchanges of data with Distributors, Sellers and Managers in order to allow the bonus to be paid to eligible consumers.

In relation to the water bonus, also in order to define a more streamlined and efficient method of provision, by means of Resolution 585/2020/R/com of 22 December, ARERA arranged for the launch of a process for the accreditation of water managers in the Integrated Information System, effective from 1 January 2021.

In the end, in relation to the cessation of price protection for small and medium enterprises, ARERA resolution 491/2020/R/EEL and subsequently also the aforementioned Ministry of Economic Development Decree of 31 December 2020 on the fully informed entry of small enterprises to the free market, assigned the role of managing supplies to IIS for the purposes of activation of the last resort services as part of Gradual Protection, as well the role of monitoring the evolution of the behaviour of end customers, changes of supplier, the trend in prices offered to end users, the transparency and publishing of offers and the related services that ARERA is responsible for producing, with the help of the work of Acquirente Unico. In fact, said report is drawn up using information from the Integrated Information System.

Offer Portal

Article 1, paragraph 61 of Law no. 124/2017 ("Annual market and competition law") entrusted the authority with the task of making provision for the creation and management, by Acquirente Unico (as IIS manager), of the so-called Offer Portal.

The Offer Portal is an electronic portal for collecting and publishing, in open data mode, current offers for the retail electricity and gas sale market, in particular for domestic users, companies connected in low voltage and companies with annual consumption not exceeding 200,000 standard cubic meters. The Offer Portal serves the gradual "empowerment" of end users, who are incentivised - through a free and user-friendly portal - to identify the offer that best suits their consumption habits.

Consumption Portal

Law no. 205 of 2017 (2018 Budget Law) requires Acquirente Unico, as IIS manager, to create a portal dedicated to the provision to all electricity and gas consumers of the data relating to the supplies they hold, including historic consumption data and the main technical and contractual information (the so-called Consumption Portal). The objective of the Consumption Portal is to enhance consumers' awareness of their consumption habits, to help them make choices that best match their "energy footprint". The functions were expanded in 2020, including details of meter readings with daily details and the historic depth of the data was increased, with the goal of extending the time period that historic data are available to 36 months, both for electricity and gas meter readings.

Retail monitoring

Retail monitoring activities focus on the reporting and monitoring of the electricity and gas retail markets. These activities were recently reviewed by the Authority, which made provision for the end of the availment of Acquirente Unico and the organisational and functional insertion of said activities in the IIS.

To date the Retail Monitoring Function - in addition to guaranteeing that ARERA receives the information and reports required by the Integrated Text on Retail Monitoring (with data partly extracted from the IIS, and partly collected from operators), provides additional information for the performance of institutional activities by the Authority.

The information contained in the IIS, if processed appropriately, can actually be used in ARERA's additional tasks, regarding the regulation, including fee-based, of services, the monitoring of the latter, as well as the more general purpose of accountability of the Authority itself.

Italian Central Stockholding Entity - OCSIT

In order to implement Directive (EU) 2009/119/EC, which establishes the obligation for Member States to hold a minimum quantity of stocks of crude oil and/or oil products, the Italian government issued

Legislative Decree no. 249 of 31 December 2012, published in Official Gazette no. 22 of 26 January 2013 and in force since 10 February 2013.

The measure, among other things, attributed to Acquirente Unico the functions and activities of Italian Central Stockholding Entity (OCSIT), envisaging in particular that OCSIT is to purchase, hold, sell, and transport "specific" stocks (finished products referred to in a list defined by the regulation) and can also organise and provide a safety and commercial oil stock storage and transport service.

As determined by the above-mentioned Legislative Decree, the costs and expenses incurred by the Company to carry out OCSIT activities are covered by the contribution determined by the Italian Ministry of Economic Development, jointly with the Ministry of Economy and Finance, and payable by the parties responsible, as identified annually by the Ministry of Economic Development, on the basis of what was injected for consumption, in the previous year, of the energy products listed in Annex C, Section 3.1, paragraph 1 of Regulation (EC) No. 1099/2008.

OCSIT is subject to the supervision of the Italian Ministry of Economic Development, which shall determine the guidelines for the exercise of its functions. With a deed of 31 January 2014, the Ministry of Economic Development adopted compliance guidelines for the operational start-up of OCSIT, also on the basis of the business plan it transmitted to the Ministry.

The start of the new annual stockholding obligation was postponed by three months in 2020. This postponement involved the start of the 2020/2021 stock year on 1 July 2020, and not 1 April, ending on 30 June 2021. This change was enforced by the Ministry of Economic Development Decree of 4 July 2019, published in the Official Gazette on 12 September 2019, which acknowledged Implementing Directive (EU) 2018/1581, introducing a series of technical amendments to Directive 2009/119/EC of the Council with regard to the methods used to calculate stockholding requirements, also amending Italian Legislative Decree no. 249 of 31 December 2012.

Gasoline Fund (OCSIT)

Starting in 2018, the OCSIT activities relating to the Gasoline Fund increased as an effect of Article 1, paragraph 106 of Italian Law no. 124 dated 4 August 2017, pursuant to which, "as of 1 January 2018, the Cassa Conguaglio GPL (Liquefied Petroleum Gas Equalisation Fund), pursuant to Italian Interministerial Price Commission provision no. 44 dated 28 October 1977 will be eliminated and the relative functions and responsibilities, as well as the relative legal relationships, will become part of the functions performed by Acquirente Unico SpA through the Italian Central Stockholding Entity assigned pursuant to Article 7, paragraph 1 of Italian Legislative Decree no. 249 dated 31 December 2012, under the separate accounting regime. Permanent staff currently working at the aforementioned Liquefied Petroleum Gas Equalisation Fund as of the date the present law takes effect will be transferred to the OCSIT function of Acquirente Unico SpA, maintaining their basic and additional compensation, limited to fixed and ongoing items paid at the time of transfer. Starting from 1 January 2018, in accordance with the provisions of Article 1, paragraph 106 of the annual market and competition law, the ownership of the Fund for rationalisation of the fuel distribution network pursuant to Article 6 of Italian Legislative Decree no. 32 of 11 February 1998 was also transferred to OCSIT, which involves charges for execution of the activities transferred so as to ensure economic, equity and financial independence of said activities from the other tasks performed by OCSIT. The activities transferred pursuant to the present paragraph were carried out on the basis of operational guidelines issued by the Ministry of Economic Development and will cease when the financial resources of the cited Fund are used up. Starting from 1 January 2018, ownership of the GPL Fund and the Reserve Stocks Fund were also transferred to OCSIT.

After the issue of said law, the following funds, which were part of the now eliminated Cassa Conguaglio GPL (collectively referred to as the "Gasoline Fund"), were also transferred to the Company:

- Fund for rationalisation of the fuel distribution network. This fund indemnifies managers of petrol stations following their closure. The fund received allocations over the years in the form of contributions made by the managers themselves;
- Reserve stocks fund. Fund for the collection of receivables deriving from the eliminated National Reserve Stocks Agency;
- GPL Fund. Fund intended for Cassa Conguaglio employee severance indemnity.

Methane Gas Cylinder Fund Services - SFBM

Article 62-bis, introduced on conversion of Decree Law no. 76 of 16 July 2020 (Simplifications Decree), entrusted to Acquirente Unico activities relating to technical and administrative services for the use and circulation of methane gas cylinders for the automotive sector, set forth by Law no. 640 of 1950. Initially, these activities were granted under concession to the Ente Nazionale Metano - National Agency for Methane - (now Eni S.p.A.) and managed by the latter through its subsidiary SFBM S.p.A. (Società Fondo Bombole Metano), which conducts the mandatory inspection of the cylinders used as methane fuel tanks on vehicles registered in Italy, verifies the structural integrity of the tanks to ensure they meet the applicable safety standards, hence exercising the functions of public service. Article 62-*bis* requires that, within 90 days of the entry into force of the conversion law of the Simplifications Decree, based on the proposal of Acquirente Unico and by Ministry of Economic Development Decree, in agreement with the Ministry of Finance, the methods to be established with which Acquirente Unico will "acquire" the new activities assigned to it. The new activities can effectively be taken over through the acquisition of the company SFBM S.p.A. or through the transfer to Acquirente Unico of the business unit dedicated to the activities set forth in Law no. 640/1950.The acquisition/transfer value is determined by a sworn expert appraisal which quantifies the economic capital of said acquisition/transfer. The expenses are covered through the contribution charged to the "obligated parties" (the latter refer to entities that provide methane gas to compression stations, with a contribution in proportion to the quantity sold for automotive use, the owners of cylinder transport trucks, in proportion to the number of cylinders installed, the purchasers of cylinders to be stamped), whose amount is determined by Ministry of Economic Development Decree, to ensure the economic, equity and financial balance of Acquirente Unico. The article mentioned also requires, within 180 days of the entry into force of the law converting the Simplifications Decree, based on the plan prepared by Acquirente Unico and with the Ministry of Economic Development Decree, guidelines to be established for exercise of the new activities, as well as the date from which Acquirente Unico will take over the management functions of the Methane Gas Cylinder Fund (Fondo Bombole Metano). Lastly, by means of Ministry of Economic Development Decree, in agreement with the Ministry of Infrastructure and Transport, the obligations connected with the performance of activities regulated by Law no. 640 of 1950 and Law no. 145 of 7 June 1990 are expected to be simplified.

ECONOMIC FRAMEWORK

International outlook

The effects of the COVID-19 pandemic are reflected in global economic activity, which recorded a decrease of 4.2% in 2020 according to OECD estimates[1]: this represents the biggest decline since World War II. According to Bank of Italy analyses,[2] the decreases in GDP varied in intensity from country to country, both in advanced and emerging economies.

In particular, as regards advanced economies, the United Kingdom recorded a major slump in GDP (-11.2%), while the United States saw GDP decline by -3.7%, also thanks to the prompt adoption of large-scale monetary and fiscal measures, which at least partly protected families and businesses.

In terms of emerging countries, economic activity declined more evidently in India (-9.9%), while China recorded slight growth (+1.8%) thanks to the significant reduction in the spread of infections as early as spring 2020. In Brazil and Russia, where the economic framework was already fragile, GDP dropped by -6% and -4.3%.

In the Eurozone, the pandemic spread extremely rapidly, with significant effects on economic activity (GDP -7.5%), particularly in the services sector, especially tourism and recreational services, hit hardest by the containment measures.

The effects of the pandemic on the individual European economies were extremely serious: in 2020, Spain recorded a drastic slump in GDP (-11.6%), followed by France (-9.1%), while Germany managed to limit the damage (-5.5%). In the first part of the year, as a result of the pandemic, industrial production collapsed in the Eurozone, with a reduction of 17.1% in April compared to March.

These trends also impacted international trade flows, which fell sharply by 9% compared to an increase of 0.6% in the previous year. In particular, in the first half of 2020, they were impacted by the sudden halt in tourist flows and the decrease in trade concerning global supply chains linked to production in China.

In 2020, inflation in the Eurozone measured on the basis of the harmonised consumer price index recorded a negative value (-0.3%)[3], with the core component at 0.2%, the lowest value up to this point:

[1] OECD, Economic Outlook, no. 108, December 2020
[2] Bank of Italy, Economic Bulletin, no. 1, January 2021
[3] Bank of Italy, Economic Bulletin, no. 1, January 2021, page 13

this was impacted by the weakness of prices of tourism-related services (especially transport). During the first phase of the pandemic, the spread of uncertainty over economic prospects caused an increase in the sovereign spreads in many countries in the Eurozone, albeit to differing degrees. Tensions only abated after ECB intervention in March, then actually closed the year at better levels than the pre-pandemic period. In December, the Governing Council of the ECB adopted an even more expansionary monetary policy, in order to maintain favourable lending conditions: the effects of the pandemic on prices and on the economy are expected to be longer lasting than initially thought.

Domestic outlook

For 2020, the decline of Italy's GDP (adjusted for calendar effects) is forecast at -8.9%.[4] In the last quarter of 2020, due to a new spike in infections, the Italian economy contracted significantly (-2%), interrupting the recovery recorded in the previous quarter (+16%). The overall negative result is a consequence of the heavy slump in domestic demand, especially household spending and gross fixed investments. Value added fell in all sectors, in particular in construction and industry. The decrease in tourism should also be noted, which contributes roughly 5.5% of national value added, and accounts for 6.5% of employment.[5] Foreign trade also reported a negative balance, as the reduction in exports outstripped that of imports.

Industrial production slumped by (-4.2% on an annual basis in November), largely due to the nosedive in consumables (-9.8%) and energy sector goods (-5.6%) as a result of the restrictions.

Household consumption recorded a significant drop, even estimated above that of GDP (-10.4%), due in particular to the decline in income and employment, and restrictions on mobility.

The health emergency caused working conditions to deteriorate, which was reflected in the decrease in hours worked, especially in the first (-7.7%) and second (-15.1%) quarters. Restrictions on mobility caused a significant drop in employment numbers in 2020 (-1.9%) and in job seekers (-8.9%), with the effect of also greatly reducing the unemployment rate, which actually sat at 9%, representing a YoY change of -0.6%. The data on youth employment worsened considerably compared to the previous year (+1.3% YoY). For young people between 15 and 24 years of age, the unemployment rate stood at 29.7%.[6]

[4] ISTAT, preliminary GDP estimate, 2 February 2021
[5] Bank of Italy, Economic Bulletin, no. 2, April 2020, page 35
[6] ISTAT, Employed and Unemployed, provisional data, 1 February 2021

In 2020, inflation in Italy recorded a modest negative change (-0.1%,[7] harmonised consumer price index), largely due to the decline in the prices of energy products (-8.4% compared to 2019).

Conditions on the financial markets, following the decline in March and April, improved in the second half of 2020. In particular, from October the return on Italian government bonds fell, driven by the reduction in the sovereign risk premium. The spread on 10-year German government bonds dropped from 326 basis points in March to 111.4 basis points at the end of December, actually to levels lower than before the pandemic, largely thanks to the monetary support from the ECB and optimism surrounding the effectiveness of vaccines.

Finally, according to the programmatic framework of the Ministry of Economy and Finance, GDP growth of around 6% is forecast for 2021, 3.8% for 2022 and 2.5% for 2023.[8] According to said projection, the recovery in economic activity will be sustained by the circulation of at least one vaccine and the use of subsidies expected from the first phase of the National Recovery and Resilience Plan.

[7] ISTAT, Consumer Prices, 18 January 2021

[8] MEF (Ministry of Economy and Finance) Update to the Economy and Finance Document, 5 October 2020

FINANCIAL PERFORMANCE

Summary Financial statements

The income statement and balance sheet data for the 2020 financial year are shown in summary in the schedules set out in the following pages obtained by reclassifying the statutory accounting statements prepared in accordance with the Italian Civil Code.

In addition to the reclassified schedules, detailed analytical data is presented concerning:

- operating costs, separately for the different macro-areas that comprise AU activities;
- the overall trend in operating costs;
- financial management results.

The main operating highlights are also summarized in an overall synthesis, as shown in the schedule below.

Main operating highlights

In order to provide a brief presentation of the global operating trend of Acquirente Unico in 2020, Table 1 shows the main economic and financial data.

Table 1: Summary of the main operating data

	2020	2019	Changes	Changes
	(€ thousands)		*(€ thousands)*	%
Revenues from the sale of electricity	2,360,190	3,017,918	(657,728)	(21.79%)
Profit for the year	186	56	130	232.14%
Investments in specific stocks (OCSIT) - value at end of year	786,116	660,973	125,143	18.93%
Other Investments (tangible and intangible assets) - value at end of year	8,488	10,100	(1,612)	(15.96%)
Shareholders' equity	8,832	8,699	133	1.53%

Source: Internal processing, Acquirente Unico.

Reclassified Income Statement

Table 2: Reclassified Income Statement 2020

	2020	2019	Changes
REVENUES			
REVENUES FROM ENERGY SALES TO ENHANCED PROTECTION OPERATORS	2,360,190	3,017,918	(657,728)
OTHER REVENUES CONNECTED WITH ENERGY	17,380	10,471	6,909
REVENUES COVERING CONSUMER HELP DESK AND ARBITRATION SERVICE COSTS (STAR)	12,270	10,633	1,637
REVENUES COVERING WATER SECTOR COSTS	706	559	147
REVENUES COVERING IIS COSTS	16,902	13,430	3,472
REVENUES COVERING RETAIL MONITORING COSTS	-	115	(115)
REVENUES COVERING OFFER PORTAL COSTS	1,010	1,004	6
REVENUES COVERING OCSIT COSTS	36,920	28,702	8,218
REVENUES COVERING GASOLINE FUND COSTS	527	517	10
OTHER REVENUES AND INCOME	1,387	368	1,019
a) Total operating revenue	**2,447,292**	**3,083,717**	**(636,425)**
COSTS			
ENERGY PURCHASES	1,811,563	2,541,496	(729,933)
SERVICES PURCHASES CONNECTED WITH ENERGY	564,471	480,911	83,560
Total energy costs	**2,376,034**	**3,022,407**	**(646,373)**
OTHER PURCHASES OF CONSUMABLES	34	56	(22)
PERSONNEL COSTS	18,954	17,619	1,335
PROVISION OF SERVICES	13,336	11,997	1,339
- Services by the parent company	946	1,022	(76)
- Other services (including related costs of storage)	12,390	10,975	1,415
USE OF THIRD-PARTY ASSETS	33,590	25,504	8,086
- Leases for oil products storage services	32,243	24,163	8,080
- Other	1,347	1,341	6
OTHER EXPENSES	440	1,839	(1,399)
b) Total costs (not including amortisation/depreciation)	**2,442,388**	**3,079,422**	**(637,034)**
c) Gross Operating Margin (a-b)	4,904	4,295	609
d) Amortisation, depreciation and write-downs	4,765	4,217	548
Total Operating Costs	**2,447,153**	**3,083,639**	**(636,486)**
e) Operating profit (c-d)	139	78	61
NET FINANCIAL INCOME/(EXPENSES)	87	107	(20)
EARNINGS BEFORE TAX (EBT)	**226**	**185**	**41**
Income taxes	**40**	**129**	**(89)**
- Current taxes	289	269	20
- Taxes related to previous years	(26)	-	(26)
- Deferred tax liabilities and assets	(223)	(140)	(83)
PROFIT FOR THE YEAR	**186**	**56**	**130**

Source: Internal processing, Acquirente Unico.

Revenues

Total operating revenues (Table 2), equal to **€ 2,447,292 thousand**, was generated in particular by energy sales to companies serving the Enhanced Protection Market (**€ 2,360,190 thousand**). Income from energy sales, in addition to covering costs of the supply of electricity and related services (e.g. dispatching, etc.), include the fee for energy operating costs, in the adjusted amount quantified by adopting the rate of return on capital before taxes, according to the methods applied by ARERA (**€ 1,413 thousand**).

Total operating revenues also include other energy-related income (unbalancing fees, etc.), amounting to **€ 17,380 thousand**, income to cover the operating costs of activities carried out under the availment procedure and those related to IIS, OCSIT and the Gasoline Fund and, finally, other income and profit.

As a whole, total operating revenues decreased by **€ 636,425 thousand** compared to the previous year. The decrease was due essentially to revenues from selling electricity to enhanced protection service operators (**-€ 657,728 thousand**) as a direct consequence of the decrease in the cost of electricity supply, since electricity purchase and sales activity management occurs within a balanced economic regulatory regime.

Operating costs

Total operating costs, before amortisation, depreciation and write-downs, as can be seen in the reclassified Income Statement (Table 2), amounted to **€ 2,447,153 thousand**, of which **€ 2,376,034 thousand** for purchase and sale of electricity (including related services) and **€ 71,119 thousand** for other costs, including **€ 32,243 thousand** for fees paid to third parties to lease storage depots for OCSIT product stocks.

Energy purchase costs refer to **€ 1,811,563 thousand** to purchase electricity and **€ 564,471 thousand** to acquire energy related services (dispatching and other). This item also shows an overall decrease of **€ 646,373 thousand** compared to the previous year.

Because of the trends in the cost of electricity purchases and related services, the decrease of **€ 646,373 thousand**, shown in Tables 3 and 4 below, is due to the combined effect of the reduction in transactions of physical quantities (**-2,935,579 MWh**, equal to **-6.4%** over the previous year) and the average unit cost of purchase, including services (**-€ 10.6/ MWh**, corresponding to a change of **-16.0%** over 2019).

TABLE 3: COSTS FOR SUPPLYING ENERGY (€ thousands)

	2020	2019	Change	% Change
Costs for supplying energy	2,376,034	3,022,407	(646,373)	-21.4%

TABLE 4: CHANGE IN BENCHMARK PURCHASE COSTS

	2020	2019	Change	% Change
Quantity in MWh	42,771,621	45,707,200	(2,935,579)	-6.4%
Unit cost (€/MWh)	55.55	66.13	(10.6)	-16.0%

Source: Internal processing, Acquirente Unico.

Operating costs other than energy purchases totalling **€ 71,119 thousand** in 2020 refer to administration of the structure in the different areas in which AU operates, as well as the storage of OCSIT oil products.

The schedules shown below, appropriately processed and highlighted in Tables 5 and 6, indicate respectively:

- operating costs by macro-expense;
- a breakdown of operating costs based on a 'by purpose' approach, i.e. with specific evidence by respective business area, in both cases comparing the 2020 figures with those of the previous year.

Table 5: Operating costs (excluding energy costs) analysed by macro-typo of expense

OPERATING COSTS	2020	2019	Change (2020 vs 2019)	% Change (2020 vs 2019)
Raw and subsidiary materials, consumables, and supplies – excluding energy purchases	34	56	(22)	(39.3%)
For services - excluding energy services	13,336	11,997	1,339	11.2%
For the use of leased assets	33,590	25,504	8,086	31.7%
For personnel	18,954	17,619	1,335	7.6%
Amortisation/deprecation and write-downs	4,765	4,217	548	13.0%
Other operating expense - excluding of contingent energy liabilities	440	1,839	(1,399)	(76.1%)
Total	71,119	61,232	9,887	16.1%

Source: Internal processing, Acquirente Unico.

Total operating costs (**€ 71,119 thousand**) increased by **€ 9,887 thousand** compared to 2019. The items which had the most significant growth include: costs for the use of leased assets (**+€ 8,086 thousand**), fees for the leasing of storage depots for oil products, in relation to the increase in the average number of days of stock stored; costs for services (**+€1,339 thousand**), attributable mainly to the increase in the costs of management of OCSIT insurance policies, IIS application support expenses, additional costs for OCSIT stock storage; personnel expenses (**+€1,335 thousand**), due to the increase in the average headcount as well as the trend in salaries. This increase was partially offset by the reduction in other operating expenses (**-€1,399 thousand**), due to the recognition in 2019 of amounts relating to decreases in oil products pertaining to previous years, not present in 2020.

Table 6: Operating costs (excluding energy costs) by area of activity (€ thousands)

OPERATING COSTS BY AREA	2020	2019	Change (2020 vs 2019)	% Change (2020 vs 2019)
Energy Area	2,332	6,185	(3,853)	(62.3%)
Consumer Help Desk (Contact Center, Special Procedures and Settlement Service)	12,478	10,686	1,792	16.8%
Water Service Help Desk	711	559	152	27.2%
Integrated Information System - IIS	17,095	13,447	3,648	27.1%
Retail monitoring	-	115	(115)	(100.0%)
Offer Portal	1,015	1,004	11	1.1%
Italian Central Stockholding Entity - OCSIT	36,942	28,708	8,234	28.7%
Gasoline Fund	547	528	19	3.6%
Total	71,119	61,232	9,887	16.1%

Source: Internal processing, Acquirente Unico.

In terms of the breakdown of operating costs by business area, the total amount can be attributed to management in the Electricity Area (**€ 2,332 thousand**), services provided by the Energy Help Desk (**€ 12,478 thousand**) and the Water Service Help Desk (**€ 711 thousand**), implementation and management of the Integrated Information System (**€ 17,095 thousand**) and the Offer Portal (**€ 1,015 thousand**), management of the OCSIT - Central Stockholding Entity (**€ 36,942 thousand**) and the Gasoline Fund (**€ 547 thousand**).

The trend by operating area shows that overall growth is essentially due to OCSIT operating management (**+€ 8,234 thousand**), development of IIS activities (**+€ 3,648 thousand**) and Help Desk services (**+€ 1,792 thousand**), partially contained by a decrease in costs recorded by the Energy Area, as a result of the better allocation of service costs common to the different areas of activity of AU.

As regards methods of covering operating costs, the fees related to the **Electricity Division**, net of other income pertaining to the same area, are covered by the adjusted remuneration for the year 2020, calculated according to the algorithms adopted by ARERA. The excess between the amount of the consideration and the amount of the net operating expenses to be covered contributes to the pre-tax return on invested capital.

The following is noted regarding the costs incurred by AU in 2020 for operating the other business areas that are part of the Company:

- the costs of the activities in availment (Energy and Environment Help Desk, including the water sector, and Offer Portal) are covered by payments made by the Energy and Environmental Services Fund;
- the costs of the Integrated Information System are covered through a monthly fee charged to operators of the enhanced protection electricity service, to the operators in the open electricity market and to gas sector operators;
- the cost of OCSIT operations is covered by the contribution charged to the oil operators concerned;
- finally, costs for the Gasoline Fund are covered by the Fund for rationalisation of the fuel distribution network, transferred to the Company.

Operating profit

The **Gross Operating Margin** (EBITDA) was positive, amounting to € 4,904 thousand, compared with the amount of the previous year of € 4,295 thousand.

Less depreciation, amortisation and write-downs (€ 4,765 thousand), **Operating Profit** of € 139 thousand was achieved, up compared to the previous year's figure.

Financial management results

The results of financial management and the reasons for its performance are shown in the table below.

Table 7: Financial management results: 2020-2019 comparison

FINANCIAL MANAGEMENT 2020 - 2019			
/ thousands			
	2020	2019	Changes
INTEREST INCOME ON BANK CURRENT ACCOUNTS	18	24	(6)
INTEREST FOR LATE PAYMENT AND PENALTIES FROM OPERATORS	239	328	(89)
OTHER FINANCIAL INCOME	17,410	16,351	1,059
GROSS FINANCIAL INCOME	17,667	16,703	964
	2020	2019	Changes
FINANCIAL EXPENSE ON MEDIUM-TERM LOANS	2,799	3,021	(222)
FINANCIAL EXPENSE ON BOND LOAN	14,516	12,467	2,049
INTEREST EXPENSE ON SHORT-TERM BORROWINGS	265	1,108	(843)
GROSS FINANCIAL EXPENSE	17,580	16,596	984
FINANCIAL MANAGEMENT RESULT	87	107	(20)

Source: Internal processing, Acquirente Unico.

In 2020, financial management achieved net income of € 87 thousand, down slightly with respect to the € 107 thousand recorded in the previous year.

It should be noted that charges on loans granted to OCSIT, relating to the medium-term loan intended for supplies of oil product stocks and the bond loan, as well as interest expense on short-term debt, due to financial payables intended to cover the requirement originating from electricity purchases on the Day Ahead Market, have a contra entry under the item Other financial income.

Earnings before tax

Earnings before tax is equal to € 226 thousand, compared to € 185 thousand in 2019. This is the consequence of calculations performed on the basis of a profit rate before tax, as in the Resolution adopted by ARERA.

Profit for the year

Profit for 2020 came to € 186 thousand, compared to € 56 thousand in 2019.

Reclassified Balance Sheet

The reclassified Balance Sheet at 31 December 2020, compared with that of the previous year is detailed in Table 8:

Table 8: Reclassified Balance Sheet, 2020

€ thousands

	Dec. 31, 2020	Dec. 31, 2019	Changes
NET FIXED ASSETS			
- intangible Assets	4,174	4,872	(698)
- tangible assets	790,430	666,201	124,229
- financial fixed assets	795	714	81
	795,399	**671,787**	**123,612**
NET WORKING CAPITAL			
- receivables due from customers	757,590	703,509	54,081
- receivables due from parent company	255	124	131
- receivables due from Energy and Environmental Services Fund	1	60	(59)
- other assets	2,375	1,955	420
- payables due to suppliers	(127,158)	(106,382)	(20,776)
- payables due to parent company	(458)	(75)	(383)
- payables due to subsidiaries of parent companies	(64,772)	(79,417)	14,645
- payables due to Energy and Environmental Services Fund	(10)	(16)	6
- other liabilities	(24,322)	(25,016)	694
Total	**543,501**	**494,742**	**48,759**
INVESTED CAPITAL	**1,338,900**	**1,166,529**	**172,371**
PROVISIONS	**(19,263)**	**(21,055)**	**1,792**
INVESTED CAPITAL NET OF PROVISIONS	**1,319,637**	**1,145,474**	**174,163**
COVERAGE			
SHAREHOLDERS' EQUITY	**8,832**	**8,699**	**133**
- Share Capital	7,500	7,500	-
- Legal reserve	1,146	1,143	3
- Profit for the year	186	56	130
NET FINANCIAL DEBT (CASH)			
- net debt to banks and other financial institutions in short-term	557,364	374,913	182,451
- short term debt due to Energy and Environmental Services Fund (CSEA)	1,000	10,000	(9,000)
- bond loan	497,225	496,714	511
- debt to banks in the medium and long term	364,219	364,124	95
- other securities	(109,000)	(108,972)	(28)
- cash and cash equivalents	(3)	(4)	1
Total	**1,310,805**	**1,136,775**	**174,030**
TOTAL	**1,319,637**	**1,145,474**	**174,163**

Source: Internal processing, Acquirente Unico.

Invested Capital

Total fixed assets (€ 795,399 thousand at 31 December 2020) show a significant increase (€ 123,612 thousand) over the previous year, mainly due to OCSIT investments in oil stocks. The increase is due, in fact, to investment in the procurement during 2020 of an additional three oil stock days.

Net working capital of € 543,501 thousand, is mainly composed of receivables due from customers (enhanced protection service operators and, to a much lesser extent, other counterparties) amounting to € 757,590 thousand and by payables due to suppliers, for € 127,158 thousand, as well as relating to subsidiaries of the parent company for € 64,772 thousand.

Invested Capital (including net fixed assets) amounts to € 1,338,900 thousand, which falls to € 1,319,637 thousand net of various provisions.

Funding

Shareholders' Equity totals € 8,832 thousand, including net profit for the year of € 186 thousand. The increase with respect to the previous year (€ 133 thousand) is attributable to the result for the year and the distribution of part of the previous year profit over the course of the year.

The difference between Invested Capital (net of provisions) and Shareholders' Equity is covered by net debt, amounting to € 1,310,805 thousand at the end of 2020, up compared to the previous year by € 174,030 thousand.

This increase is attributable primarily to the combined effect of the following phenomena: the use of short-term loans to meet the greater commitments at year end to cover purchases on the energy market, as well as for short-term OCSIT needs, and the repayment of advances paid by Energy and Environment Services Fund (CSEA) for the purchase of electricity.

ACTIVITY IN ENERGY MARKETS

Total electricity demand

In 2020, based on provisional data from Terna, electricity demand totalled 302.8 TWh ([9]), marking a decrease of -5.25% compared to 2019 (319.6 TWh), a year which saw, by contrast, a decrease of just 0.6% compared to 2018 (321.4 TWh). The decline in demand in 2020 is due primarily to the restrictions imposed to deal with the COVID-19 pandemic. The monthly variations with respect to the previous year were positive in February, in which no restrictions had been adopted, and in December with an average of 1.04%. In the remaining months, the monthly changes with respect to 2019 were negative (an average of -6.53%).

Electricity demand for the enhanced protection service

Electricity demand for the enhanced protection service in 2020 totalled 42.77 TWh, accounting for 14.1% of total demand, virtually in line with the previous year (14.3% in 2019). In 2020, energy demand for the enhanced protection service fell by 6.4% compared to 2019, actually less than the drop in demand in 2019 with respect to 2018 (6.6%), also given that two-thirds of the enhanced protection market is represented by domestic consumption, the latter less impacted by the effects of the restrictions imposed due to the pandemic.

Consumption and oil price trends([2])

Global oil demand in 2020 is estimated at an average of 91.9 million b/d, slumping by -8.4 million compared to 100.3 in 2019 b/d. Demand exceeding 101 million barrels/day is forecast at the start of 2020, but also in this case, the impact of COVID-19 has radically altered the scenario, triggering such a severe and rapid slump in demand as to put oil producing countries in serious difficulty, to the point that, in the space of a few weeks, oil prices dropped from over 64 dollars/barrel at the start of the year to 9-10 dollars/barrel at the end of April. More than half the global population, 4.2 billion people, were affected by lockdown measures, with repercussions on energy demand and a disruptive effect on the

[9] Source: Terna SpA - Provisional figures from Terna processing.

[2] Source UP - Unione Petrolifera – Preliminary 2020 data.

demand for oil, which meets more than 90% of demand for the transportation of goods and people, which were subject to lockdown. During the most severe phase of the health emergency, transport activities at global level actually fell by 50-60%, with decreases of more than 90% in air transport. In the first quarter alone, oil demand fell below 94 million barrels/day compared to more than 99 barrels/day in the same period, then dropped to just over 83 barrels/day in the second quarter of the year, i.e. 16 million barrels/day less than the same period of 2019. According to the latest preliminary data of the International Energy Agency, in the second part of 2020 oil demand should sit at 95.8 million barrels/day in the final quarter, and is expected to return to 97.1 million barrels/day in 2021.

In a similar context, global oil production which, during 2019 had continued to grow, touching 102 million barrels/day in the fourth quarter, and a stock surplus of 700 thousand barrels/day, was unable to quickly react to such an instantaneous slump in demand, especially due to the tensions between Russia and Saudi Arabia, initially divided over the strategies to employ. The meeting of OPEC Plus on 5-6 March, called in view of the expiry on 31 March of the cuts agreed in December 2018 (2.1 million barrels/day), saw the refusal of the Russian Federation, a leader of the non-OPEC producers, to ratify OPEC's proposal to bolster the cuts and extend them to the end of the year. The proposal involved a further reduction of 1.5 million barrels/day (of which 1 million by OPEC countries and 0.5 million barrels/day by non-OPEC countries). A refusal which, combined with the subsequent nosedive in demand, triggered an unexpected "price war". However, in the first quarter of 2020, the unexpected and sudden slump in demand of 7 million barrels/day compared to a decrease of just 1.3 million barrels/day in supply, revealed another of the unique aspects of the 2020 oil market: the enormous quantity of stocks which, in the first two quarters, hit record values of 6.4 and 9.1 million barrels/day. The subsequent extraordinary meeting called on Easter Sunday, 12 April, when the extent of the crisis had become clear, albeit overcoming the failure of the previous one, was unable to slow the slump in prices which, for the Brent, reached lows of 9 dollars/barrel in the second half of April. Therefore, the agreement made provision for a supply cut based on a deferment until 2022, structured as follows:

- a reduction of 9.7 million barrels/day in May and June;
- a cut of 7.7 million barrels/day in the second half of the year;
- followed, for a period of 16 months, from 1 January 2021 until 30 April 2022, by maintaining a cut of 5.8 million barrels/day.

A programme which has essentially been respected, also necessary for adjusting to the "supply vacuum" which, in the second quarter, registered a further slump of more than 17 million barrels/day, making stocks jump to record highs of more than 9 million barrels/day. With the end of the lockdown, demand in many countries in the third quarter recovered 10.7 million barrels/day and the planned programme of cuts was recently the focus of a debate over its potential review.

The evolution of crude oil prices in 2019 revealed a renewed stability at 60-70 dollars/barrel, values shared by both producing and consuming countries and also necessary for supporting investments in new production capacity. The pandemic disrupted all balances and pushed crude oil prices to the lowest levels in the last 30 years, which then toiled to make up ground following the drastic decisions taken by OPEC Plus and the gradual recovery of economic activities in many of the areas subject to lockdown. A recovery that was slow, however, despite the commitments undertaken by the producing countries which, in the short-term, did not bring about any increase, to the point that, in the days immediately after the agreement reached at the meeting on 12 April, they continued to consistently lose ground. During those days, on the US markets, the WTI for May delivery actually recorded a negative value closing at less than 37.6 dollars/barrel, something never seen before, crushed by the huge slump in consumption, high production, and used-up storage capacity, as well as speculation.

A clear rising trend started to emerge around the middle of May, as the cuts gradually started to take effect and with the partial recovery of many of the activities impacted by the lockdown, elements that generated market optimism. The monthly average therefore moved from the price lows of April to 40.3 in June (+118%), with 29.4 recorded inMay. The average in the first half of 2020, at 40 dollars/barrel, was more than 26 dollars lower (-40%) than in the first half of 2019. Price stability, on which the production of US shale oil, which is in deep crisis, and many Gulf economies largely depend, will be connected with: the recovery times of the global economy; the gradual rebuilding of demand, i.e. how much of today's decrease will become structural; the stability of OPEC Plus, which has fully demonstrated its weaknesses; the capacity of producing countries, American first and foremost, to survive the standstill they have been forced to contend with.

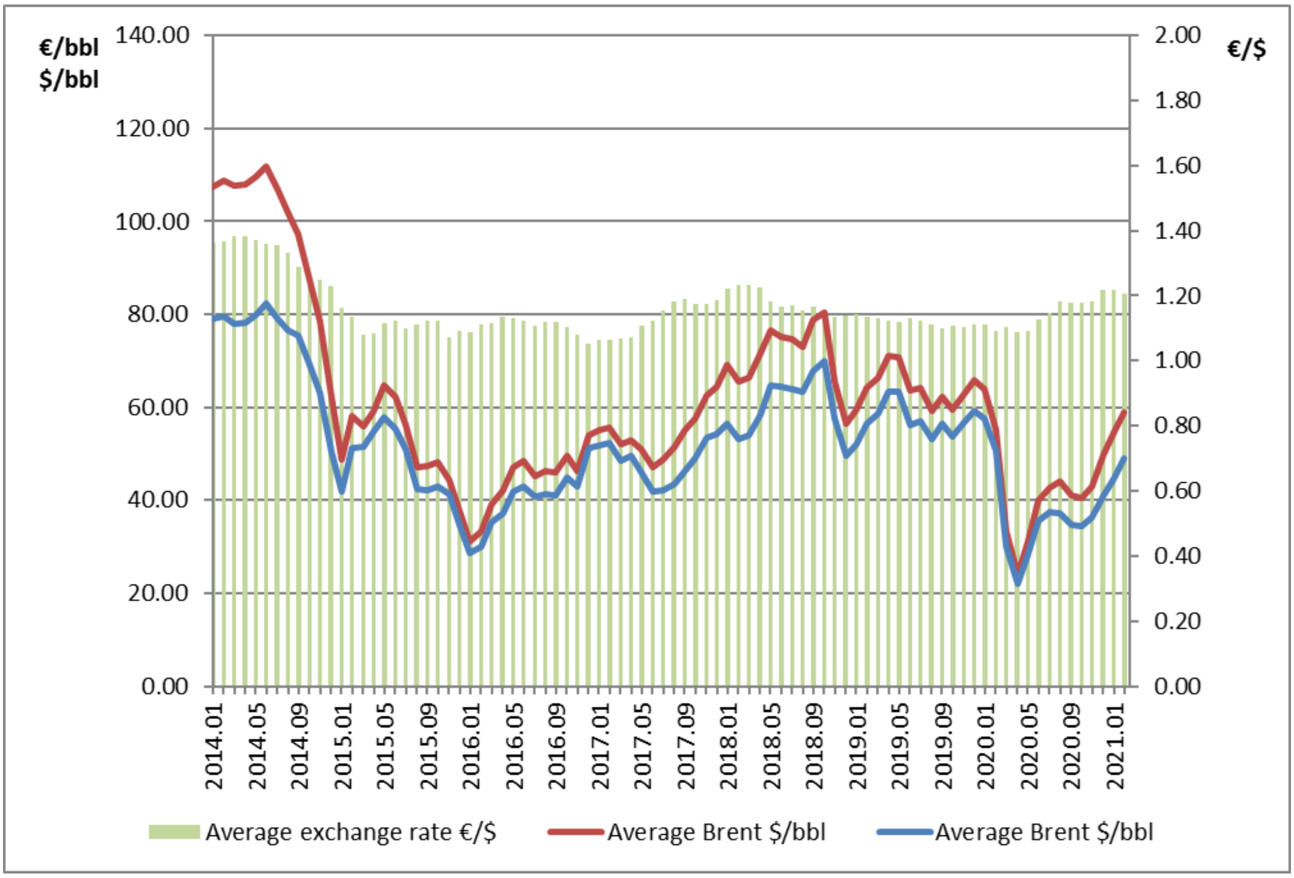
The double demand and supply shock, with the drastic slump in prices in the first part of 2020, hit the oil market hard, which is having to grapple with the biggest crisis in its history. Operators were forced to quickly and drastically review their investment policies in the E&P sector which, in view of the latest update of the International Energy Agency, should shrink by a third in 2020 when compared to 2019 (155 billion dollars in absolute terms), 58% lower than the peak in 2014 (-451 billion dollars).

Again according to the International Energy Agency, the reduction in investments during this year could, in 2025, lead to a reduction of 9 million barrels/day in supply, with the risk, looking forward, of not being able to satisfy the recovery in demand, albeit lower than pre-crisis levels, with inevitable repercussions on prices.

Trend in the euro/dollar exchange rate

The euro/dollar exchange rate was more volatile in 2020 than in the previous year, with a rising trend. In fact, the exchange rate started the year at close to 1.11 €/$ – 1.09 €/$, but the rising trend took hold in the middle of the year, bringing it to 1.13 €/$, then stabilising at 1.18 €/$ in the remaining months, reaching its highest level in December (1.22 €/$). The average annual figure was €1.14/$.

Figure 1: Brent price vs Euro/Dollar 2014-2020



Source: Brent prices and EUR/USD exchange rate (Bloomberg)

Trends in the price of electricity([3])

In the unique international scenario that characterised 2020, due to the restrictions introduced to deal with the Covid-19 pandemic, the SNP reached the lowest value ever recorded since the launch of the power exchange, equal to 38.92 €/MWh, (-13.4 €/MWh, -25.6%), following the common trend of all the main European electricity prices, in relation to which Italy greatly reduced its differential, down on the French border to the lowest level since 2005 (5.6 €/MWh, -6.2 €/MWh).

The downward trend in the SNP, which took hold in the second half of 2019 in conjunction with the start of the falling trend in gas prices on the PSV (virtual trading point), intensified during the temporary health emergency context which characterised 2020, with consumption and the cost of gas at all-time lows, peaking in April and May (-30 €/MWh), when the effects of the restrictions imposed on the majority of production activities were felt more forcefully on demand. The strong availability of renewable supply was also a contributor to the reduction, lower only than the high of 2014. Low levels for the SNP also in the hour groups, for a peak/baseload ratio of 1.16 (+0.03). Lastly, it should be noted that the hourly low of the SNP returned to 0 €/MWh in 5 hours in April, which in the past only happened twice in June 2013. Within this scenario, the first signs of recovery were observed in Italy in December, when the price returned to above that of the previous year, in a context characterised by a significant drop in renewable supply, the first slight jump in demand in over a year and a gas prices at their highest since June 2019. At zone level, all sale prices were also at all-time lows, sitting at 38/40 €/MWh on the peninsula and in Sardinia (-12/-14 €/MWh) and down to just over 46 €/MWh in Sicily (-17 €/MWh). The pandemic also affected the price differentials between the zones: the North-South spread, compared to the more intense economic impacts in the north (purchases -7.2%), is negative for the first time since 2009 (-1.2 €/MWh), while the Sicily-South spread falls to 6.5 €/MWh, a value that, over the last thirteen years has only been slightly above the low of 2016, due to the alignment between the two prices which, in the March-May quarter, surpassed 90% of hours, something that had never happened in the past.

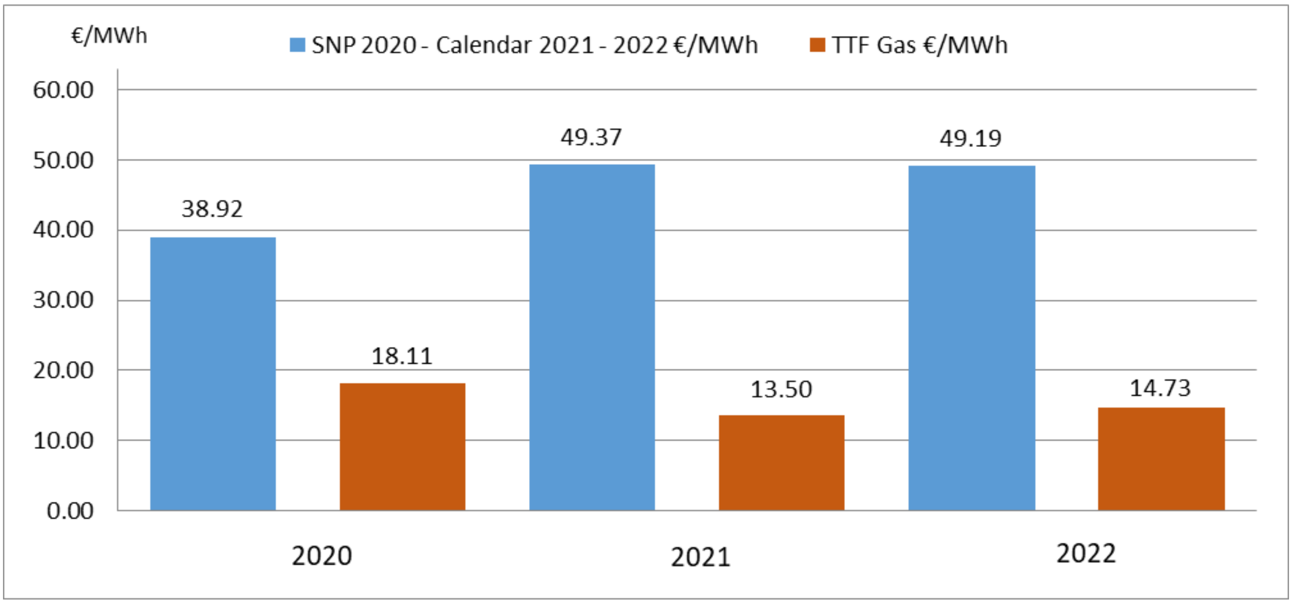
The significant impact of the health emergency on production activities is also reflected in the volumes of electricity traded on the Day-Ahead Market, never before so low, sitting at 280.2 TWh, down by 5.5% over 2019. An analysis of its components shows a reduction to an all-time low of over the counter trading recorded on the PCE (OTC Registration System) and nominated on the Day-Ahead Market equal to 70.3 TWh (-15.0%) and greater stability of volumes traded on the power exchange, amounting to 209.8 TWh

[3] Source: GME Newsletter January 2020.

(-1.9%). The latter registered, on the supply side, increases in the sales of GSE, partly in contrast to the significant decrease in the volumes of other national and foreign operators, and on the demand side, growth in exports to higher than ever levels. Based on said
trends, market liquidity updated the all-time high to reach 74.9% (+2.8%).

The Intraday Market also recorded its lowest ever level, virtually in line with the SNP for the second consecutive year, and decreasing volumes. In fact, the average purchase price in the seven Intraday Market sessions fell to 38.80 €/MWh (-13.40 €/MWh, -25.7% over 2019), practically in line with the DAM price for the second consecutive time.
On the Forward Electricity Market, the annual 2021 baseload ended the trading period at € 51.90/MWh, showing expectations of a return to 2019 prices for the current year. Transactions on the OTC Registration System were confirmed at their lowest levels since 2011.
In addition, it is appropriate to note that the uncertainty over the evolution in real time of grid injections and withdrawals, in particular in the March-May quarter, characterised by the lockdown, encouraged Terna's greater use of the Dispatching Services Market. Terna's purchases on the ex-ante upward market hence rose to an all-time high of 14.8 TWh, (+7.1% over 2019), confirming their levels, as in recent years, considerably higher than Terna's sales on the downward market, equal to 9.7 TWh, the highest level since 2011(+30.5%).
The graph in figure 2 shows the average SNP value for 2020 and the spot price for gas traded on the TTF platform. For 2020 and 2021, it instead shows the average annual values, calculated on 2020, of prices for the annual electric baseload product and the calendar for gas traded on the TTF platform.

Figure 2 SNP and TTF Gas Trends



Source: TTF Gas prices (Bloomberg); SNP (Gestore dei Mercati Energetici – GME S.p.A.)

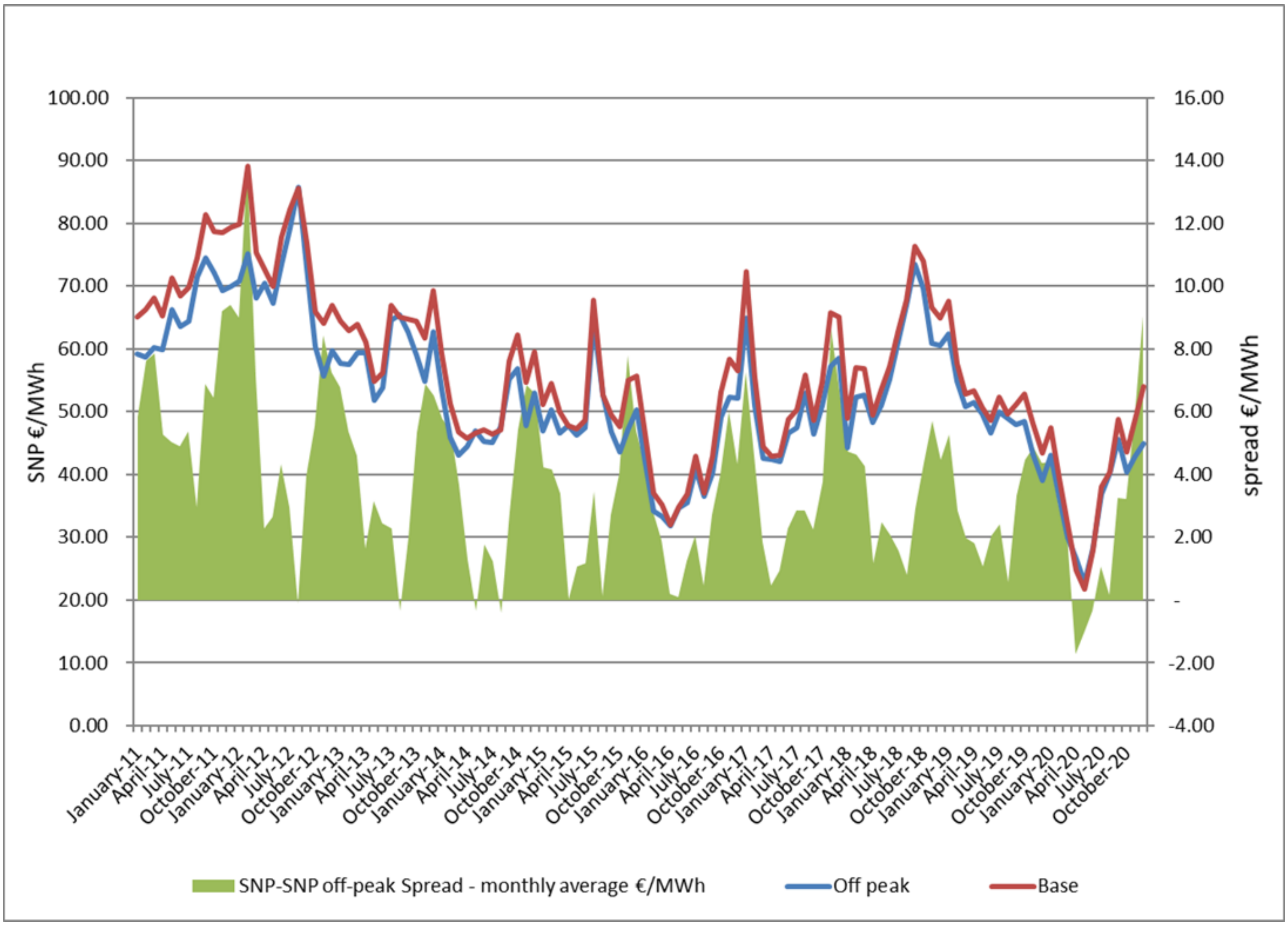
The graph clearly shows that the effects of the pandemic in 2020 strengthened the correlation between gas and electricity prices. In fact, also due to the composition of national generation plants, where during many hours the marginal plant system is almost always a gas turbine, the collapse of the SNP in 2020 was accompanied by gas prices among the lowest in the last few years, especially with respect to the first six months of the year.

In fact, the average purchase price on the power exchange (SNP), despite it not having fallen below 50 €/MWh (42.78 €/MWh) since 2016, in 2020 reached the lowest value ever recorded since the launch of the power exchange, equal to 38.92 €/MWh, down by 13.4 €/MWh over 2019 (-25.6%). In reality, 2020 kicked off with prices already down in January and February compared to the corresponding months in 2019, then literally crashed between March and June, coinciding with the full lockdown, then began a slow resurgence, only reaching higher levels than the corresponding months of 2019 in the last two months of the year. This trend is linked to the similar trend recorded in the prices of gas traded on the PSV (or on the TTF hub, which with respect to the PSV includes transport costs to Italy).

This downward effect on the SNP is attributable, however, as already stated, not only to the low gas prices, but the decrease in domestic demand linked to the lockdown, and the increase in sales of renewable energy. The analysis by hour group shows a similar reduction compared to 2019, both in terms of peak and off-peak prices. Furthermore, as regards the SNP in the F1, F2, F3 bands in the months of

March, April, May, June and August 2020 the price in the F2 band was systematically higher than F1, confirming the trend already seen in the last few years. This trend can still be attributed to weak demand for electricity compared to the availability of generation plants, especially with regard to the significant dissemination of production from renewable sources, in particular photovoltaic power which, as it is known, is mostly responsible for "peak shaving", namely the reduction of the SNP during peak hours. Figure 3 show the average monthly SNP (all hours of the month) and the SNP in the Off-Peak hours (from 8:00 pm to 8:00 am from Monday to Friday and all hours on Saturday and Sunday).

Figure 3: SNP Price Trend([4]) 2011-2020



SNP data source: Gestore dei Mercati Energetici – GME S.p.A.

[4] SNP: Single National Price, Article 42.2, paragraph c of the Integrated Text on the Electricity Market, approved by Italian Ministerial Decree dated 19 December 2003, as amended.

Electricity supply

Acquirente Unico guarantees the supply of electricity to customers of the Enhanced Protection Service. Following approval of the cited resolution 633/2016, reforming the conditions for the Enhanced Protection Service, Acquirente Unico obtains its supplies exclusively on the spot markets (DAM and MPEG), without signing any type of coverage contracts.

The table and graphs below provide a comparison between 2020 and 2019 for purchases for the Enhanced Protection Service.

Table 9: Electricity supply for the Enhanced Protection Service 2020 vs. 2019

Supply type	2020		2019		Change (2020 vs 2019)	
	GWh	%	GWh	%	GWh	%
a) Purchases on MPE (spot electricity market)						
a.1) DAM (Day-Ahead Market)	43,196.8	100.99%	45,388.4	99.30%	-2,191.6	-4.8%
a.2) MPEG (Daily Products Market)	0.0	0.00%	6.0	0.01%	-6.0	-100.0%
Total purchases on spot market (a.1+a.2)	**43,196.8**	**100.99%**	**45,394.4**	**99.32%**	**-2,197.6**	**-4.8%**
b) Unbalancing	-425.1	-0.99%	312.8	0.68%	-737.9	-235.9%
Total energy purchases (a+b)	**42,771.7**	**100.00%**	**45,707.2**	**100.00%**	**-2,935.5**	**-6.4%**

Source: Internal processing, Acquirente Unico.

A decrease in energy requirements was recorded in 2020 compared to the previous year, going from 45.71 TWh to 42.77 TWh, approximately 6.4% less.

In 2020, electricity requirements (42.77 TWh) were met exclusively from purchases on the Day-Ahead Market. In fact, despite continuing to participate daily on the MPEG platform, no purchases were made. More specifically, 43.2 TWh was purchased on the Day-Ahead Market at a unit cost of 40.92 euro/MWh, compared to a unit cost of 54.69 euro/MWh in 2019; the average annual cost of supply, also considering unbalancing, stood at 41.95 euro/MWh in 2020, compared to 55.38 euro/MWh in 2019, instead excluding costs relating to the energy service.

Unbalances

Under ARERA Resolution no. 111/06, in 2020, the time offsets between the final and binding programmes to cover the energy needs of the Enhanced Protection Service amounted to 425.1 GWh, around 1% of total requirements.

Costs of energy supply

Energy supply costs for 2020, including service costs and net of the profits other then transfer (unbalancing etc.), totalled € 2,358,654 thousand, of which € 1,794,183 thousand for the purchase of energy and the remaining € 564,471 thousand for dispatching and other service costs (Table 10).

Table 10: Energy supply costs (€ thousand)

Energy purchase cost	2020	2019	Changes
Total energy purchase cost net of other revenues	1,794,183	2,531,025	(736,842)
Total dispatching cost	558,360	475,694	82,666
Total cost for other services	6,111	5,217	895
Total cost for dispatching and other services	564,471	480,911	83,561
Total cost of energy net of other revenues	**2,358,654**	**3,011,936**	**(653,281)**

Source: Internal processing, Acquirente Unico.

Electricity sales to companies operating in the enhanced protection service

Companies providing the enhanced protection service

At the end of 2020, the number of companies providing the enhanced protection service was 108, down by 3 with respect to the previous year (down 12 in 2019 compared to 2018), showing a slowdown in the ongoing process of consolidation between enhanced protection operators, due to the possible termination of the service.

Billing of electricity sold by Acquirente Unico

The quantities invoiced monthly by Acquirente Unico to the enhanced protection service operators are defined based on the resolution made by ARERA, ARG/elt 107/09 (Integrated Settlement Text, TIS), as amended.

The invoicing and payment settlement methods are instead governed by ARERA resolution ARG/elt 156/07, as amended (Integrated Sales Text, TIV, ARERA Resolution 491/2020/R/eel).

In 2020, following the settlement of balances by Terna with dispatching users, Acquirente Unico made balancing adjustments for all operators of the enhanced protection service for the energy sold in 2019, as well as for the late adjustments for the previous five years (2014-2018).

Sale price

The sale price of electricity for operators of the enhanced protection service is determined by the criteria set by ARERA resolution no. 301/12 and is equal to the sum of four components:

a) the weighted average unit costs incurred by Acquirente Unico in the hours included in a given time slot (F1, F2, F3), for the respective amounts of electricity;
b) the unit cost incurred by Acquirente Unico as a dispatching user for the enhanced protection service in the hours included in said bands;
c) the unit price recognised for Acquirente Unico for electricity purchases and sales for the enhanced protection market;
d) the unit cost incurred by Acquirente Unico to cover financial charges generated by using financing channels to purchase electricity on the day ahead market intended for enhanced protection customers.

Table 11 shows the trend in the sale price in individual months of 2020, broken down by hourly bands.

Table 11: Sale prices for 2020 (€/MWh)

	Monthly total 2020 (€/MWh)											
	January	February	March	April	May	June	July	August	September	October	November	December
F1	65.319	54.358	46.703	38.767	35.371	42.946	60.896	61.724	73.057	65.383	73.010	84.080
F2	62.448	54.396	51.484	45.330	39.246	44.432	59.993	65.683	73.220	65.085	68.172	75.091
F3	51.686	44.883	37.820	34.273	31.276	37.288	49.827	53.618	57.638	52.067	56.817	59.522
Average	59.619	51.355	45.085	38.804	34.978	41.321	56.921	59.573	67.993	61.104	66.134	72.536

Source: Internal processing, Acquirente Unico.

Supplier of Last Resort and default distribution service - Gas

Based on the guidelines provided by the Authority, in the month of September 2020, Acquirente Unico carried out the competitive procedures for the identification of suppliers of last resort and the default distribution service for natural gas end users for the next thermal year (1 October 2020-30 September 2021).

Both the last resort supply service and the default distribution service were awarded to Hera Comm Srl and Enel Energia SpA.

Safeguard Service - Electricity

In implementation of the Authority's directives, in November 2020 Acquirente Unico carried out the competitive procedures for the assignment of the safeguard service in the period 1 January 2021-31 December 2022. After the procedures were carried out, the winners were A2A Energia S.p.A., Enel Energia S.p.A. and Hera Comm Srl.

ACTIVITIES IN SUPPORT OF OPERATORS AND END USERS

Energy and Environment Consumer Help Desk

The Energy and Environment Consumer Help Desk operates on the basis of three-year plans approved by the Regulatory Authority for Energy, Networks and the Environment (ARERA) and 2020 represented the first year of activity based on the objectives set forth in the **Operating Project 2020-2022** (Project), approved by means of Resolution no. 528/2019/E/com of 10 December 2019, which ensured the continuity of services already guaranteed by the Help Desk in previous years, and extended availment to the District Heating and District Cooling ('Telecalore') sectors and to the Waste sector, including separated, urban and similar waste.

The Help Desk served as the **single reference point** in 2020 for effective management of disputes and requests for information from electricity and gas consumers and users of the integrated water service, pursuant to the Authority's Resolution 383/2016/E/com and TICO (Reformed Authority Protective System - STAR), as well as 55/2018/E/idr, amended by Resolution 142/2019/E/idr, and responded to information requests received from users of waste services, pursuant to Resolution 197/2018/R/rif.

During the year, the Help Desk supported energy and gas customers in resolving disputes through the **Settlement Service**, a procedure considered an essential condition for starting ordinary legal proceedings, while the **Special Procedures** (also called ***SMART Services***) helped to resolve specific types of problems (Resolution Procedures or SMART Help Services: Social bonus, Cmor cancellation pursuant to amendment of 99/12, unrequested contracts pursuant to articles 8 and 9 of 153/12, lack of indemnity, double billing) and responded to requests for information on specific issues (Information Special Procedures or SMART Info Services: Cmor (delinquency indemnity) amount and supplier, transfer supplier, date and switching supplier).

The Desk also offered its services to users of the **Integrated Water Service**, through the management of second level **complaints**, and the **Settlement Service**. The option to choose between the two procedures was eliminated in the middle of 2019 for users of managers required to participate in conciliation, with this tool the only possible procedure, as already happens for energy and gas sector customers.

During 2020, the **Freephone Number 800.166.654** continued to offer an important information service to energy sector and environmental sector customers relating to the social bonus, tools for resolving disputes with suppliers, consumer regulations and rights, cases opened at the Help Desk, the Offer Portal, Consumption Portal and accredited Procurement Groups; *from the end of March until the end of July 2020*, a channel was active to assist consumers with bills, payments and disconnections in relation to the ongoing Coronavirus emergency.

The Help Desk also managed requests for information, complaints, cases and notifications coming from **Waste** sector users, including recycling, urban and similar.

With this in mind, and thanks to the efforts of a team of *93 employees* supported by a co-sourcer managing the free-phone number and a team of external arbitrators, a set of organisational and technological skills has been established, optimal for supporting deep understanding of sector regulations and trends in regulated sectors, as well as the ability to manage relationships with all the players in the energy and environment markets.

On the strength of these skills, in 2020 the Help Desk, in close cooperation with the Authority and through continuous discussions with roughly 800 operators/managers of the different sectors, managed:

- **480,475** calls received at the **Freephone Number** 800 166 654;
- **57,507** requests for SMART Help and SMART Info services, information requests and notifications;
- **18,602** conciliation requests.
- **5,283** water complaints.

The SMART Services and the Conciliation Service are assessed on the basis of strict service level agreements (SLAs) with the Authority which call for the "measurement" of case management times and the quality of actions activated by the Help Desk.

In the same way, the Call Centre at 800 166 654 has to meet the SLAs established in ARG/com no.164/08, the Consolidated Text regulating the quality of energy and gas sales services (hereafter, TIQV) such as accessibility to the system, average operator wait time and the level of service.

All services are also subject to customer satisfaction surveys from customers when the cases are closed, the results of which are provided below.

The Help Desk sends *monthly and quarterly reports* to the Authority, providing details on the activities performed and results achieved, and identifying proposals intended to strengthen consumer protection and ensure the utmost transparency, publishing these results on a quarterly basis on the website www.sportelloperilconsumatore.it, which can also be accessed through the Authority's website.

The website also provides all the information to find out about the services and results of the Help Desk and for accessing the *Customer Help Desk Portal*, through which customers can manage their requests entirely on-line, from sending a request for additional documentation, checking their documents and determining the status of their cases.

Digitalisation of request management and dematerialisation of documents have been objectives pursued by the Help Desk since it began operating, with an eye on optimising times, cost, and service quality. Today, customers/users and operator/managers are required to communicate solely on-line with the Help Desk, also with the assistance of the Contact Centre, with the sole exception of domestic customers not supported by a professional representative, and hence unable to use the Customer Portal.

With a view to optimising the ease of use of Help Desk services, all the services offered by the Settlement Service were available from the end of December, including the virtual room where the parties can meet, also via mobile device, iPad and PC, and download the Service's App.

A new version of the Operators/Managers Portal was released in the first half of November, the only online communication channel between the Help Desk and the operators-managers for dealing with requests relating to Special Procedures, optimising their use and efficiency.

Note that the Help Desk continues to support the "Telecommuting" company project, which involved 46 employees in the period, who work 60%-80% of their hours remotely. The organisation of remote working, already in place for several years, has allowed the company to effectively manage the Coronavirus emergency and, from 11 March last year, also staff not Telecommuting were provided with the appropriate equipment to work remotely, including Contact Centre staff who are handling calls in this mode. During the emergency which took hold in 2020, the Help Desk continued to respond to consumers in full observance of the service levels required by the Authority.

All Help Desk services are free of charge and easily accessible through the **Freephone Number 800.166.654** or the website **www.sportelloperilconsumatore.it**, through which customers/users can interact with the Help Desk fully online, 24/7, once they have registered with the Customer Portal.

Contact Centre Help Desk

In 2020, the Contact Centre provided free answers through the **Freephone Number 800.166.654** and in writing with regards to opportunities and consumer rights relative to the electricity, gas, integrated water services and waste markets, tools for resolving disputes with suppliers, procedures to obtain social bonuses (electricity, gas and water), the Electricity and Gas Offer Portal, Consumption Portal and accredited Procurement Groups and on the status of cases in progress with the Help Desk and, from April to July 2020, regarding bills, payments and disconnections as a result of the Coronavirus emergency.

The Contact Centre operates with an internal AU team and a team managed by the co-sourcer awarded the service, able to guarantee the needed flexibility for the structure in the face of any sudden increases in calls.

During the period, the *Freephone Number* handled around **480,475** calls during open hours (Monday-Friday, 8:00 am to 6:00 pm, excluding holidays), and **5,756** written requests for information. The COVID emergency period had a major impact on the volumes of inbound calls in March (-34% compared to the same month in 2019), April (-33%) and May (-18%), while inbound calls started to normalise in June, and at the end of the year a decrease of -1% less than the volumes in 2019 was registered.

During the aforementioned period, the Help Desk Freephone Number, also in consideration of the unique characteristics of the emergency period, still in progress, reached the following *service* levels:

- **92%** service level (operator responses/calls) vs. 85% established in the TIQV***;***
- **97%**service accessibility (available telephone lines) vs. 95% established in the TIQV***;***
- ***174 seconds*** average wait time to speak to an operator (including messages from the automatic answering system) vs. 180 set forth by the TIQV;
- ***95%*** of consumers were satisfied with the service received, based on the opinions expressed by roughly ***50%*** of consumers who called the Freephone Number.

Note that the Contact Centre provides an important function as an incubator for new employees to be inserted in other Help Desk units, with an eye to professional development and integration between the various areas.

Special Procedures and Notifications

Requests for SMART Services (Special information and settlement procedures) and Notifications from consumers are identified, registered and classified by the *Special Procedures Unit* which, in terms of creating a file, analyses requests and, based on the subject, verifies the data requested from the Integrated Information System (IIS), or sends the appropriate information requests to relevant operators until the issue is fully resolved or informs the Authority of issues falling under its responsibility.

The **Unit** operates with:

- a *Technical Secretariat*, for registration, creation of files and distribution of incoming documents, which also provides support to operators/managers with regard to the authorisation procedure for the Operators/Managers Portal and assists with resolving any technical/management problems;
- a *team of experts* specialised in dealing with various issues in the sector.

In 2020, **259,272 documents** were managed, ensuring they were registered and sorted on the same day they arrived at the Help Desk. A total of **57,507 new requests** to activate SMART services and notifications were analysed and handled, as well as **34,880 responses** from customers/users and operators/managers.

During the period, customers/users who requested support expressed a positive opinion on the service received in **95%** of cases.

Settlement Service

Starting from 2017, settlement was the **main tool** available to energy and gas customers to resolve second level disputes relating to issues governed by the Authority, as well as a necessary condition to commence ordinary legal proceedings.

From the second half of 2018, the Service has also been active for users of the **integrated water sector** as an alternative to presenting second level complaints to the Help Desk. While, from 1 July 2019, for users of managers required by the Authority to participate in conciliation procedures (resolution 142/2019/E/idr), this is the only tool that can be activated to resolve disputes with their suppliers. For all other users, the option to choose between a complaint and conciliation is still valid. The Authority has established that managers who are not obligated by the above resolution can in any case voluntarily adhere to the procedure for a minimum period of two years. In this case, their users are classified in the same way as those of obligated managers.

The Service's settlement procedures are managed entirely online with no costs for the end customer/user - via PC, mobile or iPad - in the presence of a specifically trained mediator for the electricity and environmental sectors, in compliance with the European regulations on energy and alternative dispute resolution (ADR).

The presentation of conciliation requests, as well as meetings and management of cases, is done through accessing the Service web platform, combined with virtual rooms in which the parties meet in the presence of a mediator made available free of charge by the Service, who works to support an agreement between customers/users and operators/managers, recognises and handles single sign-on digital signatures for the minutes which, we recall, are **enforceable documents**.

The Service operates through a Manager, a Technical Secretariat and a team of Acquirente Unico mediators supported by a team of external mediators selected through agreements with the Rome and Milan Chambers of Commerce in order to guarantee the necessary flexibility to the structure in terms of organisational requirements or any sudden spikes in requests.

The Secretariat manages incoming requests, oversees the organisational aspects of conciliation and supports the authorisation of operators relative to the web platform, as well as the resolution of any technical problems.

The Service also trains and updates all conciliators working for it and found on the list published on its website, optimising procedures used to manage cases and the conciliation management system web platform.

The service received **18,602** requests in the period under review, sent by end users or their representatives in **76%** of cases, and by consumer associations for the remaining portion, and involved disputes relating to invoicing issues in **56%** of cases.

81% of conciliation requests were accepted by the Service and led to an agreement between the parties after an average of ***57** days*, with a minimum of ***6** days*.

98% of participants in conciliations were satisfied with the service received and result achieved.

Monitoring and Services

The structure provides monitoring and reporting regarding the performance of the services offered by the Help Desk, prepares periodic reports for the Authority and AU, and identifies qualitative service levels for processes.

It also defines and updates operating procedures and tools in the face of regulatory changes in the sectors managed, as well as training to update the skills of AU and external personnel who support the various services. Its activities include actions geared towards improving relations with external parties (Authorities, Consumer Associations, operators/managers, etc.).

Integrated Information System

Context

The numbers of operators working on the retail market for the electricity and gas sectors in 2020 were as follows: roughly 750 electricity operators (including distribution companies, dispatch users, enhanced protection service operators, sellers, Terna and Cassa per i Servizi Energetici e Ambientali) and approximately 800 gas operators (including distribution operators, transport operators, distribution users, sales companies and balancing users).

With reference to the number of active users:

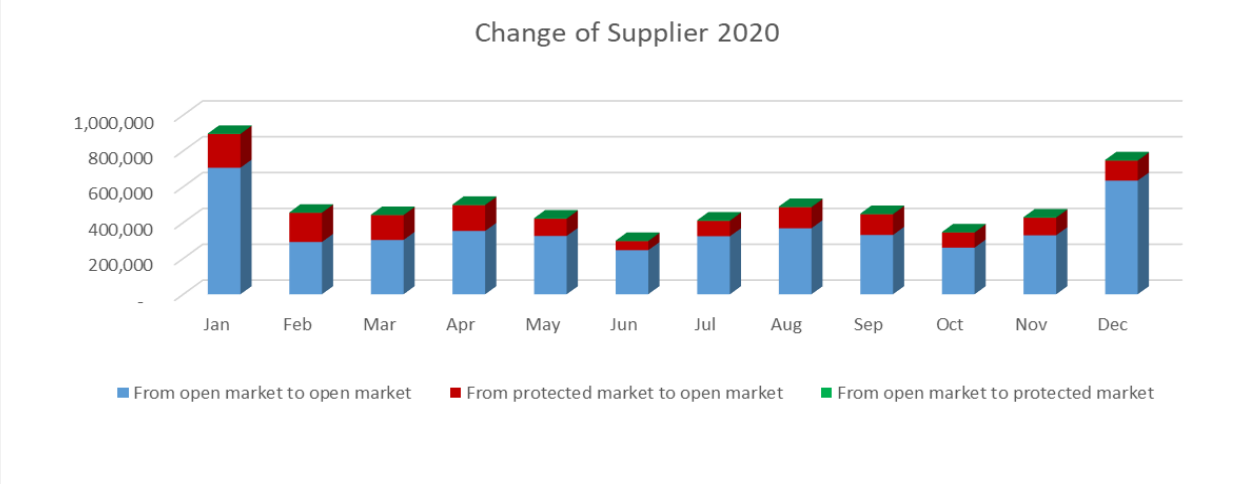
- the electricity sector recorded the number of active delivery points at around 36.8 million;
- in the gas sector, the number of active users came to 21.9 million delivery points.

Processing of the data handled by the IIS in the Official Central Register shows a gradual increase in electricity supplies active on the open market, going from 20 million to 21.5 million during the year, corresponding to the decrease in supplies provided through the Enhanced Protection Service, which fell from 16.6 million to 15.2 million.

The table below indicates supplier changes in the electricity sector, highlighting transfers between the open market and protective regimes.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
From open market to open market	705,978	291,761	303,059	353,350	325,615	245,965	323,692	368,321	330,762	260,540	329,270	634,322	**4,472,635**
From protected market to open market	188,178	163,044	138,569	144,128	96,138	50,822	86,118	117,610	115,858	84,365	98,117	111,087	**1,394,034**
From open market to protected market	2,770	2,308	2,921	3,807	3,025	2,991	3,921	3,681	3,643	2,831	3,203	3,958	**39,059**
Total supplierchanges	896,926	457,113	444,549	501,285	424,778	299,778	413,731	489,612	450,263	347,736	430,590	749,367	**5,905,728**

The subsequent graph shows the trend in supplier changes in the electricity sector.



Around 91,000 users activated last resort services in 2020. The table below shows activation requests occurring during the year, distinguishing between activations under the enhanced protection and safeguard systems.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of safeguard activations	4,935	1,563	1,316	3,787	3,372	2,704	2,809	3,139	1,458	1,775	3,379	3,328	**33,565**
Number of enhanced protection activations	6,995	2,811	3,599	5,077	7,263	5,622	4,869	4,037	3,961	4,367	4,575	4,316	**57,492**
Number of total last resort activations	11,930	4,374	4,915	8,864	10,635	8,326	7,678	7,176	5,419	6,142	7,954	7,644	**91,057**

The most significant developments in IIS activities in 2020 included:

- The activation of new meter reading documents for the 2G meters, through the IIS;
- Completion of gas settlement reform through the determination of the annual gas withdrawal through the IIS;
- Completion of gas settlement reform through determination of the Standard Gas Withdrawal Profiles through the IIS;
- Reform of monthly balancing sessions for the settlement of physical and economic items of the gas balancing service, which from January 2020 is calculated by the IIS;
- Development of the functions of the Consumption Portal to allow end users access to their own supply data in the IIS;

- Development of the Portal to compare commercial offers for electricity and gas, to receive additional new offers;
- Updating of monthly settlement processes by managing the gas chain;
- Start of processes for calculating Annual Consumption per Redelivery Point for the 2020/2021 thermal year, through meter readings transmitted by distribution companies and the new calculation method;

Close cooperation with the Authority continued in 2020, standardising flows, re-engineering current processes and developing new processes.

Electricity Sector

Due to the consolidation of the IIS's central role in managing electricity meter readings, it was possible to reform the functional rules for ex-ante verification of average annual power values, with reference to switching requests received from dispatch users, ensuring coverage of guarantees. The main activities in this area involved:

- **Extension of *ex-ante* verification of annual average power (AAP) values.**

  Resolution 272/2019/R/eel assigned the IIS a central role in determining the annual average power value for each delivery point and in verifying, for each delivery point involved in a switching request made by a new user, that the algebraic sum does not exceed the maximum AAP value for the delivery points included in their dispatch contract, in line with the guarantees presented to Terna to cover the dispatch contract. Analysis and definition of technical specifications was carried out in 2019 to allow the IIS to calculate the AAP value for each delivery point, and the procedures and applications needed to manage the process were also prepared, to operate as of the first half of 2020. The introduction of the ex-ante control using the IIS constitutes an important guarantee for the electricity system, avoiding financial exposure for dispatching users, which has been the cause of bankruptcy for major operators in recent years, with consequent economic consequences for end users as well, as their supplies require last-resort services to guarantee continuity and the electricity system having to nationalise unpaid system charges. Launched in January 2020, this project has enabled further optimisation of last resort service activation processes guaranteed to the end user, while further limiting possible unpaid amounts following the failure of market operators.

Relative to commercial processes, the main developments in 2020 involved:

- **Development of reading flows for the electricity sector**.
  The technical specifications for the standard processes for reading data for PODs with 2G meters were analysed and defined in 2018 in relation to application of hourly treatment for settlement purposes, as established in Resolution 700/2017/R/eel. Standards and processes were defined in 2019 for the meter change and the technical specifications were published in February. Procedures and applications have been in place from August 2020 to manage reading flows through the new meter standard, as has the new specific flow for the meter change, and the management of the previous readings pursuant to Resolution 65/2012 has been definitively eliminated.

Additionally, the **management of processes begun in previous years** continued, as detailed below:

- Management of the Official Central Register (RCU). The Register collects official data relating to all energy delivery points installed on distribution networks connected to the Italian transport network: around 44.4 million delivery points registered, of which around 7.5 million points not energised, constantly updated by IIS users with an average frequency of around 12,000 daily changes. IIS accredited companies operating in the electricity sector include 1 transport company, 165 distribution companies, roughly 600 dispatching users and sales companies and 121 enhanced protection operators.
- Management of information flows relevant to balancing the network and forecasting consumption (settlement), launched with Resolution 57/2013/R/com. The activities include monthly management of identifying information for delivery points served on the open market and adjustments regarding the incorrect attribution of the master data of delivery points to dispatch users by distributors, as governed by Resolution 308/2013/R/com, as well as managing half-yearly adjustment of data regarding area deliveries.
- Daily acquisition of activation request results, contract deactivation and termination due to arrears for delivery points coming from distribution companies, with simultaneous updating of the RCU, as envisaged in Resolution 82/2014/R/eel. On the whole, an average of 13,000 changes were handled daily.
- Provision of the Precheck service, governed by Resolution 2/2014/R/eel. An average of around 26,000 queries were sent by sellers each day to verify a match between the POD and the identifying information for the end user owning the delivery point in the RCU.

- Management of the transfer process, implementing Resolution 398/2014/R/eel and subsequent Resolution 161/2015/R/eel. These activities commenced in November 2015 and involve the management of around 123,000 transfer requests per month.
- Management of the Indemnity System. In 2020, roughly 274,000 new indemnity requests were handled, submitted by outgoing operators.
- Management of procedures to apply the *television fee in the electricity bill*, implementing that established in the 2016 Stability Law. During 2020, the IIS made around 22.5 million charges per month, continuing to provide the significant results for the government budget achieved in the previous year. Additionally, in 2020, procedures to manage reimbursements of undue instalments were managed in the IIS.
- Acquisition of *electricity consumption reading data* for all active delivery points. For all delivery points not handled on an hourly basis, around 40 million monthly readings were managed in 2020, also considering the number of adjustments for the readings, as envisaged in Resolution 402/2015/R/eel. For points on which a 2G meter is installed, readings with details every fifteen minutes were acquired on a daily basis, as envisaged in resolutions 248/2017/R/eel and 700/2017/R/eel, for around 15.7 million points. Finally, with regard to the approximately 9.6 million points involved in hourly processing for the purposes of settlement, as provided in Resolution 640/2014/R/eel, the IIS continued with monthly acquisition of the readings taken the previous month, with details every fifteen minutes.
- Electricity measurments made available in a centralised manner to dispatching users and enhanced protection service operators. Resolution 594/2017/R/eel assigned IIS to serve as the sole interface to make meter reading data available to distribution companies and dispatching users. As of January 2018, the IIS has officially served as the centralised service that collects, saves and disseminates meter reading data, recorded by both first (1G) and second generation meters (2G), as well as managing, through the RCU, “system relations”, connecting each delivery point, distributor, end user, dispatching user and commercial party.

Gas Sector

With regard to business activities, in 2020, the gas market reforms established in Resolution 72/2018/R/gas continued, attributing a central role to IIS in terms of determining annual withdrawal per DP, defining a Standard Withdrawal Profile and managing the gas chain, needed to complete the reform of the regulations regarding gas settlement planned for 2021. The IIS's central role in market processes and management of consumption reading flows was further consolidated, as envisaged in Resolution 434/2017/R/gas. As established in Resolution 488/2018/R/gas, as of November 2018 the IIS officially manages the acquisition of gas readings and makes them available, and processes and aggregates them for the profiling, per Distribution User, of the daily withdrawals necessary for the definition of the physical gas quantities taken by each balancing user on each gas day, and the payments for daily balancing, as established in Resolution 72/2018/R/gas, as amended.

The main activities in this area involved:

- **Determination of annual withdrawals and of standard withdrawal profiles through the IIS**.

  The first half of 2020 saw the processing of the measurments data needed to allow the IIS to calculate annual consumption for all DPs, measured annually, monthly and daily, based on the provisions of Resolution 132/2019/R/gas. Additionally, all DPs were assigned a standard withdrawal profile based on their category of use, withdrawal class and climate zone, for use in the subsequent thermal year. This activity was completed by the IIS in July 2020.
- **Determination of physical quantities of gas withdrawn for each Balancing user on each day and the payments for daily balancing.**

  From February 2020, pertaining to January, the following were processed measurments data of 500,000 Delivery Points managed on a daily basis, 140,000 monthly and 21.1 million DPs managed annually, for the purposes of determining the volumes of gas withdrawn by each Balancing User on each gas day, for the purposes of the daily balancing of physical and economic items.

In relation to **commercial processes**, the main developments in 2020 involved:

- **Evolution of monthly settlement processes by managing the gas chain.**

  After the IIS was assigned the central role in managing gas chain mapping, in 2019 analysis was carried out and technical specifications were updated for monthly settlement processes, as established in the "Integrated Text of Provisions for Settlement of Physical and Economic Items Regarding the Natural Gas Balancing Service" (TISG). The new version of the monthly settlement process began operating in December 2019, with official management of the gas chain by the IIS applying as of January 2020. The management and evolution of the settlement reform, unique in the history of the gas sector, made a series of process optimisation and regulatory development initiatives essential, which were implemented in 2020 to ensure an optimised process and complete regulatory framework at the end of the year, in preparation for completion of the settlement reform with the reform of the gas capacity market.

During the year, the management of processes commenced in previous years continued and was strengthened, as indicated below:

- Careful updating of the GAS RCU, accreditation of commercial counterparts, in order to allow the extension of the pre-check and switching service. IIS accredited companies operating in the gas sector include 7 transport companies, 195 distribution companies, 605 distribution users and sales companies and 111 balancing users. Within the GAS RCU, delivery points, of which an average of 21.8 active and 3.5 actionable, are updated with a frequency of around 11,000 changes per day, received from distributors following activation, deactivation, transfer and switching operations and amending master data for delivery points.
- Management of *settlement flows* (TISG); in implementation of Resolution 418/2015/R/com, as amended, as of July 2016, the IIS ensures official management of the flows it is responsible for. Additionally, implementing Resolution 312/2016/R/gas, since 1 October of the same year, by the end of each month the IIS has published the sum of the annual deliveries associated with each delivery point on the distribution networks, aggregated by delivery point on the transport network and detailed by the standard delivery profile type;
- Management of *gas transfers*, implementing Resolution 102/2016/R/com, as of 1 December 2016 the new processes have been managed. The IIS manages an average of 71,000 transfers each month.
- Management of gas switching; in implementation of Resolution 77/2018/R/com, as of 1 December 2018, the new processes have been managed. The IIS manages an average of 203,000 switches each month.
- Management of the Indemnity System. In 2020, roughly 120,420 new indemnity requests were handled, submitted by outgoing operators.

- Updating of the relationship between the Balancing Users and the DP of the distribution network they already own, confirmation/refusal of combination requests received by the IIS from Distribution Users; as well as those from DUs to update relationships after events which may lead to changes.
- Activation of default transport for delivery points for which a BU-DU-DP relationship is not closed, with the aim of guaranteeing natural gas balancing in relation to withdrawals from transport system delivery points in the absence of the relative Balancing User, pursuant to Resolution 249/2012/R/gas. Starting in December, procedures and applications became operational to manage flows towards BUs, DUs and transport companies to activate the default transport.

Portal for comparison of offers for electricity and gas

The Comparison Portal, established under paragraph 61 of the Annual Market and Competition Law no. 124 of 4 August 2017, serves to collect and publish current offers for the retail electricity and gas sale market, in particular for domestic users, companies connected in low voltage and companies with annual consumption not exceeding 200,000 standard cubic meters). The creation of the Portal was governed by Resolution 51/2018/R/com. PHASE I focused on the comparison of PLACET offers (acquisition of offers, definition and development of algorithms to calculate annual spending and consumption estimates, design and development of portal interface); during PHASE II, all adjustments needed to manage other types of offers on the free market were analysed and executed, as well as the general filters and functions envisaged in the resolution. Since December 2018, the Portal has been fully operational, with approximately 5,000 offers compared. As envisaged in Decision DMRT/EMS/3/2018, the IIS prepares control reports on a monthly basis in relation to the obligation for sellers to published PLACET offers. Also, as envisaged under Resolution 51/2018/R7com, on a quarterly basis it prepares a report with traffic data, Offer Portal performance and the number of offers available on the Portal, with update frequency. Reports produced also include PLACET prices and contracts signed, as part of activities involving retail monitoring, market analysis and commercial correctness.

Market offers and operator requests were also constantly monitored in 2020. Based on the monitoring, the implementation of a new report was assessed, which allows comparison of new offer types offered on the market by operators.

Consumption Portal to allow electricity and gas end users to access their consumption data

The Consumption Portal, planned under the 2018 Budget Law (Italian Law 205 of 27 December 2017), was established to allow end users to access their electricity and gas consumption data in the IIS. Access to the Portal, granted to all customers after SPID authentication, allows end users to view all information regarding the supply of electricity and natural gas on their account, including historic consumption data and other information about supplies, both technical and contractual. It is presented in a simple and secure way, free of charge, particularly with reference to domestic users, companies connected through low voltage and companies with annual consumption not exceeding 200,000 standard cubic metres. The goal is to increase awareness of individual energy consumption habits and individual energy footprints by making this information accessible. Creation of the Portal was governed by Resolution 270/2019/R/com, effective as of 1 July 2019.

A website outside the IIS was created, in which interfaces for end user access were created, integrated with SPID authentication as well as the search and navigation functions which allow customers to consult readings and consumption for the last 12 months, with varying levels of detail based on the commodity and the type of meter installed. An archive was created for daily collection of data relative to electricity and gas RCU supplies and correlated readings. This archive is the official database for Portal queries. Additionally, specific querying services for the archive were developed and specific application servers and data servers have been set up virtually to process query requests coming from the Portal interface, so as to not interfere with the ordinary operations in the IIS in executing market transactions. The data obtained can also be download by users at any time, in the most common digital formats. The period of time for historic data was progressively increased to 36 months during the course of 2020, as well as the detail of the data made available. As established under Resolution 270/2019/R/com, the IIS prepares a report on a quarterly basis containing traffic data, user habits and the performance of the Consumption Portal. It also creates a yearly report containing an assessment of its technological adequacy and any needs for technological updates.

Other activities

In 2020, in its role as IIS Manager, AU provided the necessary technical support to the Authority in defining development guidelines for processes to be managed through the IIS. This support involved the issue of the following deeds:

- Resolution 9/2020/R/gas of 21/01/2020: Process to update relationships between balancing users and distribution network delivery points;
- Resolution 37/2020/R/eel of 11/02/2020: Provisions for modifying the process of terminating dispatching and transport contracts and the activation of last resort services in the electricity sector;
- Resolution 58/2020/R/gas of 6/03/2020: Urgent provisions for the transfer of storage capacity for the 2020/2021 thermal year;
- Resolution 88/2020/R/gas of 27/03/2020: Update of the provisions governing the management of sales relationships in the natural gas sector chain;
- Resolution 110/2020/R/gas of 6/04/2020: New provisions regarding the entry into force of the reform of the processes for the transfer of capacity to exit and delivery points of the transport network;
- DCO 204/2020/R/com of 10/06/2020: Guidelines on the automatic payment of national social bonuses to eligible parties (Decree Law 124/19);
- Resolution 222/2020/R/gas of 17/06/2020: Further urgent provisions regarding gas settlement;
- Resolution 219/2020/R/gas of 16/06/2020: Amendment of the regulation on declaration of default as a result of the provisions pursuant to Law no. 160 of 27 December 2019 and adjustment of the Indemnity System Regulation;
- Resolution 329/2020/R/gas of 10/09/2020: Approval of amendments to Resolution 137/02 regarding deviation fees and a proposed updating of the network code of Snam Rete Gas S.p.A.;
- Decision 7/2020 of 30/09/2020: Definition of transmission methods by enhanced protection operators of the information to be provided for the purposes of competitive procedures for assignment of the gradual protection service for small enterprises in the electricity sector pursuant to Law no. 124/17;
- Decision 8/2020 of 30/09/2020: Update, for the quarter 1 October-31 December 2020, of the templates for comparison of electricity and natural gas supply prices;

- Resolution 355/2020/R/gas of 30/09/2020: Provisions regarding regulation of the default transport service, from 1 October 2020, regarding regional transport networks;
- Resolution 455/2020/R/com of 11/11/2020: Approval of the regulation governing the functions of the updated Integrated Information System;
- Resolution 585/2020/R/com of 23/12/2020: Provisions regarding accreditation of water managers in the Integrated Information System;
- DCO 586/2020/R/eel of 23/12/2020: Completion of the contract transfer process in the electricity sector: transfer with change of supplier.

In addition, the activities of extraction, processing and analysis of the data available in the IIS were ensured, in support of ARERA, aimed at the definition of regulations in light of the COVID-19 emergency, the definition of fee components of the enhanced protection service, as well as the definition of tenders for the assignment of last resort services for the electricity and gas sectors.

Additionally, activities continued in relation to operating management and development of technological infrastructure and of the software applications created to provide services, ensuring operations for all accredited operators in both sectors. More than 6,335 end users utilised the IIS web portal for operators, and all the main accredited IIS users have now been connected in advanced mode, resulting in a total of 82 communication ports managed.

Monitoring of electricity and natural gas retail sale markets

Based on the provisions established in Resolution 173/2019/A, as of 1 July 2019 "Retail Monitoring" activities ended the availment regime on behalf of the Authority, and were inserted as an organisational and functional unit within the Integrated Information System. Due to its central role in managing both commercial processes and readings relating to the retail electricity and gas markets, the Authority made the IIS responsible for monitoring market trends, extending the areas and objectives to be handled.

The support provided to the Authority in obtaining and processing data and representative benchmarks was strengthened in 2020, while technical interface activities continued with the sales and network operators required to participate in the retail monitoring system. In order to reduce the information requirements originally established for market operators, as well as to provide exemplary data collection, the use of databases in the IIS was ramped up. These are also used to supplement the information used to calculate some of the benchmarks established in the TIMR. On the whole, 16 data collection exercises were handled during the year, which involved: 129 operators, 119 enhanced protection operators, 58 distribution companies, 2 safeguard service operators and 2 FUI (last resort) and FDD (default) service operators.

Retail monitoring analyses focused on non-payment issues, the default service, last resort supply service, closing invoices, period invoices, impact of estimated consumption with respect to actual consumption, economic renegotiation, both on the open and enhanced protection markets, and monitoring of PLACET offers (free pricing under conditions similar to protection). Also in 2020, the company reconfirmed its commitment to analysing market phenomena, including their graphic representation, published by the Authority in its 2019 Annual Report on the Retail Market.

Italian Central Stockholding Entity (OCSIT)

At the start of the year, as is the usual practice, the actual costs incurred by OCSIT in 2019 was communicated to the Ministry of Economic Development. Only this year, under exceptional circumstances and in agreement with the Ministry of Economic Development, was a preliminary report sent in February, which was subsequently updated with the final report sent in June, following approval of the data by Acquirente Unico S.p.A.'s Board of Directors as part of the 2019 Financial Statements. The final figures showed total costs lower than those planned in the budget. In detail, the final costs reported amounted to € 44,108 thousand, compared with an estimate of € 44,431 thousand, marking savings of € 323 thousand. The difference was recognised to operators as an adjustment following the interministerial decree of 28 December 2020, published in the Official Gazette on 13 March 2021.

Regarding new stock obligations, the annual Ministerial Decree of 19 March 2020 established the total safety stocks and the specifications of which must be met by the system as of 1 July 2020, as already observed, the new start date for the stock year. Article 4 of the Ministerial Decree in question assigned storage requirements for specific Italian stocks relative to the current year. Specifically: 17 days for OCSIT and 13 days for obligated parties. Similar to the previous year, again for stock year 2020/2021, the Ministry of Economic Development formalised, for OCSIT, a reduction in stock requirements with respect to that originally established in the business plan, leading to the purchase of an additional 3 stock days rather than the four originally planned.

The decision was taken following the final reporting of data relating to net imports of energy products for 2019, which recorded an increase compared to the estimated quantities forming the basis of the tender. Based on the offers received by OCSIT during the tender phase, in relation to storage and products, it was not possible to obtain additional gasoil storage capacity and, therefore, the inventory increase was limited to three stock days. It should in any case be specified that, on the basis of the tenders already provisionally awarded for the stock year 2021/2022, the demand of 4 stock days is today covered for all products. The relative tenders will nonetheless be definitively awarded after publication of the annual Ministerial Decrees assigning the requirements, which will detail the quantities, in turn linked to the consumption recorded in previous stock years.

Purchases relating to the fifteenth, sixteenth and seventeenth stock days concerned 371,148 tons of oil products, in the following locations:

- 243,766 Tons of Gasoil, of which 78,000 in Volpiano (TO), 37,102 in Civitavecchia (RM), 30,000 in Naples, 26,618 in Cremona, 16,000 in Porto Corsini (RA), 15,046 in Vado Ligure

(SV), 15,000 in Cassina de Pecchi (MI), 13,000 in Rome, 5,000 in Sarroch (CA), 5,000 in Lacchiarella (MI) and 3,000 in Genoa;

- 72,146 Tons of Gasoline, of which 33,525 in Cremona, 32,000 in Venice (MI) and 6,621 in Naples
- 55,236 Tons of Jet Fuel, of which 47,000 in Civitavecchia (RM), 4,320 in Cremona (CR), 2,916 in Rome and 1,000 in Naples.

The outlay for the purchase of the products, amounting to € 125,144 thousand, was covered by the residual funds deriving from the bond loan issued in February 2019. After these purchases, the storage requirements relating to OCSIT reached 1,707,959 tons of oil products, with a cumulative disbursement during the period 2014-2020 of over € 786 million.

In July, the international ratings agency Standard & Poor's confirmed the BBB rating for Acquirente Unico/OCSIT after its annual review, with a stable outlook, in line with the rating assigned to the Republic of Italy.

The collection of the contribution due on a monthly basis from operators for the period January-June 2020 was on time. By the deadline of 30 November, OCSIT communicated its forecast for costs and expenses for 2021 (Budget 2021) to the Directorate-General for Infrastructures and Security of Energy and Geo-mining Systems (DGISSEG).

Simply for information purposes, note that the total market value of stocks held by OCSIT at 31 December 2020 was € 604,406 thousand, with an implied capital loss of € 181,710 thousand with respect to the total average purchase value.

The table below shows the book value of the stocks at 31 December 2020, separately by type of product supplied and held, with an indication of the relative quantities according to tax records.

OCSIT STOCKS AT 31 DECEMBER 2020

PRODUCTS	QUANTITY (Tonnes)	VALUE (€)
GASOLINE	317,758	160,389,332
GASOIL	1,154,013	521,934,646
JET FUEL	205,484	94,917,516
BTZ FUEL OIL	30,704	8,874,703
TOTAL	**1,707,959**	**786,116,196**

Gasoline Fund (OCSIT)

The activities of the Gasoline Fund continued during 2020 (former Cassa Conguaglio GPL), which was transferred to Acquirente Unico, through OCSIT, on the basis of Article 106 of Italian Law 124 of 4 August 2017.

In particular, there were two main operating drivers:

1. payment of environmental contributions and indemnities;
2. credit collection activities.

With regard to the first point, work to process cases continued on those for which the Technical Committee established within the MED had already issued an opinion of conformity and proposed payment. In fact, the Gasoline Fund is responsible for carrying out preparatory controls prior to payment.

With regard to the second point, in relation to the collection of previous contributions, the Gasoline Fund is carrying out intense and in-depth collection activities regarding both entities which had partially paid their contributions pursuant to the law and those which have never paid. The results achieved are reassuring, if one considers that more than 40% of the sums requested have been collected in two years, despite the high number of entities involved, the fragmentation of the sums received and the “age” of the receivables, which date back to a Legislative Decree of 1998 and a subsequent Ministerial Decree of 2013.

Note that the results achieved were shared during the Technical Committee meeting for restructuring the fuel distribution network, held on 21 December via video call with the MED, with the main sector associations in attendance. At the meeting, OCSIT provided information about the accounting situation of the Gasoline Fund, indicating the overall balance of bank current accounts and cash and cash equivalents, net of various provisions and indemnities approved.

OTHER CORPORATE ACTIVITIES

Human Resources

Initiatives aimed at personnel in 2020 focused on a number of macro-areas of intervention:

organisation and leadership and change management, also in relation to the health emergency.

Organisation and Leadership

For a few years, AU has been pursuing a personal development strategy based, inter alia, on collaborative leadership. This approach is considered the most suitable to pursuing the corporate objectives.

In this regard, management was primarily involved in two projects in 2020. The MBO model was updated; starting with the collaboration of managers, the mechanisms for determining the objectives were revised, introducing some new target areas, and qualitative assessment objectives were brought in, aimed at measuring collaborative leadership.

The other cross-company activity involved the launch of the project for implementing a feasibility plan for the introduction of Smart Working when the health emergency comes to an end.

Change Management and Health Emergency

The 2020 plans were heavily influenced by the Health Emergency. The Company found itself facing a sudden and substantial organisational change geared towards protecting the health and safety of its employees and the need to continue activities uninterruptedly. In fact, a programme was implemented in March involving the remote set-up of workstations, projects and work organisation. All personnel were provided with mobile workstations, reducing in-office personnel by up to 80%. A process like the one described above required not only adequate technology, but also close monitoring of people's environment and working conditions. In order to meet this need, a Virtual Focus Group was set up, a virtual opportunity for all AU personnel to share their thoughts on the remote working experience and allow the company to identify any areas for improvement.

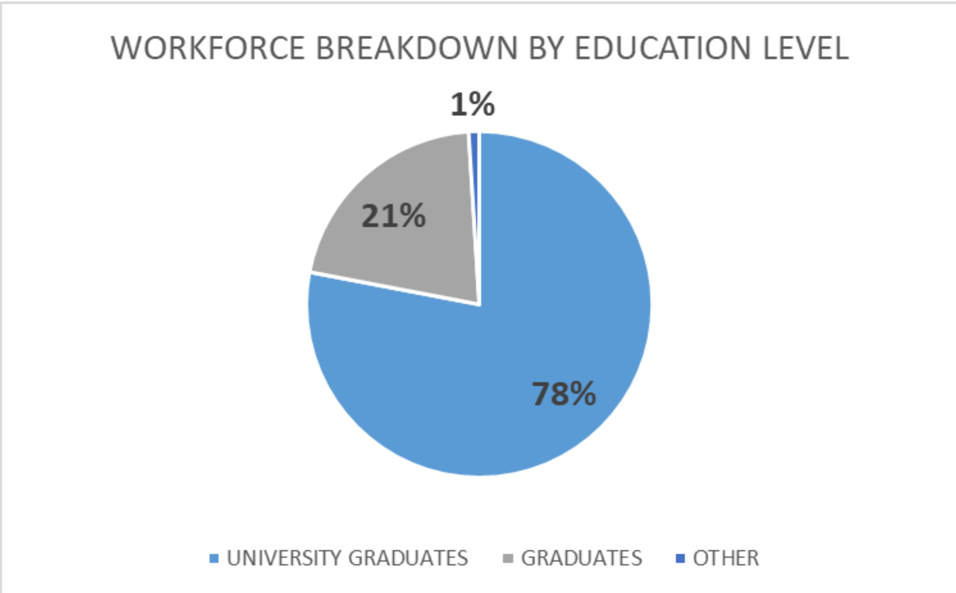
Workforce development

2020 registered an increase of **20** in the number of employees (full-time employees and contractors), up from 261 as at 31 December 2019 to 281 as at 31 December 2020.

This increase was due to the development of activities, above all those relating to the Integrated Information System.

To meet the needs for increased staff, given that this mainly involves a target population of new graduates, the Company tightened important partnerships and entered into agreements with the main Italian universities. Overall, the composition of Acquirente Unico's workforce at 31 December 2020, as compared to 2019, shows stability in the percentage of university graduates, who account for 78% of the company workforce (i.e. holders of bachelor's and master's university degrees).

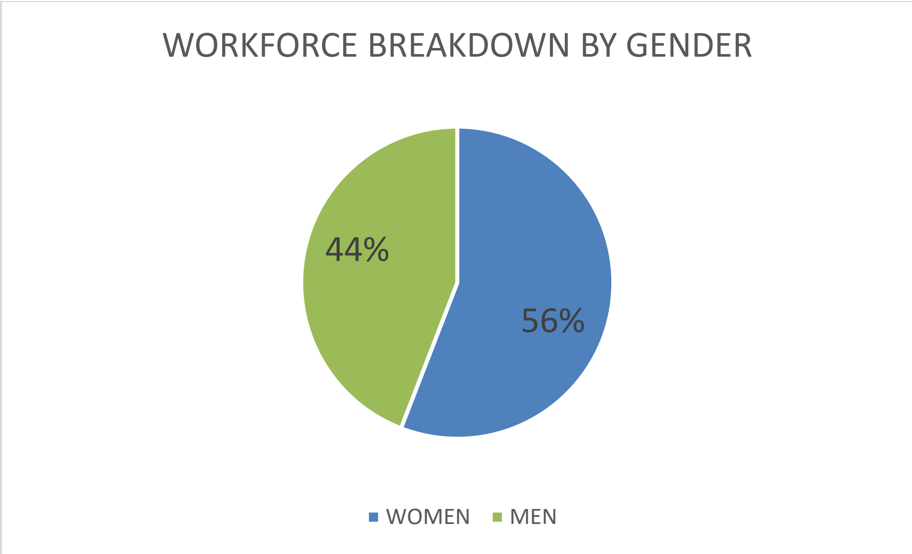
Figure 1: Workforce breakdown by education level



Source: Internal processing, Acquirente Unico, at 31 December 2020

The ratio of women to men is shown below:

Figure 2: Workforce breakdown by gender



Source: Internal processing, Acquirente Unico, at 31 December 2020.

Training to support skills development

The training provided in 2020 concerned the themes relating to mandatory and regulatory training listed below:

- Safety pursuant to Legislative Decree 81/08 and subsequent amendments and additions, "Fire Prevention" and "First Aid";
- Introductory course on UNI EN ISO 9001:2015 standard Quality Management Systems
- General Data Protection Regulation - GDPR - general training
- Anti-corruption and transparency

Management of safety of work environments and worker's health

Respect for Workplace Health and Safety is a key component of Acquirente Unico's strategic and corporate processes, as is sustainability and economic efficiency.

The attention to protecting the physical and mental integrity of workers is geared towards ensuring workplaces are always hygienic and healthy, in observance of applicable laws and international standards.

In June 2015, the Company defined its Workplace Health and Safety Policy and implemented a Workplace Safety Management System (WSMS), in compliance with the requirements of standard BS OHSAS 18001:2007, gaining certification in November 2017.

In June 2018, in compliance with the requirements set forth in new international standard UNI ISO 45001:2018, published in March of the same year, AU initiated the transition from its WSMS from the UK standard BS OHSAS 18001:2007 to the new international standard for workplace health and safety, UNI ISO 45001:2018, making changes to all the relevant documentation and obtaining certification of its WSMS in November 2018 from SGS Italia, a certification body recognised by ACCREDIA, the only Italian accreditation body.

Following the performance of the relevant checks, certificate no. IT20/0066-I was issued, dated 15/12/2020 and valid until 15/12/2023.

In compliance with the requirements of standard UNI ISO 45001:2018, AU:

- identified a Safety Management System Manager (hereinafter SMSM);
- attributed roles and responsibilities to the various company personnel on guaranteeing workplace health and safety;
- formally identified the persons responsible for the specific processes that have an impact on the theme;
- defined the methods for managing the processes considered at risk for health and safety.

In 2019 and 2020, audits were planned and regularly performed, by external professionals and the internal audit function, and through an external certification body. In particular, the objectives of these audits were:

- the monitoring of all company processes, as well as compliance with all legislation governing workplace health and safety and the WSMS document system;
- the continuation of an awareness-raising campaign through information on workplace health and safety and the implementation of a Management System also in compliance with the provisions

set forth in Article 25-septies of Organisational Model 231/01 and subsequent amendments and additions;

- the continuation of joint actions and initiatives with GSE personnel aimed at verifying the safety conditions of service facilities and building maintenance during inspections, with a view to continuous improvement;
- continuous training on safety and, in particular emergencies and first aid;

In relation to the pandemic, which took hold in January 2020, Acquirente Unico, with the support of the Prevention and Protection Service, immediately implemented all the necessary initiatives and preventive measures to ensure the health and safety of its employees and, at the same time, guarantee the continuity of operations and company processes.

In March 2020, with the Government's issue of the "Shared protocol for the regulation of measures to combat and reduce the spread of the COVID-19 in work environments" of 14 March 2020, AU drew up its Corporate Protocol which describes the preventive measures and the operating guidelines to be implemented in the lockdown, in order to counteract and minimise the risk of the spread of COVID-19. The measures taken by AU also incorporate the use of remote and/or distance working by the majority of its employees.

In order to ensure the function and efficiency of operating processes, technical and organisational measures were adopted to ensure that employees are equipped with the necessary electronic tools to carry out their jobs (laptops, mobile telephones and data transmission devices, special equipment like headphones and graphics devices).

Corporate Information Systems

Energy Area

In 2020, activities in the information systems area in support of the Energy Operations Department largely concerned the analysis and creation of the Web Portal for the Auctions for allocation of the gradual protection service for small enterprises which, from January 2021, will no longer be entitled to use the enhanced protection service and that have still not signed a supply contract in the free market.
ARERA's resolutions in this regard actually attributed Acquirente Unico with the task of identifying the suppliers of the gradual protection service based on public tender procedures. In order to promote broader participation of operators in the auctions for the allocation of the service, a Web Portal was created, called Aste Tutele Graduali (Gradual Protection Auctions), appropriately adapting a previous application in use at DOE for the online management of auctions for the purchase of electricity for the enhanced protection service.
Development of the Portal concerned, in particular, the management of auction participants' documentation, the verification of necessary requirements, analysis of the offers received, definition of the award algorithm and notifications to participants.
Activities to create the portal got under way in October 2020 with the objective of making the Portal available at the end of January 2021, in conjunction with the publication of the Tender Regulation, and to allow operators to participate in the first test sessions, in view of the completion of final competitive procedures by 30 June 2021.
In addition, in the Energy Area, software development projects were implemented in 2020 to update the Retail Energy Supply management system and the Belvis application used for consumption and electricity price forecasts.

In the first case, the initiatives concerned variation of the sale price calculation to include the energy purchased by some zones not connected to the Italian electricity grid. In the second case, the forecast calculations were updated in accordance with a new version of the Forecast Demand operating procedure, applications were modified due to regulatory developments in the structure of the Market Zones and the reporting system was further enhanced in support of the forecast process.

Consumer and Conciliation Area

Activities continued in 2020 to enhance the Conciliation Platform commissioned in 2017 in support of the online management of conciliation cases for the settlement of disputes of end users with their electricity, gas and water service operators.

The development projects concerned both the improvement of functions in support of the Back Office (Service and Mediators Secretariat) and enhancements and new functions available to users of the IT Platform.

In particular, functions were created to insert, in particular cases, additional extensions with respect to standard ones, and the reporting system was enhanced to automatically retrieve information on the data and time of opening and closing of the virtual room by the mediator and, more generally speaking, the date and time of entry and exit from the room by all meeting participants.

A highly important activity from an IT security perspective concerned the change of the user registration system, with the introduction of level two authentication to access the application.

In addition to the traditional system based on username and password, a strong authentication system was created based on the insertion of an OTP (*One Time Password* code received on the mobile device associated with the user at registration stage. Strong authentication operates on the basis of two factors: "something that you know" (password) and "something you have" (the mobile device to which the OTP code is sent via text message) and is one of the most secure systems used today in IT system authentication mechanisms.

Again as part of the strengthening of security, an automatic control was put in place to prevent Back Office operators from inserting documents in a file not belonging to that specific case. In fact, since the files can be viewed online by system users, both customers and operators, the insertion of a document not relating to the case may generate, in accordance with Privacy legislation, a Data Breach given that it may involve the unauthorised disclosure of personal data. Every Data Breach must be evaluated by the appropriate internal AU work group and, if necessary, notified to the Italian Data Protection Authority.

The most important solution implemented, however, from a technical and economic perspective, was the creation of the version of the Conciliation Platform for mobile devices, to enable cases and conciliation meetings to be managed also via Smartphone and Tablet devices.

For this purpose, an App was developed for Android and iOS operating systems which allows the platform to be navigated as if the mobile device browser was being used, optimising the presentation of content provided by the various components of the application and modifying the presentation when the content request is received from the mobile device App. The application was designed using an open source development framework for mobile devices which enables web standard technologies to be used to develop cross-platform applications. As with all Apps for mobile devices, the Conciliation Platform was also created so that it can be downloaded from "stores" on the relevant operating systems, Google Play Store for Android devices and the App Store for iOS devices.

There was a special focus on the optimisation of virtual room, access/authentication and digital signature services for mobile devices.

The virtual room for holding conciliation meetings is a more critical element in the case of mobile devices, as it has to ensure the simultaneous participation of several people in high-quality video-conference sessions with the possibility of using the chat facility and exchanging files.

As regards the digital signature component, the eSignAnyWhere solution was employed, already used in the Conciliation Platform for PCs, which makes it possible to use a signature link sent via e-mail and, through the eSignAnyWhere platform, complete the signing process by inserting the OTP received via text.

In 2020, the Operators/Managers Portal was fully ported from the original platform created in 2010 using Adobe Flash technology to the IT platform used to develop the Conciliation system. In fact, at the start of 2020, following numerous announcements on the matter, the company Adobe announced that the Adobe Flash Player software product would no longer be supported from 31 December 2020 and would actually be blocked and automatically removed from browsers from 12 January 2021, consequently blocking all web applications developed using that technology. This was a particularly unusual event in the global IT landscape where the end of support for a software product is often announced, however without this resulting in its functions being blocked.

Therefore, in order to ensure continuity of the service offered by the Operators-Managers Portal in the handling of responses of electricity and gas operators to the requests of the Consumer Help Desk, a project was launched in April 2020 for the transfer of the application to a web standard platform. The project was completed in the middle of November with commissioning of the new Portal.

Italian Central Stockholding Entity (OCSIT)

Some advanced maintenance work was performed in 2020 on the OCSIT IT platform based on the Oracle JD Edwards Enterprise One (JDE E1) product, to support the online tender procedures of contracts for the supply of storage capacity and oil products intended for safety stocks.

In particular, developments in the Tenders module concerned optimisation of the procedure for the renewal of the applications of suppliers in relation to the uploading of "bidders", i.e. contact persons of suppliers authorised to participate in tenders for the sale of oil products. The application, for use by OCSIT users, aims to create user accounts to allow suppliers to access the Tenders Portal in order to fill in the necessary information for renewing the application request.

Additional functions were created with the introduction of the new "Stock release" module and for the management of operator users; in particular, a function was developed to disable users in self-service mode directly from the Portal. The operating reports and the tender allocation engine were also subject to improvements for the benefit of the OCSIT Back Office users.

New functions were developed through the phases of functional requirements analysis with OCSIT representatives, the technical analysis conducted by the company that oversees system maintenance, the creation of software, tests and certification of the solutions with OCSIT users, the updating of user manuals and the release of solutions into the operating environment.

As part of management of the applications "i-Sisen", "Scorte", "Common" and "SisenBI", a European tender was run in 2020 for the award of the maintenance and technical assistance service for applications and associated systems, responsible respectively for the statistical reporting of energy transactions throughout Italy, communications of required stocks by industry operators to the Ministry of Economic Development, the management of operations involving access to the common master data tables and the single sign-on (SSO), management of extraction, processing and external publication of the data communicated by the Reporting Companies.

In particular, the "i-Sisen" application is used by the Energy Statistics Office of the Ministry of Economic Development and is managed by AU-OCSIT. Oil companies communicate data through the "extranet" branch of the i-Sisen platform, as part of the monthly statistics regarding the different energy domains (oil, natural gas, consumption, etc.) The Back Office of the MED, using the "intranet" branch of the platform, carries out the tasks of validation and control of the data communicated and periodically issues reports for public use that, aggregated accordingly, contribute to the issue of the Annual Oil Bulletin.

The "Stocks" application was created by the MED, in implementation of a European directive that came into force in 2013, which establishes the obligation for member States to maintain a minimum level of crude oil stocks and oil products and to ensure the necessary procedures are in place to deal with any serious difficulties or a crisis in terms of supply.

The Stocks system is used by the Directorate-General for Infrastructures and Security of Energy and Geo-mining Systems of the MED and is composed of two web applications managed by AU-OCSIT.
The Reporting Companies communicate, through the platform's "extranet", the data and documentation relating to the legal obligations. The MED's Back Office, using the "intranet" branch of the platform, carries out the tasks of verification and validation of the data communicated.
Lastly, the "SisenBI" system is an application created in 2019 to support data control and validation processes, in particular for the phases of control and supervision of the data that contribute to the generation of the Oil Bulletin, guaranteeing the integration and reliability of the information. It is a Datawarehouse based on the i-Sisen Database targeting analysis and reporting for the external publication of energy statistics.
Development initiatives were implemented in 2020, in particular regarding the i-Sisen and Stocks systems. These initiatives concerned the creation of a new report for Eurostat, the implementation of a new collection of statistics for the lubricants sector and management of applications for foreign stock holding.

Central systems and for IT security

Projects drawn up and planned in 2019 were implemented in 2020, to upgrade and enhance the primary Data Centre infrastructure and the Disaster Recovery remote site. In fact, a call for tender to supply a Nutanix hyper-converged infrastructure for AU's Primary Data Centre was issued in December 2019, with an eye to adopting virtual storage to replace the current system no longer supported by the producer and to prepare for the subsequent Disaster Recovery revision project.
Hyper-converged technology has gained a foothold in the last few years in the panorama of infrastructural solutions for Data Centres as a natural evolution of standard three-tier infrastructure which includes processing equipment (servers), storage units and the virtualisation software layer. In the hyper-converged solution, the three tiers are replaced by a single software platform installed on standard server systems (nodes) which enable rapid scalability of the entire infrastructure.
The software installed on each node distributes all operating functions in the server cluster, also including the storage component. In addition, the software solutions of the hyper-converged infrastructure are essentially independent from the underlying hardware.
These two features make it possible to fully re-use the server systems acquired in 2018 in AU's Data Centres, enhancing them accordingly, and allowed the company to phase out the storage systems for which the producer had announced termination of the maintenance service at the end of 2020.

The implementation project for the Nutanix hyper-converged solution was launched in May 2020 and was concluded in August.

In the Nutanix solution implemented at AU, five HPE servers form, at logical level, a solitary block and a single Nutanix and VMware vSphere Cluster. The system eliminates the need for traditional SAN and NAS storage solutions, at the same time offering a set of services defined by software based on VMs (Virtual Machines), in this way creating high-density storage and server processing services (CPU and RAM) in a single platform block. In the Nutanix Cluster implemented at AU, by adhering to Nutanix *best practices*, a replication of factor of 2 was set to ensure greater storage capacity. The replication factor of 2 creates identical copies of data in the cluster (data + copy) and guarantees availability of the data following the loss of an object (node or disk) in the cluster.

The next step in the upgrade of the infrastructure of AU's central systems concerned revision of the solution adopted to ensure the operating continuity of IT systems in the event of serious or prolonged unavailability of the primary Data Centre.

The Disaster Recovery (DR) remote site was actually created in previous years based on a traditional template, which made provision for an analogue technology infrastructure, albeit to a reduced extent with respect to the primary site, which was constantly aligned with the data handled in the production system. This solution involves the need to keep a structure active and updated which is not normally operational, with a considerable waste of technical and financial resources. The current trend, with a view to making IT processes more efficient and cost-effective is to use Cloud infrastructures, i.e. where the Information System is replicated on a system owned by a Service Provider outside the company and specialised in managing complex IT infrastructures.

This greatly uses the technical, organisational and economic requirements of corporate structures related to procurement of the systems, their configuration, maintenance, their operational management and the necessary technological evolution.

Based on this approach, a tender was called in October 2020 for the supply of a Cloud-based Disaster Recovery service for the hyper-converged infrastructure of Acquirente Unico's Data Centre. Following an evaluation of the different market solutions, as well as of the specific technological infrastructure of AU's Data Centre recently updated with Nutanix's hyper-converged solution, the Nutanix Xi-Leap solution was selected as the Cloud-based Disaster Recovery service, provided by that producer as part of its Cloud products.

Integrating the new DR solution, the platform based on Nutanix Xi-Leap also hosts an IaaS (Infrastructure as a Service) type infrastructure, in which virtual machines are allocated relating to the Oracle database environment, in this case replicated with native Oracle Data Guard tools in order to guarantee the correct application consistency.

The Cloud-based Disaster Recovery service was activated and configured in December 2020. The phases of verification of replications and failover tests were planned in the first few months of 2021, to ensure the correct management of Primary Data Centre services if necessary.

The enhancement of the Data Centre infrastructure also brought about the need to upgrade the existing network equipment, part of which was no longer able to guarantee the performances required by the new hyper-converged solution. Therefore, the new Arista Switch equipment was purchased in July 2020, augmenting the equipment already installed in the previous year, and which will replace the previous Juniper Switches that are no longer suitable for the infrastructure.

In relation to the Oracle Databases, which make up the majority of company database management systems, major upgrades were performed in 2020, carried out entirely with internal Information Systems resources. In particular, the new system of centralised management of company databases of the Oracle "Enterprise Manager Cloud Control" suite was installed and configured and the company databases were technologically upgraded based on Oracle release RDBMS 19.7, which corresponds to the latest version "19c" released by Oracle.

Additional activities carried out autonomously by the Information Systems concerned the transfer of the File Server system from the GSE infrastructure to that of AU. The greater quantity of data handled will require the back-up infrastructure to be expanded in 2021. Also in this case, in-depth analyses are in progress to evaluate Cloud solutions.

2020 recorded significant use of the IT structure, in response to the coronavirus health emergency and the need to quickly transfer the work activities of AU employees from company offices to their homes. This activity called for huge organisational and technical efforts to equip almost all employees with digital tools to perform their work remotely (laptops, telephones, mobile wifi routers) and software products for secure connection to company applications via VPN systems. New applications for remote working were also evaluated and adopted, such as video-conference, chat, messaging and document sharing systems. Alongside the new hardware and software resources, there was an increase in requests for assistance from users and the need to provide remote support using telephone devices or specific software which allow remote pc verification, based on prior user authorisation.

Aspects relating to IT security were also evaluated and steps taken to reduce the risks connected with remote working. Given that forms of Smart Working will presumably continue to be used when the emergency phase is overcome, the aspects related to remote working in terms of IT security and the organisation of work will be subject to the necessary in-depth analyses in 2021.

An especially important theme in the development of Information Systems, already launched in previous years, concerned the analysis of IT services provided by GSE, which could be insourced within AU.

The advantage of independently managing these services is greater clarity with regards to operating responsibilities and greater autonomy in selecting products and services using methods more appropriate to AU’s specific requirements.

Following internal assessments and meetings with representatives of the parent company, a first subset of services was identified, for which an insourcing plan was drawn up, which led to the transfer to AU of File Server services, housing of the Disaster Recovery (DR) site and DR workstations and the management of the telephony service and data transmission over mobile networks.

Additionally, the parent company asked that the current ERP application be separated so it can be independently managed by AU.

The ERP system was initially created by GSE, also for Group companies, by implementing and customising the Oracle Applications solution (now Oracle e-Business Suite) to cover the Accounting, Sales and Distribution and Purchasing, Acquisitions and Human Resources functions. The various modules have interfaces with external applications, partly managed by GSE and partly created autonomously by AU. The system is currently installed on GSE's Information System and whenever the need arises for the implementation of a new feature, the methods of application need to be considered carefully in order to avoid possible interference between GSE and AU, often causing an increase in project times and costs.

In order to avoid these inconveniences, GSE proposed physical separation of the two environments in order to keep the two companies autonomous and independent in terms of system development activities.

In preparation for the project for separating the ERP system, a technical feasibility study and economic evaluation were launched, in order to define a hybrid ERP architecture that provides Cloud solutions for the new Budget, Acquisitions and Human Resources management systems and a “clone” of the current Accounting system to be installed on AU's Data Centre.

The ERP system separation and expansion project is highly complex in terms of costs, execution times and the need for specialist internal skills, both technical and functional, and must be carefully evaluated in 2021.

Prevention of IT risks

The coronavirus health emergency and the subsequent need to quickly set up remote working methods certainly represented one of the biggest risks for IT security in 2020.

The large-scale of use of remote working has clearly demonstrated a trend that has already been in evidence for some time, with the increasingly frequent use of mobile devices: while companies have invested significant resources in protecting the data within their physical perimeter, the latter were then used with mobile devices outside the company's offices, with levels of security difficult to control.

The problem of security then rapidly shifted from the company network and infrastructure to users' workstations, which can be used both in company offices, from employees' homes or in mobile mode.

One prevention measure adopted was to install a disk encryption system on the laptops, which prevents the data stored on the devices from being accessed in the event they are stolen or lost.

Nonetheless, the major problem for workstation security concerns remote access to company applications and web content.

In order to allow laptops to operate as if they were in the company network, the basic solution is using VPNs, i.e. a connection between the remote pc and the systems installed at the company through a protected and encrypted web channel which creates a Virtual Private Network between the two systems.

In the case of remote working due to the coronavirus emergency, a large number of AU users were authorised to use the VPN. However, connection problems have been verified in some cases, most likely due to the dimensions of the VPN, not designed to cater for almost all of the company's employees.

In any event, many users do not need to constantly use applications that only function in the company network, also because many frequently used applications have, over time, been created using web technologies and can also be used directly via the web. This is why laptops outside the company can, on most occasions, operate without a VPN and connected directly to the Internet.

Generally speaking, browsing the web outside the company network can lead to serious security incidents given that connectivity is controlled exclusively by the user's private devices.

Therefore, solutions have been adopted which make it possible to control access to the Internet by workstations operating remotely with similar methods to those used in the company network.

In particular, in 2020, following a substantial period of testing of software tools dedicated to resolving these types of problems, the Forcepoint Web Security product was selected, which offers the typical benefits of a web proxy system also outside the company, using a Cloud solution.
This system minimises the exposure to cyber risks through the classification of potentially dangerous websites and anti-malware checks for both known and unknown threats.
The product allows users to define and customise a high number of security policies for access to websites by activating filters on the different categories, with the following types of controls: "allow - block - warning - time block - allow for a certain time".
The system also automatically recognises the web connection method: if the workstation is in the company network, the Proxy system already in use for fixed workstations is activated, while the Proxy Cloud Forcepoint is activated if the workstation is outside the company network.
Again as regards the security of endpoints, whether they are workstations or mobile devices, the analysis of EDR products (Endpoint Detection and Response) continued in 2020, with the objective of identifying anomalous situations and notable deviations from “normal” behaviour, in statistical terms, of the workstation over time or other similar company situations.
In general, the operating principle behind EDRs involves collecting a very high number of behavioural events relative to endpoint use, such as execution of processes, network connections and operations involving files. By using advanced analysis tools, EDRs can quickly analyse the enormous amounts of data collected and provide useful indicators for assessing potentially dangerous situations.
In addition to the typical behavioural analysis of EDRs, security products able to monitor activities carried out on workstations were evaluated in order to assess whether the actions are in breach of company IT security policies.

Communication Activities

The COVID-19 health emergency, which affected most of 2020, had a profound impact on business communication methods, and inevitably also those of Acquirente Unico.

Communication shifted essentially online, becoming the main mode of managing relations with our stakeholders. Event participation was completely transformed, with a preference for remote attendance, accessible to all and yet safe.

Despite the change of approach and organisation of activities, most of the objectives set at the start of the year were achieved.

Domestically, there were continued efforts to strengthen Acquirente Unico's position as a public services company which benefits all market actors in an energy scenario undergoing a complete transformation.

The pursuit of this objective was made possible thanks to constant interactions with representatives from consumer associations and businesses, by taking part in public meetings in webinar mode, and contributing, on the front line, to consolidating existing projects. Unfortunately, the development of new initiatives was slowed by the pandemic.

In 2020, Acquirente Unico carried out the necessary communication initiatives in an attempt to raise awareness of the Offer Portal.

The platform, which has been active for a few years, falls under the initiatives promoted by ARERA, with the impending end of price protection, in order to promote the successful operation of the retail markets for the benefit of small customers.

More specifically, a video tutorial was created, using solely AU internal resources, published on the company's YouTube page and reproduced on the company website and the Offer Portal to help consumers use this free, transparent and independent comparison tool.

The video has been viewed more than 1,000 times and, following the dissemination of a press release for the launch of the tutorial, a total of 55 content releases were recorded, divided as follows: 5 news agency releases, 48 web articles and 2 press articles.

The widespread visibility recorded a higher number of visits to the Offer Portal than the daily average for the period.

Acquirente Unico's commitment to fighting energy poverty also continued in 2020. The European project ASSIST, financed by the European Commission within the framework of the Horizon 2020 programme, came to an end, recording outstanding results. According to EASME, Executive Agency for Small and Medium-sized Enterprises of the European Commission, the ASSIST project represented a successful model for supporting consumers in difficulty, which can be adopted by different public and private entities who work in various sectors. During the webinar “Il progetto ASSIST e il supporto ai consumatori nell'emergenza coronavirus" (the ASSIST project and support for consumers during the coronavirus emergency), Acquirente Unico, together with its Italian partners, presented the results, experiences and difficulties identified during the three-year term of the project. Together with its European partners, Acquirente Unico helped organise the project's final conference: "Dal livello locale a quello europeo: barriere e soluzioni per affrontare la povertà energetica" (From local to European: barriers and solutions to tackle Energy Poverty), held online over three days between 9 and 11 June 2020. In addition to the European results of the project, it emerged that the model for tackling energy poverty is even more indispensable during the emergency connected with COVID-19. The European project ASSIST was concluded in 2020, but Acquirente Unico continued to commit to tackling energy poverty and vulnerability.

Despite the problems encountered as a result of the pandemic, AU also attempted to maintain a constant international presence. The most significant event was participation in the 2020 edition of the EU Sustainable Energy Week, the most important European event dedicated to sustainable energy, held from 22 to 26 June in online mode.

Media work continued with the approach already identified in previous years, providing support in the interpretation and understanding of the complex world of energy, making its third party and technically-based point of view available. A contribution which serves to increase the number of "informed voices" present in public debate. More directly, the company worked to ensure that the services AU provides to operators and consumers are well understood. The result was as follows: 41 news agency releases, 416 online articles, 135 articles in newspapers and periodicals, for a total of 688 content releases.

During a period of exponential growth in social networks, the company has also increased its presence on these, which today represent an essential tool for all communication activities.

More specifically, Acquirente Unico's Company Page on Linkedin was re-activated, with the goal of not only promoting our activities, but in particular to provide information during the pandemic on current energy issues and on how the services offered function.

With this in mind, self-produced video interviews were published, conducted with internal personnel of the Energy and Environment Consumer Help Desk and the Energy Operations Department respectively, to aid the understanding and correct use of the Conciliation Service and to explain the relationship between AU's purchase methods and green energy.

Attempts were also made to show how the company has managed the change it has been faced with as a result of the pandemic, converting work methods, tools and habits for all company personnel. The Head of the Human Resources Department, interviewed by a national press agency, explained how AU has approached smart working and the role that this new way of working could play in the future of the company.

Not only top management, but also operating line managers were asked to talk about how their daily work has changed, through the creation of videos, which were subsequently uploaded and published on the company's Linkedin page.

Litigation management

Credit and dispute management with respect to companies that provide the enhanced protection service

With respect to management of AU's trade receivables, in the event of a default on payment at maturity, AU intervenes, preliminarily out of court, with informal contacts and reminders, and then through the courts, with appeals for an injunction.

With respect to the nature of these receivables and the debtors, note the following.

AU's receivables mainly derive from the sale of electricity, on the basis of the standard contract approved by Resolution ARG/elt.76/08. In November 2010, the Authority, with Resolution Arg/elt. 208/10, amended the Standard Contract, introducing the obligation of the issue of a security deposit as an alternative to guarantees. By virtue of that provision, AU may write to the competent judicial authorities to secure the release of the deposit for enhanced protection service by operators/distributors that have defaulted in the release of the collateral required by Article 10 of the Standard Contract.

In the same resolution, the Authority specified that AU could apply the standard contract with respect to its counterparties, regardless of the actual signing of the contract.

The entities from which AU has past due receivables are mainly municipalities (or public capital entities), holders of a distribution concession issued by the MED, against which there are remedies under the Code of Civil Procedure on the subject of enforcement proceedings.

The risk of non-collection of trade receivables by AU with respect to the enhanced protection service operators is generally modest, either due to their nature (they are certain, liquid and payable, being regularly invoiced according to the regulatory provisions in force) and the types of legal entities liable, taking into consideration that such credits are backed by adequate guarantees. Budget allocations are always required, in view of the positions past due, in the provision for doubtful accounts, as described in the Notes.

Other disputes in progress

In 2020, AU served as the counterparty in certain disputes linked to the former Cassa Conguaglio GPL put forward by entities who were not paid, entirely or partially, indemnities pursuant to the Ministerial Decree of 7 August 2003, or contributions pursuant to the Ministerial Decree of 19 April 2013, or who were not paid, entirely or partially, indemnities or contributions following verifications required to be made by the former Cassa Conguaglio GPL prior to disbursement. One of these disputes was concluded at the end of 2020 with a favourable ruling for AU, with revocation of the injunction contested and the plaintiff ordered to pay expenses.

Criminal proceedings are also pending in 2020 in which AU is the injured party. Investigations are currently in progress.

AU was also called by one company to appear as third party in proceedings for the cancellation of an arrears amount of an electricity consumer managed by the IIS. The case was adjourned for the presentation of closing remarks.

Warning measures were undertaken for the collection of receivables due to AU/OCSIT from companies required to pay the contribution and summary proceedings for a declaratory judgment were initiated against a debtor company of OCSIT.

Following the inclusion of AU in the ISTAT list of public administrations, published on 30 September 2019, the company filed an appeal before the Court of Auditors. AU's appeal was upheld on 29 January 2020.

As a result of the challenge of a tender-awarding provision, the second company classified in the list initiated a dispute in 2019, closed with a ruling of the Council of State in the second half of 2020 which confirmed cancellation of the award to the first company in the list.

It should also be noted that, in 2020, two disputes are in progress regarding employment issues. Two additional proceedings were concluded in 2020, with the appeal filed by the opposing parties rejected and the latter ordered to pay expenses to AU.

Tax Assessments

As a result of the tax audit initiated in March 2013, ending at the end of July the same year, on 16 October and 4 November 2014, the Company received two notices of assessment for the years 2009 and 2010, with which the Lazio Regional Office of the Revenue Agency determined greater IRAP tax, denying that the tax wedge subsidy was applicable.

Particularly, with the tax assessment for 2009, the Office settled higher IRAP of € 63,672.00 andi imposed fines of the same amount (for an application amounting to € 127,344.00, excluding interest).

Regarding the 2010 tax year, the Office settled higher IRAP of € 82,202.00 and imposed fines of the same amount (for an application amounting to € 164,404.00, excluding interest).

Against those two notices of assessment, on 12 December 2014, the Company brought two separate appeals before the Provincial Tax Commission of Rome, also applying for cancellation and giving the arguments already contained in the request for a tax ruling, in respect of the subsidy pursuant to Article 11 of Italian Legislative Decree 446/1997, as AU's activities are not exercised as a concession and, much less, for a "rate".

The Company, in compliance with the legal requirements, also made payments due on a provisional basis, pending the first instance judgement, equal to one third of the tax paid in the assessment. More specifically, on 12 December 2014, to pay for 2009, it paid € 25,047.27 and € 31,238.03 for 2010.

The first level for both cases ended on 12 October 2016, with the filing of the two judgements 22860/2016 and 22861/2016, with which the Provincial Tax Commission of Rome fully accepted both of the Company's appeals.

The Office put forward two separate appeals on 29 March 2017 against these judgements with the Regional Tax Commission of Lazio. However, at the same time, considering the provisional enforceability of the first instance judgements, the Office reimbursed the amounts already paid by the Company.

The appeal verdicts were in the Company's favour. In fact, by means of its judgements 8721/2018 and 8722/2018, both filed on 11 December 2018, the Regional Tax Commission rejected the Office's appeal and, therefore, confirmed nullification of the assessment notices already filed in the first instance proceedings.

Although, as of today, the terms for challenging the two rulings before the Court of Cassation are no longer pending, and no appeals have been notified by the Attorney General's Office, the Company nonetheless asked the Regional Tax Commission of Lazio to issue the certification making said judgments final. However, this certification has still not been issued.

Activities of the Financial Reporting Manager

The activities carried out by the relevant director, also in relation to issuing of formal certification regarding the 2020 financial statements, can be summarised as follows:

- Updating and maintaining the procedural system associated with processes used for accounting and financial reporting, in cooperation with the interested offices;
- Issue of the internal standard "2020 Financial Statements Circular", containing specific rules for company departments involved in the process of preparing the annual accounts, together with the request for letters of certification sent to the managers of the various processes (both within AU and the parent company, for the activities carried out under services agreements), relative to their areas of responsibility, to ensure proper processing and representation of the data used to prepare the financial statements and report on operations;
- Execution of sample-based tests on the regularity of administrative/accounting procedures.

Activities of the Corruption Prevention and Transparency Manager

Law no. 190 of 6 November 2012 on "Measures for the prevention and repression of corruption and lawlessness in the public administration", contains rules to prevent and curb corruption and illegality in the public administration sector, and states that transparency is an essential element for the prevention of corruption itself.

ANAC Decision no. 8 of 17 June 2015, as well as the Ministry of Economy and Finance's Directive dated 25 August 2015, extended these measures to subsidiaries of the public administration and, therefore, to AU, a publicly held company entirely held by GSE, in turn wholly owned by the Ministry of Economy and Finance.

The 2016 ANAC PNA, approved with Resolution 831 of 3 August 2016, implements the relevant legislative changes which occurred with reference to Legislative Decree 97 of 25 May 2016 "containing the revision and simplification of provisions on prevention of corruption, publicity and transparency, correcting Law 190 of 6 November 2012 and Legislative Decree 33 of 14 March 2013, pursuant to article 7 of Law 124 of 7 August 2015, on the reorganisation of public administrations" and to Legislative Decree 50 of 18 April 2016, the Public Contracts Code.

The changes brought by Legislative Decree 97/2016 relative to transparency clarify the nature, content and approval procedures for the PNA, delimiting the subjective scope of application for the regulations, as well as redefining publication obligations on public administration websites together with the new generalised right to civil access for deeds, documents and information not subject to obligatory publication.

Additionally, Legislative Decree 97/2016 establishes that the Corruption Prevention Manager and Transparency Manager must be combined into a single role, referred to as the Corruption Prevention and Transparency Manager, and prescribes that this role be strengthened, also through organisational changes if needed.

With Resolution ANAC 1134 of 8 November 2017, containing "New guidelines to implement regulations to prevent corruption and for transparency by companies and private entities controlled and invested in by public administrations and public economic entities", that already contained in Determination 8 of 2015 was substantially confirmed, while the notion of a controlled company was extended for the purposes of the applicability of anti-corruption regulations.

With the 2018 PNA, ANAC, continuing with the previous updates made to the PNA, also provided instructions on how to adopt the PTPC, on requirements regarding preventing corruption and ensuring transparency, while also recognising the roles and powers held by the Corruption Prevention and Transparency Manager, substantially confirming that already established in Resolution 840 of 2 October 2018.

With the 2019 updated to the PNA, approved with resolution 1064 of 13 November 2019, ANAC focussed its attention on indications regarding the general section of the PNA, revising and strengthening in a single guideline document all the instructions given in previous updates and plans, adding additional instructions matured over time which were the subject of specific regulatory deeds.

AU had already complied with these instructions since 2015, when the Corruption Prevention and Transparency Manager position was introduced, selected from among the Board of Directors.

During 2020, the AU Corruption Prevention and Transparency Manager mainly saw to the following:

- preparation of the Three Year Corruption Prevention and Transparency Plan 2020-2022, approved by the BoD on 30 January 2020, published on the company website in the Transparent Company section;
- updating of the mapping of areas at risk of corruption, also relevant for preparation of the PTPTC for 2021;

- updating the Transparent Company section on the website, to ensure compliance with applicable legislation on anti-corruption and transparency;
- complying with publication requirements relative to the data and information required under current legislation, with particular reference to the completeness, clarity and updating of the information;
- protecting, through the "Whistleblower protection" company procedure, whistleblowers from any form of retaliation, discrimination or penalisation, also ensuring the confidentiality of the whistleblower's identity. The Procedure was prepared by taking ANAC recommendations and current regulations into account. During 2020 no notifications were received.
- guaranteeing the operation of Civic Access indicating, within AU's website in the Transparent Company section, the methods and e-mail addresses to exercise this right in terms of Simple Civic Access and Generalised Civic Access. Simple Civic Access allows anyone to request documents, data or information which administrations are required to publish. Generalised Civic Access (or Freedom of Information Act - FOIA access) allows anyone to request documents, data or information that go beyond those which administrations are required to publish.

  In 2018, no Civic Access request was made, either in the form of Simple Civic Access or Generalised Civic Access. No requests for civic access were received in 2020;
- overseeing, in collaboration with the Human Resources function, the training of employees through e-learning on anti-corruption.

Data Protection Manager activities

Established under Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016, relative to protection of natural persons with regard to the processing of personal data, and rules related to the free movement of personal data, abrogating Directive 95/46/EC (General Data Protection Regulation or "**GDPR**"), the Data Protection Manager ("**DPM**") has been functional within AU since 25 May 2018.

The GDPR assigns the following tasks to the DPM (article 39):

1. *inform and provide advisory services* to organisations and employees with regards to obligations deriving from the GDPR and domestic and EU regulations;

2. *monitor observance* of the GDPR, European and domestic regulations and internal policies regarding the protection of personal data, including the assignment of responsibilities, increasing awareness, personnel training and relative audits*;*
3. provide a data protection *impact assessment* ("**DPIA**") and monitor its execution;
4. *cooperate* with the personal data protection guarantor ("**Privacy Guarantor**"); and
5. serve as a *contact point* for the authorities in relation to questions associated with data processing (e.g. preventive consultation).

In compliance with the provisions of the GDPR, in 2020, the DPM took action to:

- develop and update tools to monitor company compliance with the GDPR, such as the Privacy Dashboard (periodically updated for the Chief Executive Officer) and the annual Report on the activities carried out;
- provide general GDPR training to new hires and specialist training on Data Protection By Design and By Default, provided in June and October respectively. The *general training* concerned company personnel hired after January 2019 (date of the previous GDPR training), while the *specialist* training targeted all staff, consisting of insights on this concept provided by European bodies responsible for interpretation, consulting and guidance in applying the GDPR (such as the European Data Protection Supervisor, the European Data Protection Board and the European Union Agency for Cybersecurity). Both training sessions were provided remotely using Microsoft Teams, distance-based communication software used by the company, as it was impossible to hold meetings in person during the pandemic. The specialist training was also recorded for use on an on-demand basis by those who could not participate in the scheduled training sessions. A total of 25 newly hired staff took part in the general training and 249 employees in the specialist training. At the end of each session, participants answered a questionnaire to assess their learning;
- inform and raise awareness in company units/departments through information on documents of interest, selected from official websites on personal data protection. 19 information documents were sent in 2020;
- provide their observations to the legal department with regard to the documents they produced and sent to the DPM, including updating of the Processing Registry;
- call and/or monitor the minutes prepared for meetings of the Working Group established to support the activities needed to comply with privacy regulations and to handle data breaches. The

Working Group met 12 times in 2020, of which 9 to assess possible data breaches (extraordinary meetings), on the following dates:

Jan-20	Feb-20	May-20	Sep-20
4	**3**	**3**	**2**
1 ord	1 ord	extraord.	ord
3 extraord.	2 extraord.		extraord.

- prepare and update the Data Breach Registry and Registry of Requests to Exercise Rights by Interested Parties, received through the dedicated email account (rpd@acquirenteunico.it). A total of 8 data breaches were registered in 2020, of which 1 notified to the Italian Data Protection Authority, and 21 requests received from data subjects; in relation to the latter, a growth trend was recorded (11 registered in 2019).

During the year, the DPM and a dedicated staff member attended conferences and training courses on aspects relating to personal data protection, for a total 66.5 hours.

Additionally, the DPM took part in the Network of DPMs from Regulation and Guarantor Authorities, with the goal of reciprocal communication and sharing of know-how and best practices. It meets periodically and the Italian Data Protection Authority also participates. During 2020, the Network met 9 times.

RELATIONS WITH THE PARENT COMPANY AND ITS SUBSIDIARIES

Acquirente Unico is a full subsidiary of Gestore dei Servizi Energetici - GSE S.p.A.

During 2020, AU obtained support from GSE through special service contracts, relative to leasing of its headquarters and other associated services, for the provision of IT services and assistance and consulting work on a continuous basis.

With reference to economic relationship with other subsidiaries of GSE S.p.A., in 2020 Gestore dei Mercati Energetici - GME S.p.A. continued to be Acquirente Unico's main trade counterpart.

The relations with the parent company GSE and with GME are summarised below, in terms of the balance sheet and income statement. These schedules compare 2020 with the previous year.

Relations with GSE

Receivables, totalling € 255 thousand, refer to the reversal of electricity costs relative to the parent company.

Payables, totalling € 457 thousand, refer to ascertainments of costs linked to service contracts.

The economic cost components are represented, almost entirely, by expense for service contracts and leasing of the property used as the company headquarters.

Further details are explained in the Notes to the Accounts.

Table 12: Summary of relations between Acquirente Unico and GSE S.p.A.

€ thousands	2020	2019	Changes
Receivables			
Non trade receivables	255	124	131
Total receivables	**255**	**124**	**131**
Prepayments			
Prepayments	-	4	(4)
Total prepayments	**-**	**4**	**(4)**
Payables			
Payables for infra-group VAT	9	53	(44)
Payables for service agreements and other	448	22	426
Total Payables	**457**	**75**	**382**
Revenues			
Other revenues	133	124	9
Total Revenues	**133**	**124**	**9**
Costs			
Costs for service agreement	2,028	2,108	(80)
Interest expense on intercompany bank account	-	4	(4)
Total Costs	**2,028**	**2,112**	**(84)**

Source: Internal processing, Acquirente Unico.

Relations with GME

As regards relations with GME, shown in Table 13, the main balance sheet item consists of payables relative to electricity purchases and correlated services (€ 64,772 thousand), for the portion not yet financially settled. The decrease in this item amounted to € 14,645 thousand.

The main income statement item is represented by costs for purchases on the spot electricity market, equal to € 1,767,435 thousand, compared to € 2,481,403 thousand in the previous year.

Table 13: Summary of relations between Acquirente Unico and GME S.p.A.

	2020	2019	Changes
Prepayments	*€ thousands*	*€ thousands*	
Prepaid expenses consideration on Data Reporting Platform	1	1	-
TOTAL PREPAID EXPENSES	**1**	**1**	-
Payables			
Payables for energy purchases and related services	64,772	79,417	(14,645)
TOTAL ENERGY PAYABLES	64,772	79,417	(14,645)
TOTAL PAYABLES	**64,772**	**79,417**	**(14,645)**
Revenues			
Revenues for energy sales for scheduled unbalancing	-	345	(345)
TOTAL REVENUES	**-**	**345**	**(345)**
Costs			
Cost for energy purchases on spot electricity market	1,767,435	2,481,403	(713,968)
Cost of services on spot electricity market	1,406	1,473	(67)
Cost for data reporting services (REMIT)	1	1	-
TOTAL COSTS	**1,768,842**	**2,482,877**	**(714,035)**

Source: Internal processing, Acquirente Unico.

Information about additional related parties

The Company has multiple relations with direct or indirect subsidiaries of the Ministry of Economy and Finance, which in turn holds 100% of the capital of the Company's parent company GSE. The main transactions are conducted with the major players in the Italian energy industry, such as the Enel Group, ENI and TERNA.All transactions with related parties take place at market prices in accordance with the conditions that would apply to third-party counterparts.

BUSINESS OUTLOOK

Energy supply

The demand from the enhanced protection market forecast for 2021 is approximately 37 TWh. It should be noted that the requirements estimate takes account of the gradual protection service from 1 January 2021 for small enterprises, as set forth in ARERA resolution 491/2020. In particular, during the first half, AU will provisionally continue to supply energy, whereas, from 1 July, the service will be duly assigned to operators selected through tenders.

In consideration of the fact that the Reformed Enhanced Protection was introduced as of 1 January 2017, which establishes that Acquirente Unico obtains supplies through the Spot Energy Markets (DAM and MPEG), again no physical forward contract will be stipulated in 2021.

Activities in support of operators and end users

Consumer and Conciliation Area

Resolution 528/2019/E/com of 10 December 2019, with the approval of the 2020-2022 Operating Project, ensures continuity of the services provided by the Help Desk for the three year period in progress. The main activities identified by the Project for 2021 concern the start of new services, the optimisation of support systems and the updating of the workforce in terms of numbers and skills.

As regards the scope of the services offered, from 1 July 2021, based on Resolution 537/2020/E/tlr, also customers of the 'Telecalore' (district heating and district cooling) sector can request support from the Help Desk, both for information purposes (Contact Centre, Reporting, Help Desk) and to initiate the Conciliation Service, now operational for the energy sectors and, based on a transitory regulation, for the water sector. The impact of the new service on the Help Desk will be limited, as it will concern a small catchment area of customers.

By contrast, the impact of the start of the new Automatic Bonus procedure will be on a different scale , as set forth in Consultation 204/2020/R/com of 9 June 2020, which will enable the automatic payment of the national social bonuses to all eligible parties without the need to present an appropriate application, as set out in Decree Law 124/19 from 1 January 2021 for the electricity, gas and water bonus. It is estimated that the procedure will have a major impact on the Help Desk in terms of the volumes of information requests and Special Procedures in relation to Bonuses, in contrast to an expansion in the basic of eligible parties of roughly 3.3 million citizens. The impact will be even stronger if, on conclusion of the procedure under Consultation 204/2020/R/com of 9 June 2020, the Help Desk is identified as the only reference point for the Bonus requests from approximately 90,000 indirect gas customers entitled to receive the subsidies. Therefore, the first half of 2021 will be challenging for the company in terms of adapting the organisation, processes and support systems, in response to the expected ARERA resolution that will define the Help Desk's procedures for management of the different types of eligible parties.

Lastly,the Enhanced Protection service is expected to terminate on 1 January 2021 for small and medium enterprises and from 1 January 2022 for energy end users, which will primarily impact the Help Desk in the second half of 2021 in connection with the launch of operators' customer acquisition campaigns.

In respect of these new services, in the first half of 2021 the Help Desk will be committed to adapting the supporting operating systems, enhancing its website and the Customer Portal with new information, sections and modules dedicated to the different types of parties entitled to receive the Automatic Bonus and 'Telecalore' (district heating and district cooling) users; the Conciliation Service Platform will also be updated for the latter.

At the same time, the phonics tree, messaging service and the CRM of the freephone number 800.166.654 will be updated, as will the CRM and the portfolio of reports that outline the trend and type of requests received by Special Procedures, the Conciliation Service and the other types of activities managed by the Help Desk.

Again in the first half of 2021, important training on the new services has been planned for all internal and external personnel who work for the Help Desk, and new staff will be hired to manage the extra volumes of requests that will be received, in particular regarding the Automatic Bonus, whose number will be defined once the methods of involvement of the Help Desk in managing the new activity have been approved by ARERA.

Lastly, but no less important, provision has been made for the strengthening, by the end of the first half of 2021, of the protection of personal data managed by the Help Desk with the introduction of the SPID and strong authentication (via OTP - One-Time Password) for accessing all services offered through the Customer Portal.

In 2021, the Help Desk will also continue its valuable cooperation with the main actors in the energy and environmental sectors, in particular with consumer and trade associations and with larger operators/managers, as well as in informing the Authority of significant events identified in the management of its business.

Integrated Information System

The most significant developments in IIS activity expected in 2021 regard:

- **Completion of the gas settlement reform through the IIS**
  Resolution 72/2018/R/gas, which approved the "Integrated text of provisions for settlement of physical and economic items regarding the natural gas balancing service (TISG)", commenced the reform of gas settlement regulations, in force from January 2020, aimed at ensuring greater efficiency in the provision of natural gas balancing and transport services, with reference to the determination of the energy withdrawn relative to each balancing user. The new regulations give the Balancing Manager and the IIS central roles. In 2020, the IIS launched the processing of meter reading data for monthly balancing. Applications will be created in 2021 for the calculation of adjustment sessions (one for annual adjustment and one for multi-year adjustment), aimed at determining, for each balancing user, the physical and economic gas items withdrawn from the transport system on each gas day, broken down by balancing user based on the measurements sent by the distribution companies, making provision for the dynamic profiling of withdrawals with the ex-post application of the climate correction factor (Wkr) for the withdrawal points subject to load profiling; the IIS provides this data also to the distribution companies and distribution users, hence avoiding duplication of the information systems required for that purpose.
- **Start of the gas transport capacity transfer process**
  By the start of the new thermal year in October 2021, applications will developed, according to the provisions of Resolution 147/2019/R/gas, to manage gas transport capacity, serving as the fulcrum of the gas settlement reform which assigns allocated capacity to balancing users as a function of the BU/DU/DP relationship, eliminating distorting market effects on capacity attributable to the portfolio effect.
- **Completion, optimisation and development of processes managed in both sectors**
  Projects involving existing applications are planned for 2021, involving natural completion activities and fine tuning of the numerous applications released in the last quarter of 2020,

activities to comply with regulatory changes in the sector and to improve the management efficiency and efficacy of the IIS. The most significant releases include the launch of new standards of gas meter reading flows from January 2021.

- **Automatic management of indemnities in the electricity sector**
  The Authority has established for 2021 analysis and investigation of issues aimed at automatic and generalised management of indemnities, based on total flows handled by the IIS, in relation to ARERA regulatory processes which involve the application of indemnities in the case on non-fulfilment for required entities (Distributors). Implementation of the applications will be planned downstream from regulation by ARERA.
- **Development of the Offer Comparison Portal**
  Analysis and development of applications will continue in 2021 in order to handle additional types of offers with respect to those already handled and implement the new commercial code of conduct. Developments will depend on the extent of changes necessary for offers to be acquired, the complexity of the new functions to calculate spending and the detail pages needed to show the additional characteristics of the new types of offers handled.
- **Monitoring of retail electricity and natural gas sales markets.** In 2021, analysis and monitoring activities will be developed for retail markets and for other areas relative to regulation, including prices and services, which are functional to the Authority carrying out its institutional activities. The possibility of extracting information from the IIS will make it possible to expand the number of phenomena newly identified, as well as providing more details about phenomena already monitored in past years. Consequently, reporting will increase in terms of size and frequency. The growing use of the information from the IIS will not only provide more timely and accurate observations, but a progressive reduction in checks on data collected from operators. The project shared with the Authority will be gradually implemented over the course of 2021, which ends certain processes to obtain data from operators, strengthening the central role of the IIS as the informational tool for the sector, while reducing the burden on managers with obligations. Activities will continue to support the Authority in managing the remaining data collected from managers with obligations.
- **Evolution of the Consumption Portal**
  Implementing that established in the 2018 Budget Law and following its release in 2019, during 2021 the development of new functions is planned. For example, to allow end users to access an

increasing amount of data found in the IIS with a longer time-frame (up to 36 months) and integration with the Portal for comparing offers.

The activities related to process management assigned to the Manager, the use and development of technological infrastructure and the software for services supply will also continue.

- **Transfer development with simultaneous change of trade counterparty**

  Re-engineering of the transfer to allow end users to transfer their contract with the simultaneous change of supplier in the electricity market. The development initiative aims to ensure the transfer service with the possibility of changing supplier becomes operational from 1 July 2021, in line with the elements also indicated in the procedure for the gradual protection service;

- **Evolution of the gas transfer for management of the Energy Service,**

  Implementation of restoration procedures and alignment of data in the Official Central Register for the attribution of the Energy Service and the registration of the supply to the end user, in preparation for the activation of last resort services and the automatic processing of the Social Bonus;

- **Automatic payment of Social Bonuses**

  Operation of the system for the automatic payment of national social bonuses (electricity, gas and water) - set forth in Decree Law 124/19 from 1 January 2021 for the electricity, gas and water bonus - with the objective of guaranteeing payment to all eligible parties with no need for them to submit a specific application.

- **Management of the gradual protection service**

  Modification of market processes in place for management of the gradual protection service pursuant to Law 124/17 and the service assignment methods, in order to guarantee continued supply to small enterprises connected in low voltage without a contract under the free market from January 2021.

Italian Central Stockholding Entity - OCSIT

As established in the Guidelines issued by the Ministry of Economic Development dated January 31, 2014, OCSIT will inform the Director General for security of supply and energy infrastructure of the Ministry of Economic Development of the actual costs incurred by the same during 2020 (or final balance), for determining the amount and adjusting the contribution.

Regarding new stock obligations, the annual Ministerial Decree which is expected to be issued will establish the total safety stocks and specifications of that which must be held by the system as of 1 July 2021, as already observed, the new start date for the stock year.

Following publication in the Official Gazette of the interministerial decree of 28 December 2020 for determination of the 2020 contribution, which took place on 13 March 2021, OCSIT will proceed with billing of the contribution relating to the period 1 July 2020 - 30 June 2021 and the simultaneous repayment, at adjustment stage of the difference between budgeted and final costs.

Other events

In the first few months of 2021, the domestic and international situation continued to be characterised by the spread of COVID-19 and the consequent restrictions imposed globally to contain the virus. These circumstances, which were extraordinary both in their nature and in their extent, created a situation of generalised and significant uncertainty in economic and market terms, which is being constantly monitored. The nature of the regulated activities which are typical of the company's business, will not, in any case, be impacted in 2021 by COVID-19, in terms of financial performance and profit.

The Directors of the Company are monitoring developments in the situation in order to promptly deal with any consequent impacts.

OTHER INFORMATION

Concerning the overall provision in Article 2428, paragraph 1 of the Italian Civil Code, for the description of the "principal risks and uncertainties" to which the Company could be exposed, the respective negotiations are described in the specific chapters and sections of the Report on Operations, which sets forth the relevant content relating to the various regulatory, operational and organizational areas dealt with.

We refer, in particular, to the following sections of the report:

- The judicial-legal regulation and its implications, particularly with respect to the regulatory laws and rules applicable, are highlighted among the "key elements of the legislation and reference areas. This section examines, more specifically, the salient regulatory aspects relative to each area of business activity;
- Any element of uncertainty concerning the Company's receivables is summarized in the subsection on "management of credit and disputes with the companies providing the enhanced protection service" in the section "Management of Disputes". The Explanatory Notes also show the amount of receivables, a breakdown by sub-item and provide a comparison with the previous year, as well as changes in the specific Provision for write-downs;
- In the subsection on "management of disputes", under "Other Disputes", there is also a description of the salient facts concerning possible legal disputes (other than those pertaining to the performance of the receivables) and their implications;
- The section "Tax Assessments" provides information about the tax audit done relative to 2008, and the relative consequences. Note that the Explanatory Notes also provide, for the sake of completeness, additional information and data about the audit in question, provided in the section "Information about commitments, guarantees and potential liabilities not recognised in the balance sheet";
- In the sections "Central systems and for IT security" and "IT risk prevention activities", within the chapter on Business Information Systems, the equipment dedicated to physical and logistical security are briefly described, which guarantee the confidentiality, integrity and availability of corporate information, functional to preventing and containing risks that could potentially affect data. In this area, the tools used to address situations of temporary unavailability of one or more systems are briefly described, such as the sites for disaster recovery and business continuity.

With regard to the indications provided in paragraph 3 of article 2428 of the Italian Civil Code, it should be noted that the Company does not hold, nor has it purchased or sold during the year, either through trust companies or nominees/holding companies, any treasury shares or shares of its parent company.
Also note that the Company did not carry out research and development in 2020.
Finally, pursuant to article 2428, paragraph 3, letter 6 bis), Italian Civil Code, information is provided below regarding the use of financial instruments, both assets and liabilities.
In order to invest its liquidity and finance its requirements, the Company also made use of the following methods:

1. Investment of liquidity in insurance/financial policies
2. Issue of a bond loan to finance the purchase of fixed assets.

In this context, the Company is in general exposed:

a) to market risk, mainly associated with adverse changes in interest rates and in other financial market variables;
b) to liquidity risk, with reference to the availability of financial resources adequate to pay financial liabilities taken on and to support its operations;
c) to counterparty risk, linked to the possibility of default with regards to entities with which financial relationships exist.

These risks are mitigated, in particular, by:

- policies to diversify instruments;
- selection of counterparties with adequate standing;
- adequate debt capacity, supported when necessary by the possible disposal of assets under neutral conditions, after authorisation by the relevant entities.

The Company's strategy for managing the financial risks indicated is monitored by the Board of Directors and implemented by the Chairman of the Board of Directors, in the context of the powers and proxies assigned to him.

BALANCE SHEET

FINANCIAL YEAR 2020

ASSETS

		Partial	Totals		Partial	Totals	Changes
		31.12.2020			**31.12.2019**		
		€			**€**		
A) UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS			-			-	-
B) FIXED ASSETS							
I.*Intangible assets*							
3) Industrial patent and intellectual property rights		3,551,446			4,302,126		(750,680)
4) Concessions, licences, trademarks and similar rights		3,176			3,949		(773)
6) Assets under construction and advances		16,675			-		16,675
7) Other		602,327			566,134		36,193
			4,173,624			4,872,209	(698,585)
II.*Tangible assets*							
4) Other assets		4,313,821			5,228,156		(914,335)
6) Specific stocks of oil products		786,116,196			660,972,598		125,143,598
			790,430,017			666,200,754	124,229,263
III. *Financial assets*							
	Due within 12 months			*Due within 12 months*			
2) Receivables:							
d bis) Due from others	58,784	795,442		53,385	714,118		81,324
			795,442			714,118	81,324
Total fixed assets			**795,399,083**			**671,787,081**	**123,612,002**
	Due after 12 months			*Due after 12 months*			
C) CURRENT ASSETS							
I. *Inventories*			-			-	-
II.*Receivables*							
1) Due from customers		757,590,181			703,509,342		54,080,839
4) Due from parent company		254,558			123,607		130,951
5 bis) Tax receivables		109,341			307,063		(197,722)
5 ter) Deferred tax assets		1,037,615			899,967		137,648
5 quater) Due from others		148,650			173,877		(25,227)
6) Due from Energy and Environmental Services Fund		1,108			60,239		(59,131)
			759,141,453			705,074,095	54,067,358
III. Financial assets no t held as fixed assets							
6) Other securities		109,000,000			108,972,000		28,000
			109,000,000			108,972,000	28,000
IV.*Cash and cash equivalents*							
1) Bank and postal deposits		111,109,439			52,006,765		59,102,674
3) Cash and cash equivalents		2,999			4,431		(1,432)
			111,112,438			52,011,196	59,101,242
Total current assets			**979,253,891**			**866,057,291**	**113,196,600**
D) ACCRUED INCOME AND PREPAID EXPENSES							
Prepayments		1,079,616			574,204		505,412
Total accruals and deferrals			**1,079,616**			**574,204**	**505,412**
TOTAL ASSETS			**1,775,732,590**			**1,538,418,576**	**237,314,014**

LIABILITIES

		31.12.2020 Partial €	31.12.2020 Totals €		31.12.2019 Partial €	31.12.2019 Totals €	Changes
A) SHAREHOLDERS' EQUITY							
I. *Capital*		7,500,000			7,500,000		-
IV. *Legal reserve*		1,145,906			1,143,114		2,792
IX. *Profit for the year*		185,883			55,849		130,034
Total shareholders' equity			**8,831,789**			**8,698,963**	**132,826**
B) PROVISIONS FOR RISKS AND CHARGES							
2) For taxes including deferred liabilities		16,281			101,116		(84,835)
4) Other		2,155,688			1,916,875		238,813
4.a) Provision for restoration, Ministerial Decree 2013		9,735,377			11,735,105		(1,999,728)
4.b) Provision for use of future residual financial sums - former Cassa GPL		6,980,105			6,924,296		55,809
Total provisions for risks and charges			**18,887,451**			**20,677,392**	**(1,789,941)**
C) EMPLOYEE SEVERANCE INDEMNITY			**376,364**			**378,182**	**(1,818)**
	Due after 12 months			*Due after 12 months*			
D) PAYABLES							
1) Bonds	497,224,846	497,224,846		496,714,211	496,714,211		510,635
4) Due to banks:							
a) short term		488,595,425			224,856,054		263,739,371
b) medium and long term	364,218,698	364,218,698		364,123,702	364,123,702		94,996
5) Due to other lenders		179,878,701			202,063,641		(22,184,940)
7) Due to suppliers		127,158,149			106,381,854		20,776,295
11) Due to parent company		457,509			75,284		382,225
11 bis) Due to subsidiaries of parent companies		64,771,992			79,417,334		(14,645,342)
12) Tax payables		563,071			473,294		89,777
13) Payables due to social security institutions		1,062,255			861,758		200,497
14) Other payables		10,624,658			11,228,302		(603,644)
15) Due to Energy and Environmental Services Fund		1,009,493			10,015,950		(9,006,457)
Total Payables			**1,735,564,797**			**1,496,211,384**	**239,353,413**
E) ACCRUED COSTS AND DEFERRED INCOME							
Accrued expenses		12,072,189			12,452,655		(380,466)
Total accruals costs and deferred income			**12,072,189**			**12,452,655**	(380,466)
Total liabilities			**1,766,900,801**			**1,529,719,613**	**237,181,188**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**1,775,732,590**			**1,538,418,576**	**237,314,014**

INCOME STATEMENT

FINANCIAL YEAR 2020

INCOME STATEMENT

	Partial	Totals	Partial	Totals	Changes
	2020 €		2019 €		
A) PRODUCTION VALUE					
1) Revenues from sales and services:					
a) revenues from the sale of electricity	2,360,190,031		3,017,918,280		(657,728,249)
b) other energy-related revenues	17,380,226		10,471,207		6,909,019
c) revenues to cover non-energy operating costs	68,335,249		54,959,551		13,375,698
		2,445,905,506		3,083,349,038	(637,443,532)
5) Other revenues and income:					
a) contingent assets related to energy	187,285,544		149,561,990		37,723,554
b) income and other revenues	1,386,257		368,125		1,018,13[illegible]
		188,671,801		149,930,115	38,741,686
Total production value		**2,634,577,307**		**3,233,279,153**	**(598,701,846)**
B) PRODUCTION COSTS					
6) raw materials, supplies, consumables and goods:					
a) energy purchases on the electricity market	1,767,434,607		2,481,403,489		(713,968,882)
b) unbalancing fees	43,070,459		58,278,266		(15,207,807)
c) other energy purchases	1,057,854		1,814,114		(756,260)
d) other	34,357		56,059		(21,702)
		1,811,597,277		2,541,551,928	(729,954,651)
7) services:					
a) dispatching, services related to energy	564,471,450		480,910,842		83,560,608
b) sundry services	13,335,547		11,996,759		1,338,788
		577,806,997		492,907,600	84,899,397
8) use of third party's assets					
a) storage	32,243,075		24,162,772		8,080,303
b) other	1,347,006		1,341,401		5,605
		33,590,081		25,504,173	8,085,908
9) personnel:					
a) salaries and wages	13,805,697		12,544,872		1,260,825
b) social security contributions	3,822,931		3,620,741		202,190
c) termination indemnities	897,911		826,808		71,103
e) other costs	427,570		626,940		(199,370)
		18,954,109		17,619,361	1,334,748
10) Amortisation,depreciation and write-downs:					
a) amortisation of intangible assets	2,989,642		2,757,489		232,153
b) depreciation of tangible fixed assets	1,520,732		1,031,217		489,515
d) write-down of receivables in current assets and cash and cash equivalents	254,341		428,258		(173,917)
		4,764,715		4,216,964	547,751
14) Other operating costs:					
a) contingent liabilities related to energy	187,285,544		149,561,990		37,723,554
b) other charges	440,289		1,838,926		(1,398,637)
		187,725,833		151,400,916	36,324,917
Total production costs		**2,634,439,012**		**3,233,200,942**	(598,761,930)
Difference between value and production cost (A-B)		**138,295**		**78,211**	**60,084**
C) FINANCIAL INCOME AND EXPENSES					
16) Other financial income:					
a) long term receivables	714		920		(206)
c) securities recorded in current assets that do not constitute equity investments	309,093		-		309,093
d) other income	17,357,318		16,701,855		655,463
		17,667,125		16,702,775	964,350
17) Interest and other financial expenses:					
a) to parent company	-		4,488		(4,488)
b) other	17,579,790		16,591,912		987,878
		17,579,790		16,596,400	983,390
Total financial income and expenses		**87,335**		**106,375**	**(19,040)**
D) IMPAIRMENT OF FINANCIAL ASSETS					
Total impairment of financial assets		-		-	-
Profit before taxes (A-B+C+D)		**225,630**		**184,586**	41,044
20) Income taxes, current, deferred and prepaid					
a) current taxes	288,209		269,459		18,750
b) taxes relative to previous years	(25,980)		-		(25,980)
c) deferred tax liabilities and assets	(222,482)		(140,722)		(81,760)
		39,747		**128,737**	(88,990)
21) Profit for the year		**185,883**		**55,849**	**130,034**

STATEMENT OF CASH FLOWS

FINANCIAL YEAR 2020

STATEMENT OF CASH FLOWS

€	2020	2019
A. Cash flows from operating activities		
Profit (loss) for the year	185,883	55,849
Income taxes	39,747	128,737
Interest expense	17,579,790	16,596,400
(Interest income)	(17,667,125)	(16,702,775)
(Capital gains)/capital losses from the disposal of assets	10,285	-
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	**148,580**	**78,211**
Adjustments for non-cash items that had no counterpart in the net working capital		
Allocations to provisions	2,155,688	1,916,875
Employee termination benefits	897,911	826,808
Amortisation/depreciation of fixed assets	4,510,374	3,788,706
Other adjustments to non-cash elements	(1,943,919) -	8,841,156
Total adjustment to non-cash items	**5,620,054**	**(2,308,768)**
2. Cash flows before changes in net working capital	**5,768,634**	**(2,230,557)**
Change in net working capital		
- Decrease (increase) in amounts due from customers	(54,498,935)	281,714,449
- Decrease (increase) in amounts due from parent company	(130,951)	(123,607)
- Decrease (increase) in amounts due from subsidiaries of parent companies	-	0
- DDecrease (increase) in amounts due from Electricity Sector Adjustment Fund	59,131	(60,239)
- Decrease/(increase) in accrued income and prepaid expenses	(505,412)	(58,176)
- Increase (decrease) in amounts due to suppliers	20,265,230	15,046,041
- Increase (decrease) in amounts due to parent company	382,225	(1,899,175)
- Increase/Increase (decrease) in amounts due to subsidiaries of parent companies	(14,645,342)	(64,303,451)
- Increase (decrease) in amounts due to Energy and Environment Services Fund	(6,457)	12,074
- Increase/(decrease) in accrued expenses and deferred income	(380,466)	388,452
- Other changes in net working capital	(269,393)	(4,303,540)
Total changes in net working capital	**(49,730,370)**	**226,412,828**
3. Cash flows after changes in net working capital	**(43,961,736)**	**224,182,271**
Other adjustments		
Interest received	18,085,221	16,697,425
(Interest paid)	(16,974,159)	(4,687,859)
(Income taxes paid)	(83,258)	(181,905)
(Use of provisions)	(2,816,604)	(2,753,324)
Total other adjustments (other receipts/payments)	**(1,788,799)**	**9,074,338**
Cash flows from operating activities (A)	**(45,750,536)**	**233,256,608**
B. Cash flows from investment		
- (Investments)/Divestments in tangible assets	(125,749,995)	(87,992,986)
- Increase/(decrease) in amounts due to suppliers for tangible assets	67,959	(33,151)
- (Investments)/Divestments in intangible assets	(2,301,342)	(3,706,366)
- Increase/(decrease) in amounts due to suppliers for intangible assets	443,106	404,875
- (Investments)/Divestments in financial fixed assets	(81,324)	69,674
- (Investments)/Divestments in financial assets not held as fixed assets	(28,000)	(108,972,000)
Cash flows from investment (B)	**(127,649,596)**	**(200,229,953)**
C. Cash flows from financing		
Third-party funding		
Increase (decrease) for bond loan	-	496,714,211
Increase (decrease) in short-term borrowing from banks and other financial institutions	241,554,431	(455,114,577)
Increase (decrease) in short-term amounts due to Energy and Environment Services Fund (CSEA)	(9,000,000)	(160,000,000)
Increase (decrease) in short-term borrowing from parent companies	-	0
Receipt (repayment) of medium-long term loans from banks	-	84,790,654
Own funds		
(Dividends paid)	(53,057)	(270,537)
Cash flows from financing activities (C)	**232,501,374**	**(33,880,249)**
Increase (decrease) in cash and cash equivalents (A+B+C)	**59,101,242**	**(853,594)**
Cash and cash equivalents as at January 1	**52,011,196**	**52,864,790**
of which:		
bank and postal accounts	52,006,765	52,862,812
cheques		
cash and cash equivalents	4,431	1,978
Cash and cash equivalents as at December 31	**111,112,438**	**52,011,196**
of which:		
bank and postal accounts	111,109,439	52,006,765
cheques		
cash and cash equivalents	2,999	4,431
Total cash flows (A+B+C)	**59,101,242**	**(853,594)**

EXPLANATORY NOTES

TO THE 2020 FINANCIAL STATEMENTS

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The structure and content, as well as the classification of items in the balance sheet, income statement, statement of cash flows and explanatory notes, are compliant with the provisions of Articles 2424, 2424-bis, 2425, 2425-bis and 2425-ter of the Italian Civil Code, as well as the accounting standards issued by the OIC (Italian Accounting Body).

As established under Article 2423, paragraph 6 of the Italian Civil Code, the financial statements were prepared in whole euro, without decimal places, while in the explanatory notes, in compliance with current regulations, values are expressed in thousands of euro.

All asset and liability items at 31 December 2020 are presented alongside the corresponding amounts for the previous year, in accordance with Article 2423-ter, paragraph 5 of the Italian Civil Code.

These items are measured in accordance with the general principles of prudence and accrual and the going concern assumption, while also taking the substance of the transactions into account.

It should be noted that the company has monitored the evolution of the COVID-19 pandemic and the possible impacts on the financial statement items as at 31 December 2020 as well as the Company's financial position without noting significant effects, however, given the nature of the regulated activities, typical of the company's core business.

During the year, no exceptional cases occurred which made it necessary to make use of derogations pursuant to article 2423, paragraph 5 of the Civil Code. Financial statement items were measured in compliance with the provisions of Article 2426 of the Civil Code.

For a better representation of the equity, financial and economic status of the Company, the reclassified balance sheet and income statement have been prepared in summary form accompanying the report on operations. All the information deemed necessary to give a true and fair representation is also provided, even if not specifically required by law. In compliance with the provisions of Article 2423-ter (Structure of the balance sheet and income statement), some items in the accounts have been appropriately adapted and added.

The most significant accounting standards adopted for preparing the financial statements at 31 December 2020, as well as with regards to the content and changes in the relative individual items are outlined below.

ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

For the preparation of annual accounts for 2020, the measurement criteria set forth in Article 2426 of the Italian Civil Code have been adopted, interpreted and supplemented by the accounting standards prepared and issued by the Italian Accounting Body (OIC).

Note that on first time adoption of the changes introduced to the statutory regulations, following the issuing of Italian Legislative Decree 139 of 18 August 2015, the Company exercised the right not to apply the amortised cost criteria and discounting of receivables and payables arising prior to 1 January 2016 which had not yet exhausted their effects within the financial statements (OIC 15 and 19).

Intangible assets

Fixed assets are recognised at purchase cost, including any accessory charges, pursuant to article 2426, paragraph 1 of the Italian Civil Code, and systematically amortised in each year on a straight line basis.

The item "Industrial patent and intellectual property rights" is amortised over an estimated useful life of three years.

Concessions, licenses, trademarks and similar rights are amortised over a period of ten years.

The item "Other intangible assets" is amortised over an estimated useful life of three years.

In the event that, regardless of previously recorded amortisation, there is an impairment loss, the asset is written down accordingly. If in subsequent years the reasons that justified the write-down cease to apply, the asset is returned to its original value, up to the value that the asset would have had if the impairment loss had never taken place.

Tangible assets

Specific OCSIT stocks of products are classified as tangible assets as they are held on a long-term basis.

They are recognised at purchase cost, including any directly attributable accessory costs, net of any write-downs for impairment loss. In the presence of a drop in current oil prices, the loss of value is generally assumed not to be permanent, in that the possible realization of the stocks would presumably arise only in situations of extreme severity and, in particular, in the event of serious shortage of oil resources, which suggests a reasonably presumed related rise in prices. In the event that the realisable value of OCSIT stocks is lower than the value shown in the accounts, the negative difference would, in any case, be fully covered, in accordance with the provisions of Article 1, paragraph 8 of MED Decree of 31 January 2014 (so called Official Guideline).

Tangible assets relating to Other assets are stated at acquisition cost, also including accessory charges directly attributable, and are depreciated on a straight-line basis each year using rates that are determined in relation to their possible residual utility. In particular:

- fixed client PCs and laptops are depreciated over a three-year period;
- other assets are depreciated over a five-year period.

If there is an impairment loss, regardless of the previously recorded depreciation, the asset is written down correspondingly. If in subsequent years the reasons that justified the write-down cease to apply, the asset will be restored to its original value up to the value that the asset would have had if the impairment loss had never taken place.

The costs of ordinary maintenance, as they do not affect the level or the potential use of the assets, are charged to the income statement in the year they are incurred. However, maintenance costs with an incremental value are allocated to the related assets and depreciated over the residual useful life of the assets.

Financial assets

Financial assets include "receivables due from employees" for amounts loaned in accordance with the current contractual regulation in force. The item is recognised at its nominal value, in that effects deriving from the application of the amortised cost criteria are irrelevant, taking the time factor into account.

Receivables and payables

Receivables are recognised using the amortised cost criteria, taking the time factor into account, as well as the presumable realisable value.

Receivables are shown net of any provision for write-downs on receivables, appropriate determined to express their presumable realisable value. These receivables are classified according to their nature and purpose, under "financial assets" or "current assets".

Payables are recognised using the amortised cost criteria, taking the time factor into account, that coincides with the nominal value in the absence of transaction costs and implicit financial components.

Bond loans are recognised at the time of subscription in accordance with the amortised cost criteria, taking the time factor into account. The cost includes transaction costs, including expenses to issue bond loans and the issue discounts.

Short-term securities

Securities which are not acquired for long-term holding are recognised among current assets. These short-term securities are recognised at purchase cost and measured on the basis of the lesser between cost and the realisable value presumable from market performance.

Cash and cash equivalents

Cash and cash equivalents at the end of the year are indicated at their nominal value.

Accruals and deferrals

These are determined on an accrual basis.

Provisions for risks and charges

Provisions for risks and charges include costs and charges of a specific nature, certain or likely, but for which, at year end, the amount and/or the date of occurrence are undetermined. The provisions reflect the best possible estimate based on the information available. Risks for which the emergence of a liability appears merely possible are indicated in specific notes.

Provisions for risks and charges include the Provision for use of future residual financial sums - former Cassa GPL, established in previous years after the Gasoline Funds were transferred to the company, contained within the Cassa Conguaglio GPL. As part of the operation, the assets and liabilities transferred were identified, as well as the relative criteria for initial recognition. More specifically, in the absence of a fee for said transfer, the assets were recognised at their presumable realisable value, the liabilities at their repayment value, and the difference between the asset and liability values at the initial recognition date was recognised in a specific provision for charges, referred to as the Provision for use of future financial residual sums - former Cassa GPL. The reason for this is that the difference cannot affect the Company's equity given the impossibility of Acquirente Unico benefiting or suffering from any residual excess or deficits deriving from management of the Gasoline Fund, even in the extreme case of an early dissolution of the Gasoline Fund, and given that the Company has no requirement, following the elimination of the financial resources, to liquidate any repayment requests accepted relative to the contributions required for environmental costs to restore locations following rationalisation of the fuel distribution network. This structure makes it so AU's income statement relative to management of the Gasoline Fund can only end up breaking even and classifies the positive difference between the assets and liabilities recognised as a certain and determined liability, even if the amount is estimated and the date of attribution uncertain, which led to its classification within provisions for risks and charges.

Employee severance indemnity

The provision for employee severance indemnities is allocated in compliance with laws and labour contracts in force and reflects the liabilities accrued in respect of all employees at the balance sheet date, net of advances paid under the law, as well as amounts paid into supplementary pensions. Following the entry into force of Law 296 of 27 December 2006 (2007 Financial Law), employee severance indemnity is also reduced for the amounts transferred to the Treasury Fund set up with INPS (Italian State Social Security Entity) and other additional social security funds.

Revenues and Costs

These are recognised in accordance with the principle of prudence and economic attribution and are net of rebates and discounts. Revenues from services and the sale of goods is recognised when the service is supplied or on transfer of ownership of the goods.

Revenues and costs relating to the purchase and sale of electricity are supplemented with appropriate accounting estimates, based on the provisions of the law and the Authority in force during the period in question. These estimates, which are typical of the activities carried out by the Company, are the result of calculations performed by the technical and commercial departments based on available information, including by comparison with the main counterparts.

With reference to the purchase and sale of electricity and related services, the application of the legislation referable to AU, as well as the general principles of proper accounting for accruals and correlation between revenues and expenses, involving the achievement of equivalence, by means of appropriate accounting estimates, between revenues and corresponding costs. The coverage of the costs of purchase and sale of energy complies, in particular, with the provisions of the following standards:

- Article 4, paragraph 6, of Legislative Decree no. 79/99, which provides that the balance of the accounts is ensured by AU. AU's balancing principle was, among other things, referred to by Article 4 of the Decree of the Minister of Productive Activities of 19 December 2003;
- Article 18.4 of the Integrated text on the provision of enhanced protection electricity sales and protection of end users - TIV, annexed to AEEGSI Resolution 301/2012 - which, in stipulating that the criteria for determining the price of electricity sold to operators of the enhanced protection service, establishes, essentially, that AU should cover its own operational costs in terms of managing energy related activities.

As regards revenues covering operating costs, accounting is done:

- assuming accounting equilibrium between revenues covering costs and related costs, in accordance with the applicable laws on the matter;
- assuming the existence of official acts of the supervisory authorities that enable the recognition of the fees and their amount on an accrual basis, based on the principle of reasonable certainty of the maturation of these fees (on a case by case, they may be the acts that approve the final statements or, pending these, the acts which formally authorize the budget for the year, as long as the final balance is kept within the limits of the budget itself).

Income taxes for the year

Current taxes on income are recognised with a balancing of payables/tax receivables, net of advanced payments and withholdings, based on the estimated taxable income, determined in accordance with the provisions in force and taking into account the applicable tax benefits and credits.

In application of OIC document no. 25, if the requirements are met, deferred tax assets and liabilities are recorded based on temporary differences between gross statutory profit and taxable income.

If the recalculation shows a prepaid tax charge, it is registered among deferred tax assets only to the extent that there is reasonable certainty of its future recovery.

Conversion criteria for items in other currencies

Assets and liabilities originally expressed in another currency are translated in the financial statements at the exchange rate in effect at the time of the transaction. The effects of any translations to year-end exchange rates are entirely immaterial.

System for keeping separate accounting records for economic and equity items relative to the Integrated Information System (IIS), the Italian Central Stockholding Entity (OCSIT) and the Gasoline Fund

As established in the Authority's Resolution Arg/com/201/10, in reference to the IIS, in Legislative Decree 249 of 31/12/2012, relative to OCSIT, and in Italian Law 124 of 4 August 2017, with regards to the Gasoline Fund, AU has adopted specific systems to ensure distinct accounting for the economic and equity items relative to the IIS, OCSIT and Gasoline Fund, as if their business was performed by a separate entity.

More specifically, based on appropriate methodological models approved by senior management, AU prepares special separate annual accounts for the IIS, OCSIT and the Gasoline Fund, to be submitted to the regulators (ARERA and MED), respectively, for IIS within 60 days of the approval of the annual financial statements, for OCSIT within 90 days of the approval of the annual financial statements and for the Gasoline Fund within 150 days of the approval of the annual financial statements.

The separate annual accounts comprise, in summary, the following reports:

- Balance sheet;
- Income statement;
- Accounting details and comments in the notes on the criteria and methodologies adopted.

Regarding the financial reporting information that pertains to AU S.p.A., the following points are noted:

- In specific chapters of the Report on Operations, there is summary information regarding the development and management of the IIS, OCSIT and Gasoline Fund;
- In one table, which is also included in the Report on Operations, the operating costs of AU S.p.A. are broken down by macro-area of activities. This table specifically records operating costs economically assigned to the IIS, OCSIT and Gasoline Fund;
- An analysis of the respective tables of the notes to these annual accounts shows separately, where relevant and significant, the amounts of the balance sheet and income items relating to business under accounting separation.

Information about commitments, guarantees and potential liabilities not recognised in the balance sheet

Pursuant to that established in article 2427, point 9 of the Civil Code, below is the total amount of commitments, guarantees and potential liabilities not recognised in the balance sheet.

Commitments – € 101,815 thousand

This item shows future commitments deriving from the stipulation of contracts to store oil products owned by OCSIT, relative to the period 2021-2025.

Collateral and personal guarantees received – € 1,287,570 thousand

The item mainly refers to the sureties, totalling a guaranteed amount of € 1,286,457 thousand, issued in favour of AU, by banks or parent companies, in the interest of the companies providing the enhanced protection service for which the Company invoices energy.

These sureties, issued pursuant to article 10 of the contract for the sale of electricity between AU and the companies operating the enhanced protection service, as updated by the Authority's Resolution ARG/n Elt. 208/10, guarantee AU's receivables due from the companies operating the enhanced protection service, for an amount of no less than 1/6 of the annual cost, including VAT, sustained by each operator in the previous calendar year to supply energy to its customers on the protected market.

In this context, note the surety for € 1,150,000 thousand at 31 December 2020, issued in favour of AU by Servizio Elettrico Nazionale S.p.A., guaranteeing the obligations arising from the contract for the sale of electricity.

Finally, it also includes mortgages on real estate, with a secured total of € 1,113 thousand, issued by employees against the loans provided by the Company to purchase their first home.

Potential liabilities

In relation to the tax dispute, as already fully detailed in the report on operations, it is emphasised that, for the reasons described herein, it can no longer be classified as a possible risk.

Information pursuant to Article 2423, paragraph 4

The criteria used by the Company to implement the provision contained in Article 2423, paragraph 4 are illustrated below, with particular regard to the definition of immateriality of the effects of any errors.

In particular, the significance of materiality in its fundamental qualitative characteristics necessary to guarantee the usefulness of the information provided in the annual financial statements is explained.

Given that materiality is understood to be a specification of the concept of significance, information is material if its omission or imprecise representation is able to influence the decisions that potential users make on the basis of the annual financial statements, whether they are internal (company bodies, management) or external (stakeholders). More specifically, materiality is an aspect that must be related to the specific company providing accounting information, based upon the nature or size (or both) of the element to which the information refers, in the context of the specific annual financial statements for the individual company. Therefore, materiality depends upon the amount and nature of the omission or error based upon the specific circumstances. The amount or nature of the information, or a combination of both, may be the determining factor.

Given that it is for the most part quantitative, the determination of materiality is expressed through specific threshold parameters, in order to determine whether, in relation to a financial statement element, an error or omission has enough influence on the level of information and reporting provided by the financial statements, considering their nature and the circumstances in question. This determination requires that parameters be determined in a relativistic manner, looking at the size of the company and its characteristics.

The operating situation of Acquirente Unico (AU) is outlined in relation to the following variables:

- compliance with legal operating conditions, in the light of the fact that legal and regulatory provisions do not allow for "free" determination of profit for the year;
- the characteristics of the business performed and operating dimensions;
- the interests of stakeholders most worthy of attention and protection.

In this context and in the light of the current operating conditions, the following threshold parameters are identified:

- total operating revenues (for energy sales to enhanced protection service operators, etc.): reference value 0.1%;
- operating costs (personnel expense; external services, such as consulting or similar; expenses relative to company bodies; general expenses and for company logistics, etc.): reference value 2.5%;
- balance sheet value of technical fixed assets consisting of stocks of petroleum products: reference value 0.5%;
- gross financial debt: reference value 0.5%;
- shareholders' equity: reference value 1%.

In order to identify the acceptable margin of error, in that it is immaterial, two types of factors are considered:

- the amount of the individual error (measurement of tolerable non-compliance for an individual case);
- the amount of the cumulative error, that is the maximum acceptable distortion of the sum, or simultaneous presence of multiple errors, provided that they relate to different cases (sum of the amount of all the events/cases of non-compliance).

In the first case (specific margin of error), the maximum amount is equal to the average of the values achieved in a given year of the 5 parameters proposed. In the second case (total margin of error), the maximum tolerance is equal to the sum of the values achieved in each of the parameters considered.

Proposed allocation of profits

The proposed allocation of profit for 2020 (€ 186 thousand), to be submitted to the attention of the Company's Shareholders' Meeting for approval, is as follows:

- 5% of profits to the Legal Reserve, in the amount of € 9 thousand;
- 95% of profits as dividends to be paid to the Shareholder, in the amount of € 177 thousand.

Subsequent events

It should be noted that no events worthy of reporting occurred after the end of the year.

BALANCE SHEET

ASSETS:

FIXED ASSETS – € 795,399 thousand

Intangible assets – € 4,174 thousand

The analysis of this item and changes during the year are as follows:

€ thousands

	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Assets under construction and advances	Other	Total
Position as at 31.12.2019					
Original cost	15,458	12	-	4,829	20,299
Accumulated amortisation	(11,156)	(8)	-	(4,263)	(15,427)
Balance as at 31.12.2019	**4,302**	**4**	**-**	**566**	**4,872**
Changes in 2020					
Increases	1,844	-	17	441	2,302
Commissioning	-	-	-	-	-
Decreases (Historical Cost)	-	-	-	(39)	(39)
Decreases (Accumulated amortisation)	-	-	-	29	29
Amortisation	(2,595)	(1)	-	(394)	(2,990)
Balance of changes in 2020	**(751)**	**(1)**	**17**	**37**	**(698)**
Position as at 31.12.2020					
Original cost	17,302	12	17	5,231	22,562
Accumulated amortisation	(13,751)	(9)	0	(4,628)	(18,388)
Balance as at 31.12.2020	**3,551**	**3**	**17**	**603**	**4,174**

The item “Industrial patent and intellectual property rights” for € 3,551 thousand relates to basic and specific software application packages, with the related evolutionary maintenance.

Increases registered during the year (€ 1,844 thousand) are mainly due to investments made by the Integrated Information System, to develop new functions associated with the implementation of the System itself and for the software component associated with the extension and development of the technological platform.

Further increases during the year are due to the software licenses for database management and virtualisation of systems and, finally, for licenses for various software products, mainly used to manage IT infrastructure, IT security and for system monitoring.

Concessions, licenses, trademarks and similar rights (€ 3 thousand) mainly include the costs incurred by the Company for registration of the OCSIT trademark.

The item Other intangible assets, equal to € 603 thousand, refers to application software for the operating system, developed for the specific needs of AU and related customisation, mainly for the following features:

- demand forecasts;
- calculation and forecast of sales prices;
- Operators/Managers Portal, Customers Portal and Conciliation Platform systems to manage requests presented by consumers;
- Stocks and i-Sisen platforms to manage energy statistics and monitor oil stock requirements;
- the Oracle JD Edwards system for managing OCSIT operating processes.

Increases during the year in the item "Other intangible assets" (€ 441 thousand) mainly refer to the following activities:

- creation of the Gradual Protection Auctions Portal;
- enhancement of the integrated IT platform for the management of conciliation cases, with the development of new functions such as creating the platform version for mobile devices and the introduction of a two-factor authentication system;
- *porting of the* Operators-Managers Portal to a new technological platform;
- personalisation of the Oracle JD Edwards system to manage online tenders to purchase oil products;
- advanced maintenance of the Stocks, i-Sisen and SisenBI applications;
- strengthening of the consumption and price forecasting systems with new forecast models.

Tangible assets - € 790,430 thousand

The breakdown of the item and changes occurring during the year are summarised in the table below:

€ thousands

	Specific stocks of oil products	Other assets	Total
Position as at 31.12.2019			
Original cost	660,973	9,954	670,927
Accumulated depreciation	-	(4,726)	(4,726)
Balance as at 31.12.2019	**660,973**	**5,228**	**666,201**
Changes in 2020			
Increases	125,143	607	125,750
Depreciation	-	(1,521)	(1,521)
Balance of changes in 2020	**125,143**	**(914)**	**124,229**
Position as at 31.12.2020			
Original cost	786,116	10,561	796,677
Accumulated depreciation	-	(6,247)	(6,247)
Balance as at 31.12.2020	**786,116**	**4,314**	**790,430**

The item primarily relates to year-end OCSIT stocks of oil products, considered a long-term investment (€ 786,116 thousand).

With reference to OCSIT stocks, increases, which totalled € 125,143 thousand, consist of purchases made during the year in the amount of an additional three stock days.

Again during 2020, no decreases in the value of stocks was seen, consequent to natural declines in that, as of 1 January 2016, the Company decided to make use of a different type of contract option, as a consequence of which these declines were treated as costs for accessory storage services (declines fee), so as to not create stock changes.

Considering the loan agreements intended for the supply of OCSIT stocks, in compliance with Article 2447-*decies* of the Italian Civil Code, it should be noted that income deriving from the sale of the stocks in question, corresponding to collections deriving from the possible sale of specific stocks, is restricted for use exclusively to repay the loans, as established in Article 2447-bis, paragraph 1, letter b) of the Italian Civil Code. Under these same loan contracts, the beneficiary AU has undertaken not to create or permit the existence of any encumbrance on the stocks in question.

The sale of OCSIT stocks can occur only with the prior authorisation decision made to that end by the government authority and the proceeds deriving from the sale will be granted, as a priority, to the proportional repayment—pari passu based on capital—of the debt contractually taken on by OCSIT to purchase oil products and hence debt taken on either by making use of bank loans or issuing bonds.

In any case, the sale of OCSIT stocks requires prior authorisation from the governing Authority; should the realisation value of said stocks be different from the value recorded in accounts, the positive difference shall be used to cover OCSIT costs and expenses, while the negative difference will be fully covered by the contribution under article 7, paragraphs 4 and 5 of Legislative Decree 249/2012, in accordance with article 1, paragraph 8 of MED Decree dated 31 January 2014 (Official Guideline).

The valuation at 31 December 2020 of the stocks in question, analysed by type of product and with an indication of their quantities, is set forth in a separate table of the Report on Operations.

In compliance with the provisions of Article 2426, point 10) of the Civil Code, the difference is set forth in the following table between the recognised cost of the stocks in question, by category of goods, and their year-end values.

OCSIT PRODUCT STOCKS - DIFFERENCES BETWEEN THE BOOK VALUE AT 31 DECEMBER 2020 AND MARKET PRICE VALUE

€ thousands

	Carrying cost	Values at market prices as Dec.31, 2020	Differences
- Gasoline – Super Unleaded	160,389	119,051	(41,338)
- Automotive diesel	521,935	403,433	(118,502)
- Jet fuel	94,917	73,471	(21,446)
- BTZ fuel oil	8,875	8,451	(424)
Total	**786,116**	**604,406**	**(181,710)**

The difference which can be obtained from the table between the book value of stocks and the market price is € 181,710 thousand, attributable to the trend in prices for oil products.

This difference is not long-lasting, such as to give rise to write-downs, as due to the unique nature of "strategic" stocks that characterise the OCSIT products held, any sale would be expected only in situations of extreme need, due to a lack of oil supplies, which therefore makes it reasonable to assume that the realisable value would not be less than the historic value.

In any case, as previously indicated, note that in the case of the sale of the stocks in question, if the realisation value is different from the value recognised in the financial statements, the negative difference will be fully covered by the contribution under Article 7, paragraphs 4 and 5 of Italian Legislative Decree

249/2012, in accordance with Article 1, paragraph 8 of MED Decree dated 31 January 2014 (Official Guideline).

The item Other assets, equal to € 4,314 thousand, mainly refers to the extension and development of the IIS technological platform and other hardware assets associated with the Integrated Information System. This also includes the cost of hardware for user workstations (desktop PCs, laptops, accessories and other hardware) that make up the AU's IT infrastructure, which is mainly composed of server systems, storage devices, security systems and network devices.
The increases in 2020, equal to € 607 thousand, are for the most part associated with investments made by the IIS and, to a lesser degree, to strengthen AU's IT infrastructure.

Financial fixed assets – € 795 thousand

Receivables due from others – € 795 thousand

This item includes loans made to employees in accordance with the applicable contractual provisions (first home purchase, important family needs, etc.), for an amount of € 795 thousand.

The detailed table, inserted to complete the presentation of assets, shows the amount of receivables collectible within and beyond five years.

CURRENT ASSETS – € 979,254 thousand

RECEIVABLES– € 759,141 thousand

The indication of amounts due within and beyond 5 years is shown in the schedule, to complete analysis of assets.

Receivables due from customers – € 757,590 thousand

The breakdown of this item is shown in the following table:

€ thousands

	31.12.2020	31.12.2019	Changes
Receivables for selling electricity to enhanced protection service operators	692,965	672,617	20,348
Receivables from enhanced protection operators for Integrated Information System fees (IIS) - protected electricity market	596	654	(58)
Receivables due from enhanced protection operators for Integrated Information System fees (IIS) - open market	876	872	4
Receivables from gas operators for Integrated Information system fees	932	1,039	(107)
Receivables from gas operators for Integrated Information system fees for management of RAI fees	34	34	-
Receivables due from operators for fees to cover OCSIT costs	58,013	23,808	34,205
Receivables, Gasoline Fund Ministerial Decree 2013	16,126	18,380	(2,254)
Receivables, Gasoline Fund Legislative Decree 98	2,873	2,897	(24)
Receivables, National reserve stocks fund	25	25	-
Receivables for interest pursuant to Ministerial Decree 2013 - Gasoline Fund	304	304	-
Accrued interest on arrears	80	498	(418)
Other energy-related receivables	1,853	130	1,723
Total receivables due from customers	**774,677**	**721,258**	**53,419**
Provision for write-downs on receivables - energy	(123)	(1,035)	912
Provision for write-downs on receivables Ministerial Decree 2013	(13,461)	(13,461)	-
Provision for write-downs on receivables Gasoline Fund Legislative Decree 98	(2,782)	(2,782)	-
Provision for write-downs on receivables National reserve stocks fund	(17)	(17)	-
Provision for write-downs on receivables for interest pursuant to Ministerial Decree 2013 - Gasoline Fund	(304)	(304)	-
Provision for write-downs on receivables - OCSIT	(400)	(150)	(250)
Total	**757,590**	**703,509**	**54,081**

The overall increase in the item compared to the previous year is due mainly to the increase in receivables due from enhanced protection service operators and the rise in receivables due from operators for OCSIT coverage fees.

The change in receivables for the sale of electricity, up by € 20,348 thousand compared to 2019, is attributable to the combined effect of the increase in consumption and prices for December compared to the same period of the previous year.

The item mainly refers to the receivable for the sale of electricity to companies providing the enhanced protection service (€ 692,965 thousand). This amount is mainly due to the establishment of the receivable accrued for November and December 2020; in relation to this receivable, invoices were issued respectively in the months of January and February 2021. Almost all invoices have been collected at the date these Notes were prepared.

The amount of receivables for sales of electricity to enhanced protection service operators is shown is net of the specific provision for write-downs on receivables (€ 123 thousand), to align them with the estimated realisable value. This alignment follows an examination of the positions with regard to the enhanced protection service operators overdue at the end of the year, taking into account the extent to which they are overdue, issuing of guarantees, instigation of lawsuits, etc. With respect to the end of the previous year, the Provision in question, with regards to receivables accrued for the enhanced protection service, saw the following changes:

Provision for write-downs on receivables - energy

€ thousands	Amount
Provision as at 31.12.2019	**1,035**
Uses / Releases	(916)
Provisions	4
Provision as at 31.12.2020	**123**

In particular, it should be noted that in 2020 the provision under review was released for € 916 thousand in relation to the collection in December 2020 of an entire receivable written down in previous years.

The change in receivables due from operators for OCSIT coverage fees, up by € 34,205 compared to 2019, is attributable to the non-billing of the contribution in the year, pending publication of the interministerial decree. The amount of these receivables is stated net of a provision for the write-down of receivables for € 400 thousand to cover the risk of non-collection.

The item also includes receivables deriving from the transfer of the assets/liabilities of the eliminated Cassa Conguaglio GPL to Acquirente Unico SpA. In particular, this included:

a) receivables due from those holding "oil" authorisation and managers of roadside fuel distribution systems within the ordinary network deriving from the refinancing of the Fund to rationalise the fuel distribution network pursuant to article 6 of Ministerial Decree 19/04/2013. These receivables were not recognised in accounts by the previous management of the eliminated Cassa

Conguaglio GPL – Gasoline Fund Management, and therefore the AU/Gasoline Fund Offices first reconstructed their nominal value prior to initial recognition in the financial statements. During the year, the amount of receivables relating to Italian Ministerial Decree 2013 decreased by € 2,254 thousand with respect to 2019 as a result of the collection in the year. These receivables are presented net of a provision for the write-down of receivables of € 13,461 thousand.

b) the residual receivables to be collected relative to contributions due pursuant to Italian Legislative Decree 32/1998, deriving from financing of the Fund to Rationalise the Fuel Distribution Network for the years 1998, 1999 and 2000 had already been recognised in the 2018 financial statements, written down for around 96% of the initial value, in order to take their estimated realisable value into account. A small portion of the receivable was collected, € 24 thousand, following out-of-court collection requests carried out during the year.

The item also includes: receivables for fees to cover the costs of the Integrated Information System, for the portion relative to enhanced protection service operators in the electricity sector (€ 596 thousand), the portion relative to users of electricity dispatching (€ 876 thousand), as well as the portion relative to gas sector operators (€ 932 thousand); other energy-related receivables amounted to € 1,853 thousand.

Receivables due from parent company – € 255 thousand

The item includes the receivable due from the parent company due to the attribution of a portion of electricity costs invoiced to AU but relative to GSE.

Tax receivables – € 109 thousand

The item is entered net of current tax liabilities, which amount to € 288 thousand. It also includes IRAP receivables for taxes paid in previous years for € 99 thousand, and for IRES of € 78 thousand.

Deferred tax assets – € 1,038 thousand

The item includes receivables for deferred tax assets against temporary differences deductible in future years, associated with directors' fees unpaid (for solely IRES), to amortisation/depreciation exceeding the fiscally deductible portion (for solely IRES) and to provisions for redundancy incentives (both for IRES and IRAP).

This item is recognised to the extent that future recovery is reasonably certain. It increased over the previous year by € 138 thousand.

Changes in receivables for deferred tax assets are shown in the table below:

€ thousands	IRES	IRAP	Total
Deferred tax assets at 31.12.2019	**806**	**94**	**900**
Decreases	(456)	(90)	(546)
Increases	582	102	684
Deferred tax assets at 31.12.2020	**932**	**106**	**1,038**

The decreases refer to the reversal of deferred tax assets:

- for the portion of fees to directors paid during the year (€ 7 thousand, solely for IRES purposes);
- to recover amortisation/depreciation not deducted in previous years (€ 2 thousand, solely for IRES purposes);
- to pay personnel bonuses, against allocations not deducted in 2019 (€ 447 thousand for IRES purposes and € 90 thousand for IRAP purposes).

The increases refer to temporary differences that can be deducted in future years, relative:

- to the portion of directors' fees not paid during the year (€ 7 thousand, solely for IRES purposes);
- to the portion of amortisation/depreciation exceeding the portion deductible for tax purposes (€ 70 thousand, solely for IRES purposes);
- the provision for employee bonuses not paid during 2020 (€ 505 thousand for IRES purposes and € 102 thousand for IRAP purposes).

The schedule below shows amounts and changes in temporary differences deductible during the year to which the deferred tax assets refer, broken down by macrotype. The latter are calculated using the rates in effect (24% for IRES, 4.82% for IRAP, as foreseeable for the period in which the differences will presumably be reversed), to the extent provided by law (see article 2427, point 14, Italian Civil Code).

€ thousands

Deductible temporary differences	Taxes	2019	Increases	Decreases	2020
Directors' fees	IRES	41	28	(28)	41
Excess amortisation	IRES	1378	295	(8)	1,665
Employee bonuses and voluntary redundancy incentives	IRES/IRAP	1,874	2,103	(1,864)	2,113
Total		**3,293**	**2,426**	**(1,900)**	**3,819**

Receivables due from others – € 149 thousand

The following is a detailed breakdown of the item and changes over the previous year:

€ thousands

	31.12.2020	31.12.2019	Changes
Advances to suppliers	2	9	(7)
Receivables from seconded personnel - ARERA	15	6	9
Due from others - Gasoline Fund	76	76 -	0
Other	56	83	(27)
Total	**149**	**174**	**(25)**

FINANCIAL ASSETS NOT HELD AS FIXED ASSETS - € 109,000 thousand

Other securities - € 109,000 thousand

To reduce the impact of financial expenses relative to the bond loan issued to cover OCSIT's requirements, in the previous year Acquirente Unico deemed it expedient to invest part of the liquidity generated by the issue in question, which was not being used to purchase oil product stocks (€ 199 million).

The investment in question used around 55% of the available liquidity, equal to € 109 million. The remaining 45% was initially kept available to the Company, with the aim of guaranteeing coverage of financial requirements linked to current activities and, in 2020, used to purchase oil stocks.

After specific research, which indicated that money market returns were very low or even negative, the investment was directed towards insurance policies offered by two major companies in the sector, in line with a prudential approach aimed at achieving greater returns than those offered on the money market.

It should be noted that, in 2020, the company surrendered a policy taken out with an insurance company and reinvested the capital in another insurance policy.

The new breakdown of the investment as at 31 December 2020 is reported below:

Lines	**Amount (€/000)**
Separate management	40,005
UCITS management	68,995
Total	**109,000**

The transaction described was carried out on the basis of the powers granted to the Chairman and CEO, previously in office.

Pursuant to article 2426, Italian Civil Code and accounting standard OIC 20, these financial assets were measured at the initial purchase cost given that the estimated realisable value based on market trends at 31 December 2020, as communicated by the insurance companies, is greater than their historical cost.

CASH AND CASH EQUIVALENTS - € 111,112 thousand

The breakdown of the item is shown in the following schedule:

€ thousands

	31.12.2020	31.12.2019	Changes
Bank deposits	111,109	52,007	59,102
Cash and cash equivalents	3	4	(1)
Total	**111,112**	**52,011**	**59,101**

The item Bank deposits include cash held for various reasons by AU as at 31 December 2020. The increase in liquidity is mainly related, as regards the energy area, to forecast higher outflows compared to the same period of the previous year, attributable to the payments on the day-ahead market planned for the first few days of 2021, also considering the favourable conditions agreed with the banks for transactions close to the end of the year.

The most significant portion of overall liquidity, amounting to € 85,769 thousand, is therefore attributable to the need to settle energy purchases related to the Enhanced Protection Service, expiring at the beginning of January.

Additional available funds, amounting to € 22,810 thousand, are attributable to the OCSIT division, of which € 16,930 thousand to the Gasoline Fund and € 5,880 thousand to management relating to the purchase and holding of specific stocks, of which € 1,722 thousand issued as security deposits by certain operators as pre-qualification for tenders, as an alternative to a bank surety.

The residual amounts essentially include the available bank funds actually pertaining to the IIS, amounting to € 1,695 thousand and € 838 thousand in the form of security deposits, issued by some operators as an alternative to a bank surety.

ACCRUED INCOME AND PREPAID EXPENSES – € 1,080 thousand

This item consists of prepaid expenses relative to insurance, postage, fees for technical support for software, hardware maintenance, etc.

Compared to 2019, this item increased by € 505 thousand.

Article 2427 of the Civil Code, in paragraph 6, includes the indication for each item, in the amount of the receivables with a residual duration exceeding five years, broken down by geographical area.

The table below provides a breakdown of receivables in relation to the maturity period:

€ thousands

	Within 12 months	From 2 to 5 years	Over 5 years	Total
Receivables under financial assets				
Due from others	59	228	508	795
Total financial receivables	**59**	**228**	**508**	**795**
Current receivables				
Due from customers	757,590	-	-	757,590
Due from parent company	255	-	-	255
Tax receivables	109	-	-	109
Deferred tax assets	1,038	-	-	1,038
Due from others	149	-	-	149
Due from CSEA	1	-	-	1
Total current receivables	**759,142**	**-**	**-**	**759,142**
TOTAL	**759,201**	**228**	**508**	**759,937**

Amounts due after a year relate to the portion of loans disbursed to employees, recognised under the item financial fixed assets.

It should be noted that all receivables recognised are due from Italian counterparties.

TOTAL ASSETS – € 1,775,733 thousand

LIABILITIES:

SHAREHOLDERS' EQUITY – € 8,832 thousand

Changes in Shareholders' equity during 2020 are shown in the following table:

€ thousands

	Share capital	Legal reserve	Profit for the year	Total
Balance as at 31.12.2018	**7,500**	**1,129**	**285**	**8,914**
Destination of profit 2018:				
- legal reserve	-	14	(14)	-
- dividend distribution	-	-	(271)	(271)
Result of the year 2019				
- Profit for the year	-	-	56	56
Balance as at 31.12.2019	**7,500**	**1,143**	**56**	**8,699**
Destination of profit 2019:				
- legal reserve	-	3	(3)	-
- dividend distribution	-	-	(53)	**(53)**
Result of the year 2020				
- Profit for the year	-	-	186	**186**
Balance as at 31.12.2020	**7,500**	**1,146**	**186**	**8,832**

With respect to the individual components of shareholders' equity, there is also an analysis by origin, the possibility of utilisation and the distribution of reserves:

€ thousands

Nature/Description	Amount	Possibility of use	Available portion
Share Capital	7,500		
Legal Reserve	1,146	B	1,146
Total	**8,646**		**1,146**

Key: A) for share capital increase; B) to cover losses; C) for distribution to shareholders

Share capital – € 7,500 thousand

The value of the share capital, which is fully paid up, equals € 7,500,000 and is represented by 7,500,000 ordinary shares of nominal value of € 1.

Legal reserve – € 1,146 thousand

Profit for the year – € 186 thousand

The item represents the net profit for 2020.

PROVISIONS FOR RISKS AND CHARGES – € 18,887 thousand

Provision for taxes, including deferred liabilities – € 16 thousand

The provision includes the allocation for taxes, including deferred, against temporary differences taxable for IRES purposes correlated with interest on arrears.

Changes in the provision for deferred taxes are shown in the following table:

€ thousands	**Amount**
Provision as at 31.12.2019	**101**
Provisions	12
Used	(97)
Provision as at 31.12.2020	**16**

Provisions refer to temporary differences taxable in subsequent years, relative to interest on arrears accruing during the year but not yet received (€ 12 thousand).

Utilisations refer to the reversal of deferred taxes relative to the portion of interest on arrears received during the year (€ 97 thousand).

The table below shows the changes (increases and decreases) of temporary differences taxable during the year, relative to deferred taxes. The latter are calculated using the rates in effect (24% - IRES, as foreseeable for the period in which the differences will presumably be reversed), to the extent provided for under current law (see Article 2427, paragraph 14, Italian Civil Code).

€ thousands

Taxable temporary differences	Taxes	2019	Increases	Decreases	2020
Interest on arrears	IRES	423	50	(403)	70
Total		**423**	**50**	**(403)**	**70**

Other provisions – € 2,156 thousand

The item refers to the Provision for bonuses (€ 2,156 thousand), which includes charges for variable bonuses (MBO) for Company top management and employees (senior and middle managers). It also relates to the estimated cost for the corporate performance bonus (PRA) and the one-time bonuses for employees.

The changes in the provision in question are represented in the following table:

€ thousands	**Amount**
Provision as at 31.12.2019	**1,917**
Uses / Releases	(1,917)
Provisions	2,156
Provision as at 31.12.2020	**2,156**

- Provision for restoration, Italian Ministerial Decree 2013 – € 9,735 thousand

The item includes amounts for cases still being decided upon, that is those which are being investigated but have not yet been definitively concluded, relative to contributions for the environmental costs to restore locations to be paid by the owners of fuel distribution systems pursuant to the Ministerial Decree of 2013. The amounts requested have been recognised within this provision and not recognised as payables given that, following the subsequent investigations, they could be recognised for different amounts.

During the year, following the instructions of the MED Technical Committee and the AU-Gasoline Fund Management Committee, the provision was used for € 968 thousand to settle cases and for € 1,032 thousand as a result of indications provided by the Technical Committee in its report of 21 December 2020, relating to the methods for allocating funds between requests for indemnity and those for reimbursement of restoration costs.

- Provision for use of future residual financial sums - former Cassa GPL - € 6,980 thousand

The provision in question also derives from the transfer of liabilities of the Gasoline Fund provided for under Law 124 of 2 August 2017 and mainly includes amounts for cases approved with reservations by the Gasoline Fund Technical Committee. In this instance, they refer to cases for which a positive opinion has been issued by the Technical Committee but for which the availability of cash or cash equivalents has not yet been determined (known as cases with reservations). During the year, the provision was used for the release to the income statement of € 527 thousand to cover the operating costs of the Gasoline Fund and for € 881 thousand as a result of the determination of the effective contribution to be paid after completion of the Technical Committee's work for cases relative to contributions for indemnities pursuant to Italian Legislative Decree 32/98. The provision was increased during the year for € 1,032 thousand due to the redetermination of the methods of distribution of economic resources as outlined in the previous paragraph and for € 432 thousand as the difference between the amount of effective allocations and that of payments, as well as the release of cases due to renunciation, inadmissibility and expiration which had already been provisioned, and which had been reclassified by the Provision for restoration, Ministerial Decree 2013, determining new financial resources for subsequent case settlements.

EMPLOYEE SEVERANCE INDEMNITY – € 376 thousand

The changes during 2020 are detailed in the table below:

€ thousands	
Balance as at 31.12.2019	**378**
Provisions	898
Used	(7)
Other movements	(893)
Total as at 31.12.2020	**376**

The fund covers all entitlements to severance benefits accrued through 31 December 2020 for employees, due by law.

Other changes include the portion of the additional contribution of 0.50% under article 3 of Law 297/82, for the employees' share of Severance Indemnity pay transferred to supplementary pension funds (FONDENEL and FOPEN), and the amount accrued in the year and transferred to the Treasury Fund set up with INPS.

PAYABLES– € 1,735,565 thousand

Bonds - € 497,225 thousand

The item refers to the payable for the bond loan of a nominal € 500,000 thousand, with an original duration of 7 years, maturing on 20 February 2026 and with an annual 2.8% coupon, issued on 20 February 2019 by Acquirente Unico to cover OCSIT's financial requirements. The value of the bond issue is recognised in the financial statements using the amortised cost criterion, taking into account the value of the issue discount, given that the bond was issued at the price of 99.506% (re-offer price), and other accessory costs directly attributable to the transaction.

Payables due to banks– € 852,814 thousand

The breakdown is as follows:

€ thousands

	31.12.2020	31.12.2019	Changes
Payables due to banks:			
- short term	488,595	224,856	263,739
- medium and long term	364,219	364,124	95
Total	**852,814**	**588,980**	**263,834**

The item "short-term payables", equal to € 488,595 thousand, shows an increase of € 263,739 thousand with respect to 31 December 2019, broken down into the following components:

- Fixed-maturity financing ("hot money" transactions), for € 415,000 thousand, opened with banking counterparties as at the reporting date to cover requirements associated with purchases of electricity for enhanced protection, and € 73,000 thousand for OCSIT's requirements;
- Bank overdrafts for € 500 thousand, attributable to the OCSIT function;
- payables for interest expense to be paid, accrued on bank current accounts, for € 95 thousand.

The increase recorded in short-term payables reflects the higher requirements generated by purchases on the energy market compared to the previous year, the use of liquidity for the purchase of oil stocks, available in the previous year and used to cover part of the requirements and, finally, the non-collection in the year of the annual contribution for the operating costs of the OCSIT.

The item medium and long-term payables, amounting to € 364,219 thousand, remained essentially unchanged and refers to the part used in the second special purpose loan, taken out in March 2017 for an amount of € 400 million over a 5-year term, granted to AU by the banks for the purchase of specific stocks for oil products for Italy. This special purpose loan is not encumbered by personal guarantees or collateral in favour of the lenders, with the exception of the opening of an escrow account, to which any proceeds deriving from the sales of the stocks in question will be transferred.

Payables due to other lenders– € 179,879 thousand

The amount fully reflects the payable due to the factoring company as a result of the transfer of invoices in December 2020, issued to the two enhanced protection operators, which submitted a request to AU for extension of payments to the first few days of 2021. The granting of the extension and the transfer operations were shared with and agreed upon between Acquirente Unico and the Authority for Energy, Networks and the Environment. It should be noted that the collection of invoices, which occurred regularly in the initial days of 2021, allowed the company to repay the factoring company the advanced sums. Incurred costs for the transaction were charged to the two enhanced protection companies, in line with that requested by the Authority.

Payables due to suppliers - € 127,158 thousand

The item, which shows an increase of € 20,776 thousand with respect to the previous year, is broken down into three sub-items. The classification shown below is intended to provide separate representation, in terms of the debtor profile, of electricity supply activities (to which must be added payables due to GME), with respect to operation of OCSIT and Gasoline Fund, as well as of other payables due to suppliers.

- Payables for purchases of energy and related services – € 114,446 thousand

The item includes payables due for invoices already received or to be received at 31 December 2020, as a whole relating to the purchase of energy and related services, through the various supply channels used by the Company. The same item includes all energy-related payables, with the exception of those relative to GME, a subsidiary of the parent company.

The details of the various components are summarised in the table below, providing a comparison with the corresponding figures from 2019.

€ thousands

	31.12.2020	31.12.2019	Changes
Payables for off-grid purchases of electricity and other	-	98	(98)
Payables to Terna for dispatching and other energy-related services	114,446	89,788	24,658
Total	**114,446**	**89,886**	**24,560**

The payables recorded mainly relate to costs incurred attributable to November and December 2020.

The item shows an increase of € 24,560 thousand, mainly associated with the item of amounts due to Terna for dispatching and other energy-related services (€ 24,658 thousand).

- Payables for purchases of oil products and storage services – € 6,064 thousand

This item refers to the amount to be settled relative to invoices received and to be received, relative to petroleum product stock storage services provided by depots, accruing during the year and maturing in months after 31 December 2020. The item also includes the payable due to insurance companies relative to policy management costs. The item increased from the previous year by € 631 thousand.

- **Payables - Gasoline Fund - € 2,555 thousand**

The item includes the amount recognised as payable relative to restoration cases under Ministerial Decree 2013 which has been settled by the Technical Committee. Following completion of the work, the Technical Committee issues a compliance opinion indicating the effective contribution to be paid, on the basis of expenses effectively incurred by the requesting party. Hence there are no uncertainties relative either to the existence of the obligation or its amount.

During the 2020, the account saw changes both due to the payment of cases already approved and finalised, for € 4,212 thousand, and due to the recognition of additional cases approved by the most recent MED Technical Committee, equal to € 536 thousand.

The item also includes payables for the contribution to be paid relative to requests pursuant to the Italian Ministerial Decree of 7 August 2003. With respect to the previous year, the item saw a change following the payment of contributions for indemnities, pursuant to Italian Legislative Decree 32/98, of € 2,261, as well as to register new cases in compliance with the opinion issued by the MED Technical Committee, for a total of € 881 thousand.

- **Other - € 4,093 thousand**

€ thousands

	31.12.2020	31.12.2019	Changes
Payables due to advisers and suppliers for invoices to be settled	2,036	1,222	814
Payables due to advisers and suppliers for invoices to be received	2,057	2,229	(172)
Total	**4,093**	**3,451**	**642**

The item includes the amounts of payables due to other suppliers and consultants, for invoices already received and to be settled, as well with respect to invoices to be received at the reporting date. This item increased with respect to the previous year by € 642 thousand.

Payables due to parent companies – € 457 thousand

The breakdown is as follows:

€ thousands

	31.12.2020	31.12.2019	Changes
Payables due to parent companies:			
- for VAT due	9	53	(44)
- for sundry services	448	22	426
Total	**457**	**75**	**382**

The item increased by € 382 thousand compared to the previous year, as a result of deferment of the financial settlement date.

Payables due to subsidiaries of parent companies - € 64,772 thousand

€ thousands

	31.12.2020	31.12.2019	Changes
Payables due to GME for purchases of energy and related services	64,772	79,417	(14,645)
Total	**64,772**	**79,417**	**(14,645)**

The item refers to existing payables due to GME, entirely consisting of payables relative to purchases of electricity and correlated services.

To adequately represent the overall phenomenon of current payables associated with energy sector transactions (also for services), below is a reconciliation table, not relating to a specific Balance Sheet item. The table indicates total payables relative to energy components which, in the obligatory statutory schedule, are broken down into two separate items.

Payables due to suppliers for energy components

€ thousands

	31.12.2020	31.12.2019	Changes
Payables for off-grid purchases of electricity and other	-	98	(98)
Payables to Terna for dispatching and other energy-related services	114,446	89,788	24,658
Payables due to GME for purchases of energy and related services	64,772	79,417	(14,645)
Total	**179,218**	**169,303**	**9,915**

Tax payables – € 563 thousand

The item, which consists primarily of amounts due to the tax authorities for withholdings on employee salaries, increased by € 90 thousand with respect to 31 December 2019. Note that current tax liabilities, totalling € 288 thousand, have been deducted from the tax credits.

Payables due to social security institutions – € 1,062 thousand

The item is detailed in the following table:

€ thousands

	31.12.2020	31.12.2019	Changes
Payables due to INPS	797	669	128
Other payables	265	193	72
Total	**1,062**	**862**	**200**

The item includes liabilities relating to contributions paid by the Company, levied on wages paid, on charges that accrued and were not paid to personnel for holidays accrued but not taken, overtime and other allowances, as well as deductions from employees.

Other payables – € 10,625 thousand

The breakdown is as follows:

€ thousands

	31.12.2020	31.12.2019	Changes
Advance payments for operating fees subsequent years - Energy area	1,380	-	1,380
Advance payments for operating fees subsequent years - Institutional activities in availment	1,415	1,614	(199)
Advance payments for operating fees subsequent years - OCSIT	2,774	323	2,451
Advance payments for operating fees subsequent years - IIS	1,988	5,859	(3,871)
Non-interest-bearing deposits released by enhanced protection service operators and for participation in OCSIT tenders	2,344	2,653	(309)
Payables to employees and assimilated	639	674	(35)
Other payables - Gasoline Fund	77	77	-
Other minor payables	8	28	(20)
Total	**10,625**	**11,228**	**(603)**

This item, which decreased by € 603 thousand compared to the previous year, pertains to the share of the fees to cover operating costs, already invoiced or approved in 2020 but pertaining to future years. Advance payments for operating fees relative to institutional activities in availment refer to the difference between the amount of fees received through 31 December 2020 against costs for activities provided in availment (Energy and Environment Consumer Help Desk, Water Service and, within the IIS, the Offer Portal) and the corresponding amount of final costs accruing during the same year. This amount, correlated to payments made by Energy and Environment Services Fund (CSEA) and authorised by ARERA, against the institutional activities carried out by AU, pursuant to the regulations in effect, is also represented, when appropriate, for the purposes of that established under Law 124/2017.

Additionally, the item includes payables recognised against non-interest-bearing security deposits issued in favour of AU by certain enhanced protection service operators (€ 839 thousand), the security deposit guaranteeing participation in OCSIT tenders (€ 1,505 thousand) and payables due to employees (€ 639 thousand).

Payables due to the Energy and Environment Services Fund (CSEA) – € 1,009 thousand

The item *Payables to the Energy and Environment Services Fund* (CSEA) can be broken down as follows:

- *Advances paid by CSEA for DAM electricity purchases* equal to € 1,000 thousand. These refer to advances paid by CSEA, following an agreement which saw its structure approved by the Authority with a specific resolution (822/2016/R/EEL of 29 December 2016). The amount recognised in the financial statements is the residual amount of an original advance payment of € 350 million to allow AU to deal with the timing mismatch between cash inflows and outflows following amendments made to the payment terms on the Day Ahead Market which took effect as of 1 December 2016;
- *Other payables due to the Fund for Energy and Environment Services* (CSEA) for € 9 thousand in relation to amounts to be recognised, in the Account for equalisation of costs to buy and dispatch electricity for the enhanced protection service.

Overall, the item decreased by € 9,006 thousand as a result of the additional repayment of part of the residual amount of the advance payment of CSEA.

The above item is also represented, as appropriate, for the purposes of Law 124/2017.

ACCRUED EXPENSES AND DEFERRED INCOME – € 12,072 thousand

The item refers to accrued expenses, amounting to € 23 thousand, relating to costs for FISDE solidarity contributions and, for € 12,049 thousand, to the accrued expense relating to interest envisaged on the bond loan, set to mature on 20 February 2021.

Regarding the breakdown of payables in relation to their residual maturity, note that all liabilities recognised in the balance sheet will expire within the next financial year, except for the bond loan equal to € 497,225 thousand, which will mature on 20 February 2026, and the special purpose loan of € 364,219, with an original duration of 5 years, taken out in March 2017 for OCSIT and which reaches maturity on 31 March 2022.

The following table shows the breakdown of Company payables by geographic area.

€ thousands

Payables by geographic area	ITALY	OTHER EU COUNTRIES	REST OF EUROPE	TOTAL
Bonds	497,225	-	-	**497,225**
Due to banks	852,814	-	-	**852,814**
Due to other lenders	179,879	-	-	**179,879**
Due to suppliers	127,158	-	-	**127,158**
Due to parent companies	457	-	-	**457**
Due to subsidiaries of parent companies	64,772	-	-	**64,772**
Tax payables	563	-	-	**563**
Payables due to social security institutions	1,062	-	-	**1,062**
Other payables	10,625	-	-	**10,625**
Payables to the Energy and Environment Services Fund (CSEA)	1,009	-	-	**1,009**
TOTAL PAYABLES	**1,735,564**	**-**	**-**	**1,735,564**

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES - € 1,775,733 thousand

INCOME STATEMENT

PRODUCTION VALUE – € 2,634,577 thousand

Production value comes to € 2,634,577 thousand (€ 3,233,279 thousand in the previous year).

Revenues from sales and services – € 2,445,906 thousand

The item includes the sub-items described below.

It should be noted that revenues earned are recorded exclusively against Italian counterparties.

a) Revenues from the sale of electricity - € 2,360,190 thousand

This item pertains to revenues from the sale of energy for companies providing the enhanced protection service, attributable to 2020, inclusive of the findings for the amounts invoiced in the first two months of 2021, attributable to November and December 2020. The amount is adjusted and supplemented by accruals for adjustment components. A decrease of € 657,728 thousand was recorded compared to 2019, as a direct consequence of the decrease in energy supply costs and as a result of the increasing numbers of switches from the protected market to the free market.

b) Other energy-related revenues – € 17,380 thousand

The item pertains to the components listed in the following table, which shows the changes relative to the previous year.

€ thousands

	2020	2019	Changes
- Revenues for unbalancing fees	16,327	7,164	9,163
- Revenues for non arbitrage fees	1,053	2,416	(1,363)
- Revenue from so called "extra grid" sales	-	546	(546)
- Revenues for energy sales to GME for scheduled unbalancing	-	345	(345)
Total	**17,380**	**10,471**	**6,909**

Compared to the previous year, the item as a whole saw an increase of € 6,909 thousand.

c) Revenues to cover non-energy operating costs- € 68,335 thousand

The item includes fees to cover the operating costs of the various types of institutional activities, governed by the current reference regulations in force. In particular, based on the case, these are fees paid by the Energy and Environment Services Fund, or invoiced directly to operators who are debtors, in relation to the type of activities performed.

Note that the amount invoiced to the enhanced protection service providers, to cover operating costs in the area of energy, is included under revenues from the sale of electricity, as it is not separately charged from the economic components of the cost for the purchase of energy and related services.

€ thousands

	2020	2019	Changes
Revenues to cover costs of institutional activities in availment:			
- Revenues to cover costs - Reformed Authority Protective System - STAR (former Consumer Help Desk and Conciliation)	12,270	10,633	1,637
- Revenues to cover costs - Retail monitoring	-	115	(115)
- Revenues to cover costs - Water	706	559	147
- Revenues to cover costs - Offer Portal	1,010	1,004	6
Total revenues to cover costs of institutional activities in availment	**13,986**	**12,311**	**1,675**
- Revenues to cover costs - IIS	16,902	13,430	3,472
- Revenues to cover costs - OCSIT	36,920	28,701	8,219
- Revenues to cover costs - Gasoline Fund	527	517	10
Total	**68,335**	**54,959**	**13,376**

This item increased by € 13,376 thousand over that of the previous year, mainly due to the increase in fees for coverage of the OCSIT, IIS and the STAR Project.

Revenues deriving from fees paid by CSEA relative to institutional activities performed in availment and the Offer Portal are represented in the table, when appropriate, also for the purposes of that established under Law 124/2017.

Other revenues and income – € 188,672 thousand

The item pertains to the sub-items described below.

a) Contingent assets related to energy – € 187,285 thousand

The item pertains to the economic effects of adjustments related to energy, for the period 2014 (and earlier) to 2019, defined on the basis of assessments made by the technical departments of the Company, based on the information available.

€ thousands

	2020	2019	Changes
<u>Year 2014 and earlier</u>			
- load profiling adjustment and various TERNA	1,378	8,677	(7,299)
- load profiling adjustment and various - enhanced protection operators	3,207	-	3,207
Total	**4,585**	**8,677**	**(4,092)**
<u>Year 2015</u>			
- load profiling adjustment and various TERNA	1,206	9,980	(8,774)
- load profiling adjustment and various - enhanced protection operators	3,993	-	3,993
Total	**5,199**	**9,980**	**(4,781)**
<u>Year 2016</u>			
- load profiling adjustment, dispatching, unbalancing, etc. - TERNA	2,515	4,137	(1,622)
Total	**2,515**	**4,137**	**(1,622)**
<u>Year 2017</u>			
- load profiling adjustment, dispatching, unbalancing, etc. - TERNA	12,991	5,611	7,380
- load profiling adjustment and other enhanced protection operators	-	13,840	(13,840)
Total	**12,991**	**19,451**	**(6,460)**
<u>Year 2018</u>			
- load profiling adjustment, dispatching, unbalancing, etc. - TERNA	12,943	28,855	(15,912)
- load profiling adjustment and other enhanced protection operators	-	78,460	(78,460)
- general adjustment	-	2	(2)
Total	**12,943**	**107,317**	**(94,374)**
<u>Year 2019</u>			
- load profiling adjustment, dispatching, unbalancing, etc. - TERNA	149,052	-	149,052
Total	**149,052**	**-**	**149,052**
Total	**187,285**	**149,562**	**37,723**

b) Income and other revenues – € 1,386 thousand

The item includes the components listed in the table below, with evidence of the relevant changes that occurred relative to 2019.

€ thousands

	2020	2019	Changes
Reimbursement costs seconded personnel	29	25	4
Other Income and revenues	238	172	66
Contingent assets - sundry, relative to energy management	1,119	171	948
Total	**1,386**	**368**	**1,018**

The item increased by € 1,018 with respect to the previous year. This change is primarily attributable to the partial release of the provision for the write-down of receivables, following the collection of a receivable written down in previous years.

PRODUCTION COSTS – € 2,634,439 thousand

Production costs totalled € 2,634,439 thousand (€ 3,233,201 thousand in the previous year).

Costs for raw materials, supplies, consumables and goods – € 1,811,597 thousand

The item essentially refers to costs for the purchase of energy through the various channels of supply that AU uses, in compliance with the reference regulatory framework (€ 1,811,563 thousand).

The item also includes purchases not related to energy (consumables, stationery, etc.) for a residual amount of € 34 thousand.

The schedule below shows a more detailed breakdown of costs for the purchase of electricity by type of supply, indicating specific changes compared to the previous year. Details pertaining to the amount of energy transacted are fully described in the related sections of the report.

€ thousands

	2020	2019	Changes
Energy purchase cost			
Purchase of energy on the electricity market	1,767,435	2,481,404	(713,969)
Unbalancing fees for consumption units - TERNA	43,070	58,278	(15,208)
Other purchases of energy			
So called "extra grid" purchases and other	-	546	(546)
Non arbitrage fees	1,058	1,268	(210)
Total	**1,811,563**	**2,541,496**	**(729,933)**

Costs for the purchase of electricity decreased by € 729,933 thousand with respect to 2019. Note that the counterparty is GME, for purchases of energy on the spot electricity market, for a total amount of € 1,767,435 thousand.

Costs for services – € 577,807 thousand

The item primarily includes charges for services related to energy (dispatching and others), amounting to € 564,471 thousand, plus costs for various services, which amounted to € 13,336 thousand.

Charges for energy-related services were mainly charged by TERNA S.p.A. (€ 562,079 thousand). Details of individual items in the cost of services related to energy are provided in the following table, with comparison with the previous year. These services recorded an increase of € 83,560 thousand compared to the previous year, impacted primarily for € 71,210 thousand by the increase in the uplift expense and, for € 17,737 thousand, the increase in costs for coverage of the costs of the essential units for safety of the system (EUSS).

€ thousands

	2020	2019	Changes
Cost of dispatching:	**558,360**	**475,694**	**82,666**
Consideration Procurement of Resources for the Dispatching Services Market - UPLIFT	380,052	308,842	71,210
Consideration Coverage of costs of the Essential Units for Security System - EUSS	85,166	67,429	17,737
Consideration Coverage of Costs Recognised for Operations - DIS	15,656	16,820	(1,164)
Availability of the Production Capacity - CD	28,231	31,447	(3,216)
Consideration Coverage of Costs Remuneration of Load Interruptibility Service - INT	48,270	49,958	- 1,688
Contribution to operating costs of AEEGSI Decision 232/2015/A	985	1,198	(213)
Other services related to energy:	**6,111**	**5,217**	**894**
Consideration to cover modulation costs for wind production Res. 5/10 AEEG - TERNA	3,677	2,374	1,303
Costs for aggregate measures for withdrawal - TERNA	1,027	1,369	(342)
Costs for GME operations	1,406	1,473	(67)
Costs for services from GME on forward electricity market	-	-	0
Costs for services from GME for data reporting pursuant to REMIT regulation	1	1	-
Total	**564,471**	**480,911**	**83,560**

Because of the trends in the cost of electricity purchases and related services, the decrease of **€ 646,373 thousand**, shown in Tables 3 and 4 below, is due to the combined effect of the reduction in transactions of physical quantities (**-2,935,579 MWh**, equal to **-6.4%** over the previous year) and the average unit cost of purchase, including services (**-€ 10.6/ MWh**, corresponding to a change of **-16.0%** over 2019).

TABLE 3: COSTS FOR SUPPLYING ENERGY (€ thousands)

	2020	2019	Change	% Change
Costs for supplying energy	2,376,034	3,022,407	(646,373)	-21.4%

TABLE 4: CHANGE IN BENCHMARK PURCHASE COSTS

	2020	2019	Change	% Change
Quantity in MWh	42,771,621	45,707,200	(2,935,579)	-6.4%
Unit cost (€/MWh)	55.55	66.13	(10.6)	-16.0%

Costs for other services, amounting to € 13,336 thousand, may be summarised as follows:

€ thousands	2020	2019	Changes
Service contracts with parent company	946	1,022	(76)
Service contracts managed with third parties (maintenance, other building services, etc.)	1,428	1,391	37
Directors fees	174	174	-
Statutory auditors fees	43	43	-
Supervisory board IT Lgs. Decr. 231/01 fee	34	34	-
Fees for technical, legal and notarial and administrative consulting	1,187	1,128	59
Maintenance and IT services	4,159	3,931	228
Communication fees	257	271	(14)
Fees for project contracts	45	41	4
Employees costs	85	224	(139)
Costs for administration of work	246	438	(192)
Expenses for external services, call centre activities	1,043	820	223
Technical committee to rationalise fuel networks - Gasoline Fund	63	68	(5)
Transportation costs and rent	72	84	(12)
Additional costs for OCSIT stock storage	1,264	921	343
Telephone charges	706	673	33
Bank and insurance services expenses	1,350	465	885
Other services	234	269	(35)
Total	**13,336**	**11,997**	**1,339**

With respect to the previous year, the item increased by € 1,339 thousand. The most significant changes involve the following costs: maintenance and IT services (€ 228 thousand), accessory costs for OCSIT stock storage (€ 343 thousand), external call centre services (€ 223 thousand) and expenses for bank and insurance services (€ 885 thousand), mainly attributable to management fees for insurance policies subject to investment.

Costs for use of third party's assets – € 33,590 thousand

The item consists of the following two sub-items:

- **fees for oil product storage services - € 32,243 thousand.** These refer to the cost of fees paid to third parties to lease storage depots for OCSIT product stocks. Note that this item increased by € 8,080 thousand compared to 2019, in relation to the increase in the average number of stock days stored;

- **Other – € 1,347 thousand.** The sub-item consists mainly of the rent paid to lease the properties used as the Company's offices (€ 1,053 thousand). The item increased by € 6 thousand with respect to 2019.

Personnel costs – € 18,954 thousand

The items that make up overall personnel costs are summarised in the table below, which shows changes with respect to 2019.

€ thousands

	2020	2019	Changes
Salaries and wages	13,806	12,545	1,261
Social security contributions	3,823	3,620	203
Termination indemnities	898	827	71
Other costs	427	627	(200)
Total	**18,954**	**17,619**	**1,335**

The item includes the amounts allocated on an accrual basis, as noted in the schedules and comments for the corresponding liability items in the balance sheet, for variable remuneration components.

The following tables show, for the last two years and for each contractual category, monthly changes in the workforce, the level at year-end and the average level:

	1.1 - 31.12.2020														
	Workforce at 31 December 2019	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Workforce at 31 December 2020**	**Average Workforce 2020**
Senior Managers	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12.00
Middle Managers	26	32	32	32	32	32	32	32	32	31	31	31	31	31	31.67
Administrative Personnel	223	219	219	223	223	223	225	226	225	233	237	239	238	238	227.50
TOT	**261**	**263.00**	**263.00**	**267.00**	**267.00**	**267.00**	**269.00**	**270.00**	**269.00**	**276.00**	**280.00**	**282.00**	**281.00**	**281**	271.17

Average personnel costs 2020 € 69,897.51   Average workforce 2020 of 271.17   Personnel costs 2020 € 18,954,108.65

	1.1 - 31.12.2019														
	Workforce at 31 December 2018	**January**	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**	**Workforce at 31 December 2019**	**Average Workforce 2019**
Senior Managers	13	13	13	12	12	14	14	13	13	13	12	12	12	12	12.75
Middle Managers	28	28	28	27	28	25	25	25	25	25	26	26	26	26	26.17
Administrative Personnel	193	201	202	209	211	210	210	211	211	212	219	221	223	223	211.67
TOT	**234**	**242**	**243**	**248**	**251**	**249**	**249**	**249**	**249**	**250**	**257**	**259**	**261**	**261**	**250.58**

Average personnel costs 2019 € 70,314.32 Average workforce 2019 of 250.58 Personnel costs 2019 € 17,619,361.43

The item increased by € 1,335 thousand with respect to the previous year, essentially due to the increase in the average workforce.

Amortisation, depreciation and write-downs - € 4,765 thousand

The item consisted of amortisation/depreciation for € 4,511 thousand and write-downs on current receivables for € 254 thousand.

Amortisation/depreciation, calculated as already noted in regard to fixed assets, refers to intangible assets for € 2,990 thousand and to tangible assets for € 1,521 thousand. The item increased, relative to the previous year, by € 548 thousand.

Other operating costs – € 187,726 thousand

The item is divided into the sub-items analysed below.

a) Contingent liabilities related to energy – € 187,285 thousand

The table below details the contingent liabilities pertaining to energy. These items are matched, in terms of amounts, by similar revenue items recorded in non-recurring income related to energy, as a consequence of the effect of institutional management, mentioned in the section on accounting standards.

The table below records itemised sub-items regarding the various types existing, separately for the timing of generation of the contingent liabilities for the period 2014 (and earlier) to 2019.

€ thousands

	2020	2019	Changes
Year 2014 and earlier			
- load profiling adjustment and various - TERNA	4,585	168	4,417
- load profiling adjustment and various - enhanced protection operators	-	8,508	(8,508)
Total	**4,585**	**8,676**	**(4,091)**
Year 2015			
- load profiling adjustment and various - TERNA	5,199	406	4,793
- load profiling adjustment and various - enhanced protection operators	-	9,575	(9,575)
Total	**5,199**	**9,981**	**(4,782)**
Year 2016			
- load profiling adjustment and various - TERNA	1,968	472	1,496
- load profiling adjustment and various - enhanced protection operators	547	3,665	(3,118)
Total	**2,515**	**4,137**	**(1,622)**
Year 2017			
- load profiling adjustment and various - TERNA	1,023	19,451	(18,428)
- load profiling adjustment and various - enhanced protection operators	11,968	-	11,968
Total	**12,991**	**19,451**	**(6,460)**
Year 2018			
- load profiling adjustment and various - TERNA	8,480	107,317	(98,837)
- load profiling adjustment and various - enhanced protection operators	4,463	-	4,463
Total	**12,943**	**107,317**	**(94,374)**
Year 2019			
- load profiling adjustment and various - TERNA	98,624	-	98,624
- load profiling adjustment and various - enhanced protection operators	50,428	-	-
Total	**149,052**	**-**	**149,052**
Total	**187,285**	**149,562**	**37,723**

b) Other charges – € 440 thousand

The breakdown is as follows:

€ thousands

	2020	2019	Changes
- Entertainment costs	37	72	(35)
- Other contingencies, non-energy management	183	1,284	(1,101)
- Taxes	74	85	(11)
- Internship expenses	26	64	(38)
- Membership fees	87	76	11
- Other	33	258	(225)
Total	**440**	**1,839**	**(1,399)**

The item decreased by € 1,399 with respect to the previous year. The decrease is mainly due to the non-recognition of a contingency, as in 2019, against amounts relating to the decreases in oil products accruing in previous years (€ 1,065 thousand).

FINANCIAL INCOME AND EXPENSES – € 87 thousand

Net financial income and expenses, equal to € 87 thousand, comprises gross income of € 17,667 thousand, against gross expense of € 17,580 thousand. The analysis of individual items is as follows.

Other financial income – € 17,667 thousand

The breakdown is as follows:

- **long-term receivables - € 1 thousand**

The item consists of accrued interest on loans to employees.

- **securities recorded in current assets that do not constitute equity investments - € 309 thousand**

The item is composed of gross profit realised following the surrender of an insurance policy.

- **other income - € 17,357 thousand**

This item consists mainly of the portion of the OCSIT contribution charged to oil operators, equal to € 16,817 thousand, associated with the coverage of financial charges relative to OCSIT's operations.

The remaining income mainly includes income from fees invoiced to operators to cover financial expense from the energy area for € 284 thousand, € 17 thousand for interest income accrued on bank deposit balances held by the Company, interest on arrears, penalties charged to enhanced protection service operators for late payment and interest on extensions on receivables due from customers, totalling € 239 thousand.

Interest and other financial expenses – € 17,580 thousand

- **Other - € 17,580 thousand**

The amount is mainly attributable to financial expense and fees accruing during the year, relative to payables due by OCSIT. Expenses, totalling € 17,338 thousand, include both interest expense relating to the special purpose medium/long-term loan intended for the purchase of specific stocks, for € 2,799 thousand, and interest on the bond loan for € 14,516 thousand. The item also includes, for € 23 thousand, amounts charged to OCSIT by banks for interest on short-term overdrafts.

The balance is also associated with short-term debt associated with purchases of electricity on the DAM for enhanced protection. In particular:

- interest and charges associated with the use of short-term hot money transactions and bank overdrafts, for € 230 thousand.

- interest payable due to CSEA, for € 12 thousand, in relation to an advance provided following an agreement which saw its structure approved by the Authority with a specific resolution (822/2016/R/EEL of 29 December 2016).

INCOME TAXES FOR THE YEAR – € 40 thousand

Details of this item, together with changes compared to the previous year, are summarised in the following table:

€ thousands

	2020	2019	Changes
- Current taxes:	**289**	**269**	**20**
IRAP	109	165	(56)
IRES	180	104	76
- Taxes relative to previous years:	**(26)**	-	**(26)**
IRES	4	-	4
IRAP	(30)	-	(30)
- Deferred tax liabilities and assets:	**(223)**	**(140)**	**(83)**
IRES - deferred tax liabilities	(85)	(1)	(84)
IRES - deferred tax assets	(126)	(129)	3
IRAP - deferred tax assets	(12)	(10)	(2)
Total	**40**	**129**	**(89)**

a) Current taxes - € 289 thousand

The balance of current taxes refers to IRAP for € 109 thousand and to IRES for € 180 thousand accruing during the year.

b) Taxes relative to previous years - € 26 thousand

The balance of taxes relative to previous years refers to IRAP (€ 30 thousand) and IRES (€ 4 thousand) for the redetermination, at the time of the income tax return, of amounts assessed at the close of 2019.

c) Deferred tax liabilities and assets - € 223 thousand

The balance of this item is as follows:

- € 138 thousand for deferred tax assets, of which € 126 thousand relative to IRES and € 12 thousand for IRAP. The amount is related to deductible temporary differences accruing in 2020, on the assumption of their future recovery. Future recoverability is evaluated on the basis of estimates made, including through analysis of tax legislation and forecasts of consequent effects on future taxable bases;
- € 85 thousand for deferred taxes, the balance determined through the use of the provision for deferred taxes, for the portion of interest on arrears accruing in previous years, received during the year, net of provisions, relative to interest on arrears ascertained during the year in question but not yet received.

Reconciliation between the theoretical tax rate with the effective tax rate

In accordance with standard OIC 25, the schedules below provide, for IRES, the detail of the reconciliation between the recognised income tax charged and the theoretical charge, and for IRAP determination of the taxable amount.

€ thousands

IRES reconciliation	**Taxable amount**	**IRES**
Result before current, deferred tax liabilities and assets	226	
Theoretical tax charge (24.0%)		*54*
Temporary differences taxable in subsequent years	(50)	
Temporary differences deductible in subsequent years	2,426	
Reversal of taxable temporary differences from previous years	403	
Reversal of deductible temporary differences from previous years	(1,900)	
Differences that will not be reversed in subsequent years	(357)	
TAXABLE AMOUNT	**748**	
CURRENT IRES ON PROFIT FOR THE YEAR		**180**

The temporary differences relative to IRES (taxable and deductible in subsequent years) are analysed with reference to the items to which they refer (deferred tax assets and the provision for deferred tax liabilities).

The differences which will not be reversed in subsequent years (€ 357 thousand) are mainly due to non-deductible contingent liabilities, expenses relative to cars, telephones and decreases, consisting of the additional employee severance indemnity deduction, the IRAP deduction and the increase due to depreciation of tangible assets.

€ thousands

IRAP	**Taxable**	**IRAP**
Difference between value and costs of production	138	
Costs not relevant for IRAP	17,106	
Deductions	(16,018)	
TOTAL	1,226	
Theoretical tax charge (rate 4.82%)		**59**
Temporary differences taxable in subsequent years	-	
Temporary differences deductible in subsequent years	2,103	
Reversal of temporary differences from previous years	(1,864)	
Differences that will not be reversed in subsequent years	789	
TAXABLE IRAP	**2,254**	
Current IRAP for the year		**109**

The temporary differences deductible in subsequent years are analysed with reference to the items to which they refer (deferred tax assets).

The differences that will not reverse in subsequent years are essentially due to the balance between costs for employee services and costs for services non-deductible for IRAP purposes and to contingent assets not taxable for IRAP purposes; deductions refer to items envisaged under IRAP regulations (article 11, Legislative Decree 446/97).

Profit for the year – € 186 thousand

The profit for 2020 is given by the difference between pre-tax profit (€ 226 thousand) and the tax charge for the year (€ 40 thousand), in turn represented by the algebraic sum of the amount of current taxes, taxes relative to previous years and deferred tax assets and liabilities.

The result before taxes, in more detail, is quantified as such as a result of the effects of a rate of return before tax charges, in accordance with ARERA regulations.

STATEMENT OF CASH FLOWS

The Company prepared the statement of cash flows following the structure established under accounting standard OIC 10.

Below are brief comments on the main items.

Cash flows from operating activities - € (45,750) thousand

This item comes to -€ 45,750 thousand, compared to the € 233,256 thousand recorded in the previous year.

In greater detail, this cash flow consists of profits "adjusted" for income tax, interest (€ 149 thousand), adjustments for non-monetary elements (€ 5,620 thousand), changes in net working capital (-€ 49,730 thousand) and other adjustments (-€ 1,789 thousand).

Cash flows from investing activities - € (127,650) thousand

This item shows outflows correlated with investments in fixed assets, net of payables due to suppliers for those fixed assets.

Cash flows from financing activities - € 232,501 thousand

The cash flow in question is related to the increase in payables due to banks and reflects the higher requirements generated by purchases on the energy market compared to the previous year, the use of liquidity for the purchase of oil stocks, available in the previous year, and the non-collection in the year of the annual contribution for the operating costs of the OCSIT.

Increase in cash and cash equivalents - € 59,101 thousand

The amount in question, equal to the algebraic sum of cash flows specifically identified amounted to € 59,101 thousand, compared to the -€ 854 thousand generated in the previous year. This led to a total of cash and cash equivalents of € 111,112 thousand at 31 December 2020, of which € 111,109 thousand consisting of bank deposits and € 3 thousand from cash and cash equivalents.

OTHER INFORMATION

With reference to Article 2497-bis, paragraph 4, there is a summary of significant financial data from the last approved financial statements (financial year 2019) for the parent company which provides management and coordination of Acquirente Unico. Gestore dei Servizi Energetici – GSE S.p.A., with its registered office in Rome, in Viale Maresciallo Pilsudski 92, prepares the consolidated financial statements.

BALANCE SHEET

	AMOUNT
ASSETS	
UNPAID SHARE CAPITAL DUE FROM SHAREHOLDERS	-
FIXED ASSETS	106,223,431
CURRENT ASSETS	4,851,320,869
ACCRUALS AND DEFERRALS	1,080,660
Total Assets	**4,958,624,960**
LIABILITIES	
SHAREHOLDERS' EQUITY:	54,220,538
Share Capital	26,000,000
Reserves	20,166,256
Profit for the year	8,054,282
PROVISIONS FOR RISKS AND CHARGES	34,479,196
EMPLOYEE SEVERANCE INDEMNITY	1,946,048
PAYABLES	4,834,077,588
ACCRUALS AND DEFERRALS	33,901,590
Total liabilities	**4,958,624,960**

INCOME STATEMENT

PRODUCTION VALUE	13,959,381,209
PRODUCTION COSTS	13,958,351,632
FINANCIAL INCOME & EXPENSE	7,608,798
ADJUSTMENTS	-
INCOME TAXES	(584,092)
PROFIT FOR THE YEAR	**8,054,282**

The absence of the following are also noted:

- equity investments, held directly or through a trust company or third parties, in subsidiaries and associates;
- trade receivables and payables due after more than five years and debts secured by collateral on corporate assets;
- financial charges recorded in the year at values recorded under balance sheet assets;
- income from equity investments;
- revenue or cost elements of an exceptional amount or impact. To that end, note that both contingent assets and liabilities associated with electricity management, duly analysed in terms of amounts and commented upon in this document, are not of an exceptional nature, in that they are the consequence of management of adjustments and similar phenomena, the latter being recurring, natural and subject to specific technical rules, within the context of the electricity system;
- recognition of deferred tax assets, for the portion recognised in the financial statements relative to losses during the year or in previous years;
- advances and loans granted to directors and statutory auditors;
- issuing of bonus shares, bonds convertible to shares, warrants, options and securities or similar items;
- financial lease transactions that involve transfer to the lessor of the larger part of the risks and benefits inherent to the assets involved in the lease.

With reference to Article 2427, point 22-bis of the Italian Civil Code, transactions with related parties are carried out at arm's length, in compliance with the conditions that would apply to independent counterparties.

It should also be noted that the fees for audit services came to € 41 thousand and those for non-audit services totalled € 17 thousand (mainly relating to audit activities for the signing of tax returns and audit of the separate annual accounts).

Finally, note that on the basis of that established in article 26 of Italian Legislative Decree 33 of 2013, applying to Acquirente Unico, as of financial year 2018, following the methods established in article 1, paragraph 126 of Italian Law 124 of 2017, contributions and indemnities disbursed by the Company during financial year 2020 following the transfer to it of the functions and responsibilities of the former Cassa Conguaglio GLP, pursuant to article 1, paragraph 106 of the cited Italian Law 124 of 2017, amount to a total of € 6,472,341.

REPORTS OF THE BOARD OF STATUTORY AUDITORS AND THE INDEPENDENT AUDITORS

ACQUIRENTE UNICO S.p.A.

Registered offices in Via Guidobaldo Del Monte, 45 - 00197 Rome

Share capital € 7,500,000 fully paid-in

Rome Registry of Companies, VAT and Tax ID no. 05877611003

Economic and Administrative Registry of Rome no. 932346

Sole shareholder Gestore dei Servizi Energetici - GSE S.p.A. Legislative Decree no. 79/99

Company subject to management and coordination by GSE S.p.A.

Report of the Board of Statutory Auditors to the Shareholders' Meeting

pursuant to Article 2429 of the Civil Code

Amounts are expressed in euro

To the Shareholders' Meeting of ACQUIRENTE UNICO S.p.A.

Dear Shareholder,

The Board of Statutory Auditors in office for the period 2020-2022 was appointed by the Ordinary Shareholders' Meeting on 30 December 2020.

The consequence of this recent appointment is that the Board of Statutory Auditors that must express its opinion on the financial statements under review is different from that in office during the entire year to which the financial statements refer, and this means that the undersigned Board was not fully aware of them, given it did not conduct periodic monitoring and control activities at the time to which said document refers.

Nevertheless, the Board was able to certify that the transactions approved after the current Board of Statutory Auditors took office, as regards how they were implemented, were in compliance with the law and the By-laws, based on the principles of economic rationality and not in contrast with the decisions taken by the Board of Directors.

As regards 2020, the Board of Statutory Auditors:

- firstly acknowledges that it has obtained reports from the previous Board of Statutory Auditors and information from the Board of Directors on the general trend of management and its foreseeable outlook, as well as on the most important transactions carried out by the Company in terms of size and characteristics. Limited to the documents delivered and which the Board of Statutory Auditors was able to examine, it can give reasonable assurance that the previous Board of Statutory Auditors carried out the functions set out in articles 2403 et seq. of the Italian Civil Code, basing its activities also on the Rules of Conduct of the Board of Statutory Auditors recommended by the Italian National Council of Chartered Accountants and Accounting Experts, certifying that the actions implemented by the Company comply with the law and the By-laws, and are not manifestly imprudent, in potential conflict of interests or in contrast with the resolutions passed by the Shareholders' Meeting or as such to compromise the integrity of company assets;
- verified that the Board of Statutory Auditors previously in office monitored - for the areas under its responsibility - the adequacy of the administrative and accounting system, as well as the reliability of the latter in terms of properly representing management events, by obtaining information from the

independent auditor and examining company documents. To that end, it has no particular observations to make. We also note that pursuant to Article 26 of the By-laws, which introduced the Financial Reporting Manager pursuant to Article 154-*bis* of Italian Legislative Decree 58/98, as amended, the Financial Reporting Manager has attested to, with a specific certification, issued 30 March 2021 "*the adequacy and effective application of the administrative and accounting procedures used to prepare the annual financial statements at 31 December 2020 in relation to the company's characteristics",* as well as the correspondence of the 2020 annual financial statements "*to the entries in the accounting books and registries*" and that these "*are prepared in compliance with the norms of the Italian Civil Code, as well as the accounting standards prepared by the OIC and, as formed, is suitable to provide a true and accurate representation of the equity, economic and financial position of Acquirente Unico S.p.A.*", it finally certified that "*the report on operations includes a reliable analysis of the trend and results of operations, as well as the situation of Acquirente Unico S.p.A., together with a description of the main risks and uncertainties to which the Company is exposed*";

- verified that the outgoing Board of Statutory Auditors engaged in regular exchanges of communications with Deloitte & Touche S.p.A., assigned to perform independent auditing of the acounts and certify the financial statements, which did not bring to light any relevant data and information which need to be outlined in this report. The undersigned Board also notes that it met with the independent auditor alongside its audits of the financial statements to which today's comments refer, for the purpose of a final discussion on their respective reports, from which it learned that there were no appointments for services that could compromise the independence of the independent auditing firm; said auditing firm was also appointed to examine the separate accounts (unbundling) of the Integrated Information System (IIS) established at the Company pursuant to Decree Law 105 of 8 July 2010, converted with amendments to no. Law 129 of 13 August 2010, and of the Italian Central Stockholding Entity (OCSIT) attributed to the Company pursuant to Italian Legislative Decree no. 249 of 31 December 2012 and due to the provisions established by Article 1, paragraph 106 of Law no. 124 of 4 August 2017, of the Gasoline Fund;
- verified that the Board of Statutory Auditors previously in office acquired knowledge and monitored the adequacy of the Company's organisational structure, also through the collection of information from the Managers of the company structures concerned and, in this regard, it should be noted that the undersigned Board of Statutory Auditors met with all department managers on 23 February who reported on the activities carried out in 2020 and the prospects for the current year 2021;
- in relation to implementation of the regulations regarding corporate liability of legal entities, based on

a specific meeting with the Oversight Committee, it acknowledges that, in 2020, said body monitored application of the Organisational Model and Code of Ethics by the company structures which oversee the processes at risk for the commission of crimes, to guarantee observance and application of the organisational procedures and safeguards; the Board of Statutory Auditors, also during the meeting held with the Oversight Committee, did not receive any notifications of particular relevance from the latter;

- The Board of Statutory Auditors acknowledges that the report on operations includes a comprehensive description of all the activities of Acquirente Unico S.p.A. and that, in 2020, aside from the procurement of electricity for the protected market, the Company continued to carry out additional activities including those relating to OCSIT and the IIS;
- the undersigned Board of Statutory Auditors of the Company, responsible for such matters, issued, in the current year 2021, the following favourable opinion requested and within its competence:
    - ✓ on 30 March 2021, in regard to the policy adopted by the Company relative to fees paid to Directors with powers, also in terms of the achievement of objectives assigned to Directors with reference to the variable portion, pursuant to article 4 of Ministry of Economy and Finance Decree 166/13; consequently, it deemed the process of determining the achievement of the objectives in line with said policy, as indicated in the report on fees paid to Directors with powers pursuant to the same legislation, prepared for the previous year;
- however, the undersigned Board notes that, in 2020, the Board of Statutory Auditors previously in office issued the following favourable opinion requested and within its competence:
    - ➢ on 27 February 2020, with regard to determining objectives for the year 2020 associated with the variable part of compensation paid, pursuant to article 2389, paragraph 3 of the Italian Civil Code, to the Company's Director with proxy powers;
- during these supervisory activities, as described above, no additional significant events were identified such as to require mention in this report;
- during 2020 and until the date this report was issued, no complaints were received pursuant to article 2408 of the Civil Code;
- the Board of Statutory Auditors therefore examined the draft financial statements for the Company at 31 December 2020, prepared by the Directors pursuant to the law and communicated by them to

the Board of Statutory Auditors, together with the detailed schedules and annexes, at the Board of Directors meeting on 30 March 2021.

The accounting document in question, prepared in compliance with the provisions of Article 2423 et seq. of the Italian Civil Code, also, as amended by Legislative Decree 139/2015, shows a profit of € 185,883 thousand.

Below we provide a summary of the balance sheet and income statement.

ASSETS

Amounts shown in euro	*31 December 2020*	*31 December 2019*
Unpaid share capital due from shareholders	-	-
Fixed assets	795,399,083	671,787,081
Current assets	979,253,891	866,057,291
Accruals and deferrals	1,079,616	574,204
TOTAL ASSETS	**1,775,732,590**	**1,538,418,576**

SHAREHOLDERS' EQUITY AND LIABILITIES

Amounts shown in euro	*31 December 2020*	*31 December 2019*
Shareholders' equity		
I Capital	*7,500,000*	*7,500,000*
IV Legal reserve	*1,145,906*	*1,143,114*
VII Other reserves (extraordinary reserve)		-
IX Profit (loss) for the year	*185,883*	*55,849*
Total shareholders' equity	**8,831,789**	**8,698,963**
Provisions for risks and charges	18,887,451	20,677,392

Employee severance indemnity	376,364	378,182
Payables	1,735,564,797	1,496,211,384
Accruals and deferrals	12,072,189	12,452,655
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,775,732,590**	**1,538,418,576**

INCOME STATEMENT

Amounts shown in euro	*31 December 2020*	*31 December 2019*
Production value	2,634,577,307	3,233,279,153
Production costs	2,634,439,012	3,233,200,942
Difference between value and cost of production	**138,295**	**78,211**
Financial income and expenses	87,335	106,375
Income before taxes	**225,630**	**184,586**
Income taxes for the period	39,747	128,737
PROFIT FOR THE YEAR	**185,883**	**55,849**

With regard to the examination of the 2020 annual financial statements, we report the following:

- as the Board of Statutory Auditors is not responsible for independent auditing of the accounts, it monitored the general structure given to these and its general compliance with the law in regards to its content and structure and, to that end, has no special observations to make;
- the Board of Statutory Auditors verified observance with the norms under the law relative to preparation of the report on operations and the explanatory notes, and to that end has no special observations to make;
- in its report on the financial statements, issued on 13 April 2021, the independent auditor certified

that, in its opinion, the annual financial statements *"provide a true and accurate representation of the Company's equity and financial situation at 31 December 2020, on the economic result and cash flows for the year ending on said date, in compliance with the Italian regulations which govern the preparation criteria"; it also certified that the report on operations*"; it also certified that the report on operations "*is consistent with the annual financial statements of Acquirente Unico S.p.A. at 31 December 2020 and was prepared in compliance with the norms of the law*"; additionally, it issued the declaration pursuant to article 14, paragraph 2, letter e of Italian Legislative Decree 39/10, declaring that it had nothing to report;

- the Board of Statutory Auditors has not identified any obstacles to the Board of Directors' proposal to distribute profit to the shareholder in the amount of € 176,589, which is composed of the total profit for the year, amounting to € 185,883, net of the legal reserve of 5%;
- to the best of its knowledge, the Directors, in preparing the financial statements, did not derogate from the norms of the law pursuant to Article 2423, paragraph 4 of the Italian Civil Code;
- no atypical or unusual transactions were identified and the Directors, in the report on operations and in the explanatory notes, illustrated the financial relations, commercial exchanges and services provided between the companies of the Group;
- the Board of Statutory Auditors verified the correspondence of the financial statements with the events and information of which it was made aware as a consequence of carrying out its responsibilities and has no observations to that end.

Given the national and international situation characterised by the rapid spread of COVID-19 and the consequent restrictive measures established globally to contain the virus and manage the emergency and, owing to the nature of the regulated activities which typify the management provided by Acquirente Unico, the Board of Statutory Auditors acknowledges what is indicated in the Explanatory Notes, relative to the fact that the activities performed by the company have not been substantially influenced by impacts from COVID-19 with regards to income and financial performanceand also that the nature of said regulated activities typical of the management provided by the company, cannot, in any case, be influenced by COVID-19 in 2021, in terms of income and financial performance. <u>The Explanatory Notes indicate that the Directors of the Company are monitoring developments in the situation, in order to promptly deal with any financial or non-financial impacts which may arise.</u>

Acquirente Unico has indicated that it has continued to apply the necessary actions intended to protect against infections, in line with the provisions in effect on workplace health and safety (anti-spread protocol and associated committee), giving preference to smart working methods for its employees.

Also considering the results of the activities performed by the independent auditor, illustrated in its report, the Board of Statutory Auditors expresses its opinion in favour of approving the financial statements for the year ending 31 December 2020, in compliance with the provisions of the Board of Directors.

Rome, 13 April 2021

The Chairperson

MR. GIOVANNI LOMBARDO

(signed on the original)

Statutory Auditor

MS.CONCETTA LOPORTO

(signed on the original)

Statutory Auditor

MR. GIORGIO MARRONE

(signed on the original)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholder of
Acquirente Unico S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Acquirente Unico S.p.A. ("Company"), which comprise the balance sheet as at December 31, 2020, the income statement and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

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 ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Deloitte.

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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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 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 modify 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.

- Evaluate 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 communicate 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.

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Company's Directors are responsible for the preparation of the report on operations of Acquirente Unico S.p.A. as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Acquirente Unico S.p.A. as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Falcone
Partner

Rome, Italy
April 13, 2021

This report has been translated into the English language solely for the convenience of international readers.

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ART. 26 OF THE BY-LAWS

1. The *undersigned Filippo Bubbico, as President and Chief Executive Officer and Paolo Lisi, as Financial Reporting Manager of Acquirente Unico S.p.A.,*

CERTIFY

- *the adequacy in relation to the characteristics of the company and*
- *the effective application*

of the administrative and accounting procedures for the formation of the financial statements for the year ended 31 *December 2020.*

2. In this regard, it should be noted that this certification is prepared on the basis of the activities carried out by the Financial Reporting Manager during the year, in addition to a system of certifications issued by the managers of the different company organisational units and, in relation to the processes implemented, based on service contracts, by the parent company GSE, by the managers of the relevant organisational functions of the parent company itself.

   In addition, a specific office that provides support to the Financial Reporting Manager conducted technical-administrative checks on the different processes of administrative-accounting data input of the financial statements, including sales and distribution, purchasing, the accounting of labour and other costs, whose outcome certifies that the transactions were regularly carried out.

   The Audit function, in turn, carried out audits at the request of the Financial Reporting Manager, in relation to the processes, supplying the accounting data, implemented by the company organisational units not included in the sphere of responsibility of the Financial Reporting Manager; these audits did not highlight any critical elements and/or inconsistencies with respect to the procedures in place.

As regards the posting of tax charges pertaining to 2020, an appropriate tax certification was also issued by a company tax advisor, regarding the accuracy of the relevant calculations.

3. It is also hereby certified that the 2020 financial statements, which closed with a net profit of € 185,883 and shareholders' equity of € 8,831,789:

   a) correspond to the results of the books and accounting records;

   b) were drafted in compliance with the rules of the Italian Civil Code, as well as the Accounting Standards drawn up by the OIC (Italian Accounting Standards Setter) and, as far as we know, are suitable for presenting a true and fair view of the equity, economic and financial position of Acquirente Unico S.p.A..

4. Lastly, it is hereby certified that the report on operations contains a reliable analysis of the operating performance, as well as the position of Acquirente Unico S.p.A., together with a description of the main risks and uncertainties to which the Company is exposed.

Rome, 30 March 2021

Chairman and Chief Executive Officer	*Financial Reporting Manager*
(signed on the original)	(signed on the original)