



CONSOLIDATED FINANCIAL STATEMENTS 2021

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Corporate Bodies

Board of Directors (1)

Chairman Nicola Ciolini (2)
Vice Chairman Claudio Toni (3)
Chief Executive Officer Alberto Irace(4)
Director Francesca Vignolini (5)
Director Vanessa De Feo (6)

Board of Statutory Auditors (7)

Chairman Stefano Pozzoli
Standing auditor Silvia Bocci
Standing auditor Gabriele Turelli
Alternate auditor Antonella Giovannetti
Alternate auditor Fausto Antonio Gonfiantini

Financial Reporting Manager

Francesco Natali

Independent Auditors

PricewaterhouseCoopers S.p.A. (8)

- (1) Appointed by the Shareholders' Meeting held on 22 December 2020 for the three-year period 2020-2021-2022.
- (2) Appointed as Chairman by the Shareholders' Meeting held on 22 December 2020.
- (3) Appointed as Vice-Chairman by the Shareholders' Meeting held on 22 December 2020.
- (4) Appointed as Chief Executive Officer during the Board of Directors' meeting held on 22 December 2020. Until that date the position had been held by Alessia Scappini, appointed during the Board of Directors' meeting held on 25 September 2018.
- (5) Appointed by the Shareholders' Meeting held on 22 December 2020.
- (6) Appointed by the Shareholders' Meeting held on 22 December 2020.
- (7) Appointed by the Shareholders' Meeting held on 22 December 2020 for the three-year period 2020-2021-2022.
- (8) Appointed by the Shareholders' Meeting held on 16 February 2017 for the nine-year period 2017-2025.

Notice of call of the Ordinary Shareholders' Meeting

The Shareholders of "ALIA Servizi Ambientali S.p.A." are invited to an Ordinary Shareholders' Meeting to be held on first call on 29 April 2022 at 10.00 a.m. at the registered office of Alia Servizi Ambientali S.p.A. in Florence, Via Baccio da Montelupo 52 and, if necessary, on second call, on 5 May 2022 at 2.30 p.m. at the registered office of Alia Servizi Ambientali S.p.A. in Florence, Via Baccio da Montelupo 52, (BoD room) and, in any case, by audio/videoconference call, as required by Article 106 of Decree Law 18 of 17 March 2020 and Article 15 of the Articles of Association, in order to discuss and pass resolutions on the following

Agenda:

- 1) Financial Statements at 31 December 2021, Board of Statutory Auditors' Report and Independent Auditors' Report: related and consequent resolutions.
- 2) Presentation of the Consolidated Financial Statements at 31 December 2021.
- 3) Presentation of the Consolidated Non-Financial Statement prepared pursuant to Legislative Decree 254/2016.

The Chairman of the Board of Directors
Nicola Ciolini

Alia Servizi Ambientali S.p.A.

Registered office: Florence, Via Baccio da Montelupo 52

Share Capital: Euro 94,000,000.00 fully paid-up

Tax Code No. 04855090488

Florence Register of Companies No. 04855090488

Florence Economic and Administrative Register (REA) No. 491894

Report on Operations

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

INTRODUCTION

The financial year ended 31 December 2021, the fourth year of managing the concession of ATO Toscana Centro [Integrated Municipal Waste Management Authority], (hereinafter referred to as “ATO TC”), was a significant phase for the Alia Servizi Ambientali Group (hereinafter referred to as the “Alia Group”), which was characterised by i) strengthening the transformations of services, ii) implementing the development strategies illustrated in the 2021-2030 business plan of Alia, in a context that was still heavily hit by the continuation of the health emergency due to the Covid-19 pandemic.

Alia has over time adopted an industrial vision directed at exploiting the waste collected and supported by substantial investments concerning systems of making users assume responsibility, a method of automated collection and the creation of chains of permanent industrial recycling plants. The industrial strategy considers the construction of recycling chains through high level business partnerships that would take the place of the purely commercial pattern of placing waste with external industrial concerns, which, in the experience of past financial years, has not managed to provide us with the certainty that our waste would be received and has led to an increase in costs on an ongoing basis in the phase of after-collection chain.

The main activities in 2021 were as follows:

- work sites were set up for the construction of two biodigesters for the development of the chain for biomethane produced from organic waste, in Montespertoli and Peccioli, respectively, the latter of which is operated through Al.Be. S.r.l., which was established in partnership with Belvedere S.p.A.. These plants will make Alia self-sufficient in the disposal of the Organic Fraction of Municipal Solid Waste [FORSU, *Frazione Organica del Rifiuto Solido Urbano*], producing quality compost (biofertilizers) and biomethane for transport;

- work continued on developing a “smart” platform that traces user behaviour for all the fractions disposed of in street bins and in the entire network of collection systems, in order to make the population more responsible, raise the quality and quantity of waste sorting and introduce reward tariffs for users;
- boosting the plastic granule chain, upgrading the Pontedera plant of Revet S.p.A. in terms of quantity and quality (Tuscany area) and building an industrial plant for the production of recycled mixed plastic granules to replace the production of virgin materials, which is also thanks to the partnership with the Montello S.p.A. group (a major industrial operator in the sector). The year 2021 saw the completion of the enlargement of the Pontedera plant;
- boosting the glass and paper chains, mainly through Vetro Revet (in partnership with the Zignago Group, the leading Italian player in glass production) and ReAL (in partnership with the ReLife Group);
- operations were started at the Ferrale plant located in the Municipal district of Florence, which is capable of managing bulky, textile and WEEE waste chain. The Ferrale plant also was the reference logistical base for the provision of Covid-19 collection services according to the technical procedures set out by the health and hygiene authorities (Local Health Units and Tuscany Regional Government).

It should be noted that, as from 2017, with the completion of a bond issue listed on financial markets (EUROBOND Euro 50 million - on the Irish Stock Exchange in Dublin - Republic of Ireland), the Parent Company Alia Servizi Ambientali S.p.A. (hereinafter also referred to as “Alia” or the “Parent Company”) is qualified as a PIE [Public Interest Entity] (under Article 16 of Legislative Decree 39/2010, as amended and supplemented) and is required to comply with the relevant regulatory framework for the new subjective legal status. In accounting terms, the Parent Company has adopted the international accounting standards (IFRS) with effect from the financial statements at 31 December 2017.

The financial data set out and commented on in the following pages have been prepared on the basis of the consolidated financial statements at 31 December 2021 to which reference should be made, since,

in accordance with current legislation, it has been considered more appropriate to prepare a single report on operations and therefore to provide an analysis of the economic and financial performance that is regarded as more significant, which indeed consists of consolidated data.

Consolidation area and methods

Below are the equity investments held (directly and indirectly) by Parent Company Alia S.p.A.:

SUBSIDIARIES	PROGRAMMA AMBIENTE S.p.A.	100.00%
	VALCOFERT S.r.l.	83.33%
	PROGRAMMA AMBIENTE APUANE S.p.A.	80.00%
	REVET S.p.A.	51.00%
ASSOCIATES - JOINT VENTURES	REAL S.r.l.	50.10%
	ALBE S.r.l.	50.00%
	IRMEL S.r.l.	36.00%
	Valdisieve S.C.R.L.	25.00%
	Vetro Revet S.r.l.	25.00%
	SEA RISORSE S.p.A.	24.00%
OTHER EQUITY INVESTMENTS	LESOLUZIONI S.C.R.L.	18.69%
	SCAPIGLIATO S.r.l.	16.50%
	Arzano Multiservizi S.p.A. in Liquidation	13.00%
	HELENA PAESTUM S.p.A. in Liquidation	10.00%
	Consorzio Italiano Compostatori	5.28%
	C.E.T. S.C.R.L. (CONSORZIO ENERGIA TOSCANA)	1.51%
	TIFORMA S.C.R.L.	0.50%
	VAIANO DEPUR S.p.A.	0.50%
	PROGETTO ACQUE S.p.A.	0.42%
	CHIANTI BANCA S.c.a r.l.	0.02%
	Ente Cambiano S.p.A.	0.01%

It should be noted that the consolidation area changed during 2021 due to the acquisition of control over Valcofert S.r.l. and the merger by incorporation of Q.tHerma S.r.l. and Q.Energia S.r.l..

In these Consolidated Financial Statements, the Alia Group consolidates the following operating companies on a line-by-line basis:

- (i) **Revet S.p.A.** owns the industrial hub for the recycling of plastics, glass, aluminium, tinplate and polylaminate materials of the Tuscany region, the purpose of which is to maximise the value of these materials to the benefit of the person delivering the waste, i.e. the informed citizen. It is, in fact, a HUB of materials ready to be reused in the industrial chains.
- (ii) **Programma Ambiente S.p.A.** is active in the special waste management sector and in particular in collecting and sending waste generated from firms operating in the manufacturing sector in the district of Prato for recovery and disposal, as well as in sending non-recoverable soil waste and asbestos cement for disposal.
- (iii) **Programma Ambiente Apuane S.p.A.**, which is indirectly controlled through Programma Ambiente S.p.A., operates a landfill for non-hazardous inert waste and asbestos cement products.
- (iv) **Valcofert S.r.l.** operates in the sector of products for soil and agriculture, and produces and sells soil improvers, fertilizers and compost in general, deriving from organic matrices coming from waste sorting.

The associates and joint ventures summarised below have been consolidated according to the equity method:

- (i) **ALBE S.r.l.** was established between Alia (50%) and Belvedere S.p.A. (50%) in 2018 for the design, construction and operation of an anaerobic digestion plant for the production of biomethane and the treatment of organic and green fractions at the Legoli plant site in the Municipal district of Peccioli.
- (ii) **Irmel S.r.l.** operates in the recovery and recycling of waste from building demolition.

- (iii) **SEA Risorse S.p.A.** operates in the waste sector. Its business includes the collection and transport of sorted waste, the operation of waste-to-energy plants, the recovery of industrial waste and the maintenance of public green areas.
- (iv) **REAL S.r.l.** was established in 2019 in partnership with ReLife S.p.A. that owns 49.90%. The company's mission is exploiting waste paper and cellulose packaging for recycling in paper mills.
- (v) **Valdisieve Società Consortile** is a holding company that is owned at 25% by Alia, which, in turn, holds investments in several companies operating in the waste sector.
- (vi) **Vetro Revet S.r.l.** is an associated company to the Parent Company, which is 49% directly owned by subsidiary Revet S.p.A.. It operates in the sorting and transformation of glass in order to produce raw material for the glassware recycling chain.

On 11 May 2021 Alia completed the closing of the transaction on Scapigliato S.r.l. by subscribing the capital increase reserved for joining the corporate structure, with an outlay of approximately Euro 8.5 million, corresponding to 16.50% of the quotas of the company.

On 13 July 2021 the Board of Directors of the Parent Company approved the Plan for the merger by incorporation of Programma Ambiente S.p.A.. The transaction is expected to be completed in the first four-month period of 2022, and will be accounted for as from 1 January 2022.

On 13 October 2021 there was the completion of the merger by incorporation of Q.tHerma S.r.l. and Q.Energia S.r.l., the legal effects of which applied from 15 October 2021, i.e. from the registration in the Register of Companies.

For consolidation purposes, we have used the subsidiaries' financial statements at 31 December 2021 prepared by their respective Boards of Directors for approval on the part of the Shareholders' Meeting.

The consolidated financial statements at 31 December 2021 show a profit of Euro 9,932,733, after having recorded taxes equal to -Euro 3,917,839.

For the breakdowns of the items making up the Balance Sheet and Income Statement in the Group's Consolidated Financial Statements, reference should be made to the specific schedules of the Financial Statements reported in the Explanatory Notes.

Macroeconomic scenario

At the end of 2021, signs of a return to a stronger recovery emerged in the United States and other advanced countries against a prolonged weakness in emerging economies. However, the resurgence of the pandemic and continuing supply-side bottlenecks posed downside risks to growth.

Inflation increased further almost everywhere, mainly affected by higher energy and intermediate input prices and a recovery in domestic demand.

In the Eurozone, GDP instead decelerated sharply at the turn of the year as a result of the pandemic, with rising infections and continuing tensions in procurement chains that hampered manufacturing operations. In addition, inflation reached its highest level since the Monetary Union was formed due to exceptional increases in the energy component, in particular gas, which was also affected by geopolitical factors in Europe.

The ECB's Governing Council considers that the progress of the economic recovery and towards the achievement of the inflation target over the medium term allows for a gradual reduction in the rate of purchases of financial assets, while reaffirming that the stance of monetary policy will remain expansionary and its conduct will remain flexible and open to different options in relation to developments in the macroeconomic framework.

In Italy, growth remained high in the third quarter of 2021 due to the expansion of household consumption, and then subsequently slowed down and recording GDP growth of around half a percentage point in the fourth quarter of 2021.

The resurgence in infections and the resulting deterioration in confidence had an adverse effect mainly on spending on services. In terms of employment, the latest available data also report an increase in the labour force, with more hours worked, a reduced use of wage-support schemes and a recovery in new hires under permanent contracts.

The macroeconomic outlook for both GDP and inflation in the Eurozone has become highly uncertain and depends crucially on the evolution of the Russian war in Ukraine, the impact of the sanctions that are currently in place and any possible additional measure.

Sharply rising energy prices and negative confidence effects imply markedly unfavourable circumstances for domestic demand in the short term, while sanctions and a strong deterioration in the outlook for the Russian economy will weaken trade growth in the Eurozone.

Legal framework of the Parent Company and corporate obligations

The qualification of Parent Company Alia Servizi Ambientali S.p.A. as a PIE (Public Interest Entity) submits it to compliance with the following rules:

- Consolidated act of the provisions on financial intermediation - Consolidated Finance Act (Legislative Decree 58/1998), with the limitations on the interim reporting obligations laid down in Article 83 of the Issuers' Regulation;
- Provisions relating to the Financial Reporting Manager under Legislative Decree 262/2005;
- Provisions governing disclosures of non-financial information under Legislative Decree 254/2016;
- Provisions of Regulation (EU) No. 596/2014 "Market Abuse Regulation" (MAR) regarding insider trading;
- Compliance with the Transparency Directive (Directive 2013/50/EU) on mandatory disclosures of listed companies.

The Shareholders' Meeting held on 24 January 2018 approved an amendment to the Articles of Association, reshaping the corporate purpose in accordance with the new legal status of Concessionaire, as well as the appointment of the Financial Reporting Manager in accordance with Legislative Decree 262/2005.

As a result of having been awarded the integrated waste management Concession by ATO TC following the competitive tender launched by the granting authority, Alia is qualified as a "public service concessionaire", following a competitive tender, pursuant to and for the purposes of the combined provisions of Article 1, paragraph 2.d and Article 3, paragraph 1.q, of Legislative Decree 50 of 18 April 2016, as it is subject to public disclosure obligations only for "public works [...] that are strictly functional to the operation of the service".

In addition to the framework outlined above, it is worth noting that: (i) in accordance with Section 3 of the Service Contract (hereinafter also referred to as “SC”), the concession term granted to the concessionaire is equal to twenty years, running from 31 August 2017, the date of execution of the contract; (ii) the territorial scope of the service concession - as defined in Section 9 of the Service Contract - includes the institutional territory of Municipal Authorities that are not members of Alia S.p.A.; (iii) the articles of association of Alia do not provide for restrictions on holding or maintaining a public shareholding in the share capital; (iv) the mechanism for the remuneration of the Service Contract was changed as from 2020 by including the integrated waste service within the scope of regulation by the Italian Regulatory Authority for Energy, Networks and Environment, ARERA [*Autorità per la Regolazione per Energia Reti e Ambiente*], in particular by enacting the regulations specified at the bottom of these notes; as a result, ATO TC’s General Meeting passed resolution 17 of 28 September 2020, concerning the “Full approval of the ARERA Tariff Method for integrated waste management service (WTM, Waste Tariff Method) [MTR, *Metodo Tariffario Rifiuti*] under the concession scheme”.

The main measures for the regulation of the integrated waste service are reported below:

RESOLUTION nos. 713, 714 and 715/2018/RIF whereby the regulation of the waste sector by ARERA has begun.

RESOLUTION no. 443/2019, which sets out the new waste tariff method (WTM), valid for the first regulatory period from 2018 to 2021.

RESOLUTION no. 444/2019/R/rif, relating to “provisions on transparency in municipal and similar waste management service”.

RESOLUTION 3 MARCH 2020 no. 57/2020/R/RIF: this measure provides, with reference to economic and financial plans and the fees for the integrated waste service, or for each service that constitutes a management activity, for a procedure to be started, aimed at establishing whether the acts, data and documentation submitted in accordance with resolution no. 443/2019/R/rif comply with the regulations.

RESOLUTION no. 362/2020/R/rif concerning the “start of procedures for the preparation of service contract forms for the regulation of relations between granting authorities and operators of the

integrated waste management service, including sorted, urban and similar waste, or one of the services that make it up".

RESOLUTION 24 November 2020 no. 493/2020/R/rif: the measure updates the WTM (for the purposes of preparing the EFP [Economic and Financial Plan] for 2021), with particular reference to the adjustment to monetary values according to the provisions already laid down in Resolution no. 443/2019/R/rif, as well as extends some of the rights and powers granted by the Authority by Resolution no. 238/2020/R/RIF until 2021 in order to cope with the COVID-19 epidemiological emergency.

CONSULTATION DOCUMENT: 72/2021/R/RIF: it describes the initial guidelines that the Authority intends to apply in regulating certain contractual and technical quality issues of the urban waste management service, in order to ensure an adequate quality level of service against the tariff paid (OS 9) for the protection of all categories of users (both domestic and non-domestic).

CONSULTATION DOCUMENT: 196/2021/R/RIF: it describes the preliminary guidance for setting out the waste tariff method for the second regulatory period (WTM -2).

RESOLUTION 3 AUGUST 2021 no. 363/2021/R/RIF: this measure, which approved the waste tariff method (WTM-2) for the second regulatory period 2022-2025, sets out the criteria to recognise efficient operating and investment costs for the period 2022-2025, adopting the Waste Tariff Method (WTM-2).

RESOLUTION 3 AUGUST 2021 no. 364/2021/R/RIF: concerning procedures started to determine efficient costs of waste collection, transport, sorting and any other preliminary operation pursuant to Article 222, paragraph 2, of Legislative Decree 152 of 3 April 2006.

RESOLUTION 26 OCTOBER 2021 no. 459/2021/R/RIF: this measure sets out certain monetary and financial values in line with the provisions that have already been prescribed by the WTM, to be used for the calculation of the recognised costs referred to in Article 7 of WTM-2.

RESOLUTION 18 JANUARY 2022 no. 15/2022/R/RIF: this measure adopts the Consolidated Act for the regulation of the quality of the municipal waste management service (TQRIF), providing for a set of contractual and technical quality requirements, which are minimum and standard for any and all operations, accompanied by quality indicators and related general standards differentiated by

regulatory Schemes, as identified in relation to the actual initial level of quality guaranteed to users in the various operations.

RESOLUTION 24 FEBRUARY 2022 no. 68/2022/R/RIF: evaluation of the financial parameters underlying the calculation of the costs of capital use in the implementation of the waste tariff method (WTM-2), on the basis of the criteria set out in the Integrated Text on WACC (TIWACC) referred to in resolution no. 614/2021/R/COM.

Furthermore, by Resolution no. 17/2020 the General Meeting of ATO resolved to incorporate the ARERA WTM into the concession, acknowledging that this is an 'unforeseeable subsequent circumstance', pursuant to Article 175 of the Code, and as such is likely to amend the provisions of the concession agreement governing the tariff mechanisms and the determination of the consideration; the same rationale was behind the amendments made to the service contract to bring it into line with the regulatory and contractual mechanisms, which are consequent and connected to the WTM as per ARERA Resolution no. 443 of 2019. Subsequently, the Parties formalised the amendments to be made thereto by Alia Board of Directors' resolution no. 11/21 and the ATO General Meeting's resolution no. 7/2021. On 6 October 2021 (File no. 28183) ATO and Alia Servizi Ambientali S.p.A. executed the additions to the service contract. By Resolution no. 22/2021 of 30 December 2021, ATO approved the criteria for allocating the efficient costs referred to in the WTM-2 to each tariff areas.

Consolidated income statement and statement of financial position highlights

The tables below summarise the Alia Group's consolidated Income Statement and Statement of Financial Position. The summary income statement figures can be easily reconciled with those shown in the schedules of financial statements.

The alternative performance indicators shown in this document include both the financial data required by IFRS and metrics, albeit partly derived therefrom, which are not prescribed by IFRS (Non-GAAP Measures). These figures are shown in order to allow a better assessment of the Group's performance of operations and should not be considered as alternative to those provided for by IFRS. In particular:

- i) EBITDA - Earnings Before Interests, Taxes, Depreciation and Amortization or Gross Operating Margin, consists of EBIT before depreciation, amortisation and provisions
- ii) EBIT - Earnings Before Interest and Taxes coincides with the operating result reported in the income statement
- iii) EBT - Earnings Before Taxes coincides with the profit before tax reported in the income statement.

In general terms, the interim results shown in this report are not defined as accounting measures under IFRS and, therefore, the criteria used to determine these interim results might not be consistent with those adopted by other companies.

Consolidated Income Statement

Income Statement				
€/Mil.	2021	2020	Change	% Change
Revenues from sales and services	371.7	336.7	35.0	10.4%
Change in inventories of finished products, semi-finished products and work in progress	-0.0	-0.3	0.3	-91.4%
Other revenues		5.9	1.4	24.3%
Other income	3.0	1.9	1.04	53.6%
Consumption of raw materials and consumables	-19.9	-18.1	-1.8	9.9%
Costs for services	-195.6	-181.2	-14.4	7.9%
Labour costs	-120.2	-111.2	-9.0	8.1%
Other operating expenses	-3.5	-4.0	0.5	-13.2%
Adjusted EBITDA (*)	42.8	29.7	13.1	44.1%
Amortisation, depreciation, provisions and write-downs	-27.4	-27.8	0.4	-1.5%
Adjusted EBIT (*)	15.4	1.9	13.5	>100.0%
Non-recurring components (*)	0.0	-9.0	9.0	-100.0%
EBIT	15.4	-7.1	22.5	>100.0%
Write-downs and reinstatements of financial assets and liabilities	-0.2	-0.1	-0.1	69.8%
Share of profits / (losses) of Joint Ventures and associates	1.5	0.7	0.8	>100.0%
Financial income	0.5	0.6	-0.1	-15.1%
Financial costs	-3.4	-3.4	-0.0	1.2%
EBT	13.9	-9.3	23.2	>100.0%
Taxes	-3.9	3.5	-7.4	>100.0%
Profit / (loss) for the year	9.9	-5.7	15.6	>100.0%

Revenues for the year showed an increase of +Euro 35.0 million compared to 2020, against i) higher revenues from Municipalities for Euro 26.8 million and ii) a rise in other sales for Euro 8.2 million,

mainly due to higher revenues from exploitation of sorted waste (+Euro 3.8 mill) and revenues for commercial services (+Euro 4.0 million). Revenues from Municipalities included the WTM fees measured in accordance with ATO resolution no. 7 of 14 June 2021 and the invoicing of ancillary services outside the perimeter, which were activated by the municipalities (including the Covid-19 service for the two-year period 2020-2021), net of the effect of discounting receivables the operator is entitled to but not yet collected.

Other revenues and income recorded an increase of Euro 1.4 million compared to 2020, mainly due to reimbursements from partners participating in the “Multiutility Project” Protocol (Euro 0.4 million), as well as refunds for employee training courses (Euro 0.3 million) and other repayments.

Costs for **consumption of raw materials and consumables** amounted to Euro 19.9 million, showing an increase of 9.9% compared to 2020, mainly due to higher fuel cost (+19%) and higher consumption deriving from the resumption of post-lockdown services, which had instead characterised the 2020 financial year.

Costs for services - equal to Euro 195.6 million in 2021 - recorded an increase of 7.9% compared to 2020, mainly due to:

- (i) higher treatment and disposal costs, as a result of higher volumes of waste delivered to third parties (+Euro 5.8 million),
- (ii) higher cost of contracts for services to be provided in local areas (collection and sweeping) as a result of the extension of the door-to-door service in local areas involved in the transformation (+Euro 6.5 million) and
- (iii) higher billing and mailing costs from tariffs (+Euro 1.1 million).

Labour costs, totalling Euro 120.2 million, recorded an increase of Euro 9.0 million compared to 2020, mainly due to:

- (i) growth in the average workforce (+104 FTEs and Euro 4.5 million) and higher cost per capita compared to 2020 (+Euro 2.1 million), the latter deriving from the effect of discontinuing the Supplementary Wage Fund [*Fondo di Integrazione Salariale*, FIS] that had marked the 2020 lockdown period,

- (i) the cost of the one-off pay increase granted to employees following the renewal of the National Collective Labour Agreement (+Euro 0.8 million) and
- (ii) the pay increases envisaged for incentive remuneration policies linked to specific performance indicators (+Euro 1.6 million).

Other operating expenses amounted to Euro 3.5 million in 2021, showing a decrease compared to 2020, which was mainly due to lower contingent liabilities.

Capitalised costs for the year (Euro 1.3 million) were accounted for by the transformations of services in local areas for more than 50% - in particular the transition to door-to-door collection and hybrid systems for the Municipalities of Pistoia, Florence and Montagna Pistoiese - and by the ongoing digitisation projects within Alia S.p.A. (implementation of software known as SAP WASTE, a new unified services management programme, and SAP BILLING, a new billing management programme) for the remaining amount.

Amortisation, depreciation, provisions and write-downs, totalling Euro 27.4 million in 2021, remained in line with 2020 as a result of an increase in amortisation and depreciation (+Euro 3.8 million) and the provision for risks on administrative sanctions of Euro 3.1 million (for more details, reference should be made to the paragraph on “*Significant events after the reporting period*”), which were partly offset by lower costs on discontinuing of future outlays expected from post-closure operation of company-owned landfills.

Profits from JVs and associates related to income from revaluation of equity, mainly for the associate ReAL operating in the paper and cardboard recycling sector.

Financial income and costs for the year remained in line with those recorded in 2020: in particular, financial costs included interest of Euro 1.3 million relating to the bond outstanding at 31 December 2021, as well as an amount of Euro 0.7 million due to the effect of discounting the provision for the Montignoso landfill, interest of Euro 0.7 million on loans, financial costs of Euro 0.3 million on discounting of provisions for post-closure operation of landfills and financial costs of Euro 0.1 million on current accounts.

Taxes for the year recognized in 2021 showed a negative balance of Euro 3.9 million against a profit before tax on the rise compared to 2020 (+Euro 23.2 million).

Consolidated Statement of Financial Position

Balance Sheet				
€/Mil.	2021	2020	Change	% Change
Concession assets	211.4	149.1	62.3	41.8%
Property, plant and equipment	78.5	107.8	-29.5	-27.3%
Intangible assets	0.7	5.5	-4.7	-86.6%
Goodwill	0.3	0.3	0.0	0.0%
Non-current financial assets	16.8	5.2	11.6	223.9%
Fixed assets	307.6	268.0	39.7	14.8%
Inventories	4.2	4.0	0.1	3.0%
Trade receivables*	128.9	112.4	16.5	14.6%
Trade payables*	-100.8	-100.7	-0.1	0.1%
Other receivables	21.8	22.3	-0.5	-2.1%
Other payables	-28.2	-23.5	-4.7	20.1%
Net Working Capital	25.9	14.6	11.3	77.6%
Provisions for risks and charges	-42.8	-38.3	-4.5	11.7%
Provision for Employee Severance Pay (TFR)	-16.4	-17.1	0.7	-4.2%
Net invested capital	274.3	227.1	47.2	20.8%
Shareholders' equity	185.6	176.2	9.4	5.3%
Net financial position	88.7	50.9	37.8	74.4%
Sources of financing	274.3	227.1	47.2	20.8%

(*) Trade receivables and payables include both current and non-current portions with respect to the schedules reported below.

In 2021, the Group's **fixed assets** recorded an increase of Euro 39.7 million as a result of both technical investments and equity investments (in particular the purchase of the quota in Scapigliato S.r.l and the capital increase of Albe S.r.l.). The concession asset increased by Euro 62.3 million compared to 2020, of which an amount of Euro 36.2 million was due to the reclassification of part of property, plant and equipment and intangible assets following the change in the scope of concession assets as per ATO TC's Resolution of 14 June 2021. This aggregate consists of the set of capital goods necessary to operate the Concession service, which must all be returned to the granting authority when it expires.

Net working capital recorded an increase of Euro 11.3 million at 31 December 2021 compared to 2020, as a result of higher adjustments to revenues from Municipalities, mainly driven by the difference

between the 2021 WTM revenues payable to the Operator and actual tariff receipts for the year. Trade payables at 31 December 2021, equal to Euro 102.1 million, remained in line with 2020, while there was an increase in tax liabilities.

Provisions for risks and charges showed an increase of Euro 4.5 million at 31 December 2021, mainly due to the allocation of Euro 3.1 million following the service on Alia of 27 reports of administrative offences on 23 March 2022, which concerned various senior management positions and involved Alia as joint obligor in relation to alleged violations ascertained during the preliminary investigations referred to in criminal proceedings no. RGNR (General Register of Notices of Offences) 1987/2016. For more information, reference should be made to the paragraph on “Significant events after the reporting period” of this report on operations.

Shareholders' equity showed an increase which was mainly due to the profit recorded during the year.

Net financial position recorded a negative balance between cash and cash equivalents and financial payables for Euro 88.7 million, showing a deterioration of Euro 37.8 million compared to 2020. The rise in debt was attributable to both cash outflows relating to working capital and cash flows from operating activities, which were not sufficient to cover the investments made.

Below are some of the economic, equity and financial **performance ratios**:

Performance ratios				
	Calculation method	U/M	2021	2020
Solvency ratios				
Financial solidity ratio	Equity capital / (total liabilities - equity capital)	%	0.58	0.60
Shareholders' equity ratio	Equity / non-current assets	%	0.60	0.66
Coverage of fixed assets with equity and debt	(Equity + payables due after 12 months) / fixed assets	%	1.07	1.18
Liquidity ratios				
Current ratio	Current assets / Short-term liabilities	%	1.03	1.20
Quick ratio	(Current assets - Inventories) / Short-term liabilities	%	1.00	1.17
Financial ratios				
Cash flow from operating activities	Profit (loss) + amortization and depreciation + provisions	€/000	37.305	22.023
Average stock turnover (1)	(Closing inventories * 360) / consumption of materials	days	75	80
Average maturity of receivables from tariff (2)	(Trade receivables * 360) / revenues	days	123	120
Average maturity of payables to suppliers (3)	Payables to suppliers * 360 / (consumption of materials + costs for services + other operating costs)	days	159	169
Working capital cycle	(1) + (2) - (3)	days	39	31
Profitability ratios				
ROE	Profit (loss) / equity	%	5.4%	-3.3%
ROI	EBIT / total assets	%	3.0%	-1.5%
Productivity ratios				
Revenues per capita	Revenues / average employees	€/000	138.80	127.32
Cost of labour per capita	Personnel costs / average employees	€/000	44.90	43.19
Operating income per capita	EBIT / average employees	€/000	5.76	-2.75

Income statement and balance sheet highlights of the Parent Company				
€/Mil.	2021	2020	Change	
			absolute	%
Revenues	342.9	304.9	38.0	12.5%
EBITDA	33.2	12.6	20.6	163.3%
EBIT	12.2	-6.3	18.5	-293.4%
NFP	64.5	31.8	32.7	102.9%
Profit / (loss) for the year	8.5	-8.3	16.8	-202.1%
Comprehensive income (loss)	8.1	-8.4	16.5	-196.8%

Development and research activities

During 2021, the Parent Company continued its work to develop smart containers technology in support of the evolution of collection systems.

Shares or quotas of parent companies

The companies included in the Group at 31 December 2021 did not hold any treasury shares, or shares or quotas of parent companies, not even through trust companies or third parties and had not purchased or disposed of such shares or quotas during the year. Alia S.p.A. is controlled by the local Municipality of Florence.

Significant events during the 2021 financial years

The significant facts and events that occurred during the year are summarised below:

- **29 January 2021** Alia sent ATO TC the "draft 2021 EFP", as a database for starting the procedure for approval of the 2021 EFP.
- **18 February 2021** by a memo with file no. 8441, Alia sent ATO TC the "*Explanatory report on the 2020 economic and financial imbalance*".
- **19 April 2021** GSE (the Italian state-owned energy service company) notified Q.tHERmo of the release of the surety of Euro 12.4 million, which had been initially issued on 14 March 2017 as security for the incentive system linked to the WTE plant project at Case Passerini.
- **10 May 2021** the "final" draft EFP was delivered to ATO TC following the preliminary inquiry procedure (January- April 2021) for the completion of the 2021 EFP under ARERA resolution no. 443/19.
- **10 May 2021** by a memo with file no. 1612, ATO TC notified Alia of the results of the "closure of the preliminary inquiry procedure to check for the economic and financial equilibrium for the 2020 financial year".

- **11 May 2021** the closing was completed for the transaction on Scapigliato S.r.l., through the subscription of the capital increase reserved for Alia in order to join the corporate structure with an outlay of approximately Euro 8.5 million, equal to 16.50% of the company quotas;
- **23 May 2021** the Board of Directors of Alia approved the 2021/2030 Business Plan, providing for substantial capex to be sustained in support of an increase in the Group's profit margins.
- **26 May 2021** by Decision no. 96, ATO TC notified Alia of the closure of the preliminary inquiry procedure concerning the review of the Contract Service, aimed at making it consistent and coordinated with the WTM and in general with the new regulatory framework; the new contract form will be submitted for approval by ATO TC's General Meeting scheduled on 14 June 2021.
- **27 May 2021** Alia Servizi Ambientali S.p.A. was served with a preventive seizure order involving the areas and yards located within the San Donnino technological hub in order to prevent the commission of other crimes. The actual measure was issued following investigations started in 2016 concerning the assessment of alleged environmental crimes, which involved, for various reasons, the top managers of the companies incorporated into Alia and Alia itself, and which led to issuing an order of application of precautionary prohibitory measures against some of them. Therefore, in compliance with the provisions of the Judicial Authority and in accordance with the principle of loyal collaboration, the Company immediately revoked all the proxies and powers of attorney granted to the Executives and Managers involved, reallocating functions and responsibilities to in-house staff members, as provided for in the "Emergency Business Continuity Plan", which was approved by the Company in March 2021.
- **28 May 2021** at the same time as the approval of the 2020 draft Financial Statements, the Board of Directors resolved to start the process for the withdrawal of the appeal filed in December 2020 after considering that DG ATO TC's decision no. 88 of 10 May had removed the elements that were prejudicial to its interests, which had originated the appeal.
- **14 June 2021** The General Meeting of ATO TC approved i) the DG Decision no. 88 (REF 2020), ii) amendments to the service contract and iii) the 2021 EFP.

- **July 2021** the beauty contest was started for the first tranche of the loan to finance Alia's business plan for i) the refinancing of the bond (Euro 90 million) and ii) the opening of the capex line of credit (Euro 145 million).
- **13 July 2021** the Board of Directors of Alia S.p.A. approved the plan for the merger of Programma Ambiente S.p.A. into Alia S.p.A. and the transaction will be accounted for with effect from 1 January 2022.
- **3 August 2021** ARERA's Resolution no. 363/2021 provided for the introduction of the "New waste tariff method WTM-2", to be applied to the second regulatory period 2022-2025.
- **6 August 2021** Alia's Board of Directors granted a mandate to the Chief Executive Officer to execute future capital increases in ALBE S.r.l. until the maximum amount of Euro 7.5 million.
- **12 August 2021** the Court of Review annulled the measures of disqualification from public office issued by the Preliminary Investigation Judge against certain top managers of the Parent Company on 27 May. The measure was followed by a change in the organisational structure.
- **October 2021** road-show days were started by the CEO for the presentation of Alia's 2021-30 Business Plan to all employees.
- **5 October 2021** Programma Ambiente Apuane S.p.A. submitted an application for renewal and revision of the Integrated Environmental Authorisation [AIA, *Autorizzazione Integrata Ambientale*] to the Tuscany Regional Government.
- **13 October 2021** the merger by incorporation of Q.tHermo S.r.l. and Q.Energia S.r.l. was completed. The legal effects of the transaction applied from 15 October 2021, i.e. from the registration in the Register of Companies.
- **22 October 2021** the Board of Directors, following a beauty contest in which various leading national and international banks were invited to participate, appointed a major bank to carry out the organisation and structuring of a loan for a total of Euro 230 million to be used to meet the requirements of the first four years of the 2021/2030 Business Plan.
- **23 November 2021** as part of the transaction described above, the Board of Directors approved a senior unsecured, non-convertible bond issue worth Euro 90 million, listed on the regulated

market managed by the Irish Stock Exchange (Euronext Dublin). This resolution was adjourned to the subsequent meeting held on 6 December 2021.

- **4-5 December 2021** the company's servers were subjected to a malicious computer attack, as a result of which all the IT systems and tools connected to the company's network were temporarily inaccessible and unusable, thus causing problems and inconveniences in the provision of services until the systems were restored to full working order, which occurred in the subsequent days.
- **16 December 2021** the capital increase in Alia was completed as reported in the minutes of the Extraordinary Shareholders' Meeting, through the use of the existing balance sheet reserves with a simultaneous proportional reduction as per the rebalancing agreement described in Article 10.2 of the Shareholders' Agreement.
- **23 December 2021** the EPC contract was signed for the construction of the Biodigester in Montespertoli. The contract for the Temporary Business Grouping (RTI) involved Tonello Energie S.r.l. (the parent company with 69.92%), Mu.Bre. Costruzioni S.r.l. (the principal with 22.68%) and Waste Treatment Technologies Netherlands b.v. (the agent with 7.40%) and was signed by the legal representative of Alia on 23 December 2021 with immediate effect. Attached to the contract were the Executive Design, as well as a time schedule of the works that sets the start of deliveries to the new anaerobic digestion plant in September 2023 with the achievement of full operation by January 2024 and the completion of the testing phases by September 2024.
- **29 December 2021** (i) the Board of Directors approved the 2022 Budget, providing for investments of approximately Euro 157 million for the year. At the same meeting, the Board of Directors acknowledged the delegated powers ATO's General Meeting had granted to Alia regarding the Notices on MITE (Ministry of Ecological Transition)-NRRP Resources. (ii) The Tuscany Regional Government notified Programma Ambiente Apuane of the decree of dismissal of the application dated October 2021, since the project would not have been "carried out in its entirety during the period of validity of the EIA [Environmental Impact Assessment; VIA, *Valutazione di Impatto Ambientale*] ruling as defined by Director's Decision DD no. 656 of 23

February 2011 issued by the Provincial Government of Massa-Carrara" and specified that "given the current regulations on EIA, the project will have to be subjected to a Single Regional Authorisation Order [PAUR, *Provvedimento Autorizzatorio Unico Regionale*] in accordance with Article 27-*bis* of Legislative Decree 152/2006 and Article 73 of Regional Act 10/2010".

Collection and sweeping services management

The collection systems used in local areas are different and each depends on the specific characteristics of the areas itself:

- **door-to-door (DtD)** collection, providing for the collection of waste from the user's premises
- collection from **street bins**, where the waste is delivered directly by the user in containers placed on the road.

In the case of collection from street bins, the service can be further differentiated according to the type of container installed, i.e. collection from bins in close proximity to the street, up-loaders (above or below ground) and side-loaders and hybrid system (combination of the above systems).

The **door-to-door collection** system for domestic users is carried out by collecting the waste delivered by users on the basis of a schedule stating the days and times when it is to be left out on the street, and using equipment (containers and bags) of small volume, to be left out on the doorstep of each user's home during collection. The model is suitable for peripheral and hilly areas that generally have a low density of settlements and population, with a road network that can normally only be used by small to medium-sized vehicles, and where there are scattered dwellings provided with adequate space for users to leave out, for limited periods of time, the equipment they have received on loan for use. This method makes it possible to collect as much waste sorted by product as possible directly from users' homes, making them responsible for their own deliveries. The percentage of sorted waste is well over 70% in the municipal districts where this system is in operation.

The **collective/condominium door-to-door collection** system is characterised by the use of mobile containers of limited volume, which are given on loan for use to the managers of the collective/condominium housing units and installed in private appurtenances (courtyards, gardens,

entrances, hallways, etc.), accessible from the public road system. The model is suitable for peripheral areas generally with a medium density of settlements and population, characterised by multi-user housing units, with appurtenances and condominium spaces accessible from the public road system.

The system of **collection from street bins** is characterised by medium-large container volumes and is suitable for semi-central urban areas with high density of settlement, with morphological characteristics of the road section and the housing system such as to be unable to allow the bags or household containers used with the door-to-door system to be left out on the doorstep, not even temporarily. Given the structural and morphological constraints of the road section, even in relation to the widespread presence of openings and entrances at ground and mezzanine levels, the preferable system for collection from street bins in such conditions is the up-loader system, with the possibility of placing the containers, even in sets, on both sides of the road, thus exploiting available space with less impact.

The **system of collection from underground containers**, without compaction, is characterised by large volumes from 3,000 to 5,000 litres and is suitable for urban areas in historic centres, where the load of waste produced and the protection and decorum of the historical and architectural heritage suggest the use of alternative systems to both door-to-door collection and street bins, to reduce the impact of containers and waste in urban areas. For similar reasons, the system is suitable for peripheral urban areas, with a high density of settlement and housing, subject to redevelopment under detailed plans and recovery on the part of both public and private persons.

The integration of systems for Door-to-Door collection and collection from street bins defines **hybrid collection**, which is characterised by the use of street bins for the collection of “heavy” waste (unsorted waste, organic waste and glass) and the adoption of the Door-to-Door collection system for “light” fractions of waste (paper and cardboard and light multi-materials).

Each of the systems described above can be equipped with waste delivery tracking systems. In particular:

- as regards collection from street bins, the containers can be prepared for access control through the installation of an electronic user recognition system; at present containers can be opened by users through an electronic device;
- as regards door-to-door collection, the bags and bins used are equipped with user code recognition TAGs that can be read at the time of collection, both through sensors installed in the hopper of the collection vehicle, and through "mobile" readers provided to the operators responsible for collecting bags or bins at home.

Waste collection performance

In 2021 the services produced a total of 854,326 tons of waste, with **waste sorting** of **67.36%**, a value that is calculated by applying the standard certification method of the percentages of waste sorting of urban waste provided for in the Tuscany Regional Government's Resolution D.G.R.T. no. 1272/2016.

According to the waste report issued by ISPRA (Environmental Protection and Research Agency), waste sorting in Italy is 63%, while the Tuscany Region stands at 62.1% (latest ISPRA report - 2020 data). Alia's superior performance can be attributed both to substantial investments in the transformation of services and to raising awareness among citizens, even considering that local areas are involved in tourist flows that make waste sorting complex due to the presence of cities of art.

Managed waste				
Tons	2021	2020	Change	
			absolute	%
Unsorted waste	278,879	283,825	-4,946	-1.74%
Sorted waste	575,447	550,959	24,488	4.44%
Total	854,326	834,784	19,542	2.34%
<i>Waste Sorting %</i>	<i>67.36%</i>	<i>66.00%</i>	<i>1.36%</i>	

The year 2021 was characterised by a recovery in commuter and tourist flows with a consequent increase in the production of waste. In fact, there was a growth of 2.34% in total waste for about 20,000 tons, with an increase of 4.4% in sorted flows and a decrease of -1.7% in unsorted flows. A total of 854,326 tonnes of waste was collected in the reference area, with an increasing percentage of sorted

waste collection compared to 2020. A total of 575,447 tons of waste were sent for recovery (+24.5 thousand compared to 2020), while 278,879 tons were sent for disposal (- 5 thousand compared to 2020).

Service management and transformations

In 2021, work continued on the process of redesigning collection services throughout the territory in order to maximise sorted waste collection. Among the most significant interventions during the year were the "*Firenze Città Circolare*" and "*Pistoia Cambia*" projects, both of which were based on full collection models that are i) connected through delivery tracking systems and ii) hybrid, as they combine both Door-to-door collection and collection from street bins.

Further major transformations concerned the area of Montagna Pistoiese, with the implementation of collection from street bins concerning Bulky Municipal Waste [RUI, *Rifiuti Urbani Ingombranti*], organic waste and glass and home pickup for light multi-material and paper.

In the Florentine area, and in particular in the Municipal district of Florence, work began on the implementation of the "*Firenze Città Circolare*" project, which envisages different collection systems for the various areas of the municipal territory. Through cyclical phases of planning, contacting users and activating the new services, full door-to-door collection for households was brought into full operation in the hillside areas, which were previously served by collection with bags and bins in close proximity to the street. In the old town centre, sorted waste collection was supplemented by installing bell-shaped containers for glass, which, before the transformation, was collected together with light multi-material, at the same time as opening two new underground stations at Via Pier Antonio Micheli and Via Alfieri. In the Cure area, work began on the transformation of collection from street side-loader containers to up-loader bell-shaped containers equipped with electronics; furthermore, door-to-door collection of paper and cardboard for non-domestic users is scheduled to begin in 2022. In the Isolotto area, experimentation commenced with A-BIN side-loader containers.

In the Municipal district of Scandicci, a new door-to-door collection service for paper and cardboard fractions was started up in the town centre, served by street containers with access control.

Finally, the planning and contacting procedure was completed in the Municipal district of Barberino Tavarnelle, which is currently served by a hybrid system, in anticipation of the implementation of full door-to-door collection services in February 2022.

The Empolese-Valdelsa area is served by full door-to-door collection, with the exception of the Municipal district of Lastra a Signa, where this service is integrated with the collection of Bulky Municipal Waste from side-loader street containers fitted with volumetric control systems that can be opened by using an electronic key. There were no transformations in this area other than minor optimisation of the services provided during 2021. In particular, work was carried out to improve the efficiency of collection and sweeping activities provided by the Empoli and Fucecchio operating centres, linked to the optimisation of door-to-door routes.

The areas of Prato and Piana Fiorentina are served by full door-to-door collection, with the exception of the Municipal districts of Calenzano and Signa, where collection is provided by using the hybrid model. Where the areas have a reduced traffic flow or are predominantly craft and manufacturing districts, they are served by full door-to-door collection, while in centres with a high and medium population density, the door-to-door model is integrated with collection from controlled-access side-loader street containers for Bulky Municipal Waste and organic waste. No transformations of the service were recorded in this area, which occurred during 2021.

In the Municipal districts of the Piana Pistoiese area, an intervention was instead implemented during the year to reschedule the frequency of the collection of Unsorted Residual Waste, which led to an optimisation of the service provided. The case is connected with the adoption of the new rules of Legislative Decree 116/2020, which excluded textile waste from the collection of Urban Waste in the Municipalities under consideration.

In the area of Pistoia, Valdinievole and Montagna, the year 2021 was marked by the transformations in the Capital City and Montagna Pistoiese, which are still ongoing.

As regards the city of Pistoia that was previously served with collection from street bins for all waste fractions except for paper, which was already collected with bags, a new hybrid system was implemented through collection from street side-loader containers for Bulky Municipal Waste and

organic waste and bell-shaped containers for glass packaging, as well as Door-to-Door collection for multi-materials and paper/cardboard. The tracking of organic waste deliveries is scheduled to begin in 2022, with the activation of electronic devices installed on the A-Bin containers that have been already installed. The transformation of the city's historic centre, which commenced in 2020, still continued in 2021: at present, 10 complete underground stations have been built (with the exception of paper/cardboard, whose collection still continues to be based on Door-to-Door service), as have another 24 above-ground stations with up-loader containers.

In the Municipal districts of the Montagna Pistoiese area, the transformation of services in Marliana and Sambuca Pistoiese was completed in 2021, while the process is underway in the Municipal district of San Marcello Piteglio, and that in the Municipal district of Abetone Cutigliano is planned for 2022. In these Municipalities, the project status envisages collection of unsorted residual waste, organic waste and glass from street bins, and Door-to-Door collection of multi-material and paper/cardboard, as well as organic waste for non-domestic users.

In the Municipal districts of Montecatini Terme and Pescia, the transformation is planned for 2022 with the implementation of the hybrid model. For the Municipality of Montecatini Terme, it is also planned that the service will follow the Door-to-Door collection model in the area of Montecatini alto and other small areas that cannot be reached by heavy vehicles.

Among other collection activities, special waste is collected in different ways such as Ecocentres, Ecovans and Ecostations. An Ecocentre is an area manned by skilled personnel and equipped with waste storage facilities; once the user has been identified, waste is delivered independently in dedicated bins and containers. At the facility, users can deliver any and all types of waste covered by Ministerial Decree of 8 April 2008 provided that they are sorted, and especially those that cannot be delivered in the normal collection circuit. An Ecovan is a service provided by a special travelling vehicle equipped to allow users to deliver waste according to a pre-set schedule of stops at markets and gathering places. An Ecostation, on the other hand, is a collection point that is properly equipped with containers complete with related information on the type of waste that can be delivered, entrusted to a non-

domestic user, a school or a body/association of various kinds or a business, and therefore accessible during the opening hours of the premises or offices, except as otherwise specified.

At present, there are 119 Ecostations, 32 Ecocentres and an Ecovan service operating - including with several points for each Municipality - in the towns of Agliana, Bagno a Ripoli, Buggiano, Calenzano, Campi Bisenzio, Fiesole, Florence, Greve in Chianti, Impruneta, Lastra a Signa, Montale, Prato, Sambuca, San Casciano in Val di Pesa, Scandicci and Barberino Tavarnelle.

Sweeping services

Alia provides the sweeping service in the 58 Municipal districts served in the following ways:

- mechanical sweeping, consisting of cleaning the road surface by using sweepers and with the possible assistance of road workers,
- manual sweeping, consisting of the cleaning the road surface and its appurtenances carried out by road workers. The worker uses a light vehicle to collect waste and deliver the content of the bins emptied during the service.

Among the significant events that occurred in 2021 in relation to the sweeping service were: i) the redesign of the service in the historic centre of Florence, through the creation of 8 new routes and the provision of a manual sweeping service with a worker dedicated to the decorum of historic squares; ii) the redesign of combined sweeping in Barberino Tavarnelle to standardise the service provided in the municipal area following the administrative union. Consequently, manual and combined sweeping services in Certaldo, previously designed to be provided in synergy with those in Barberino Valdelsa, also underwent changes; iii) the revision of the service in Figline e Incisa Valdarno and Rignano following the transformation of the service from collection from street bins to Door-to-Door collection. The evolutionary and development process of the service will continue in 2022 with the redesign of the combined sweeping service in the Municipal districts of Bagno a Ripoli, Pistoia and Monsummano Terme and the revision of both sweeping services in Lastra a Signa by the end of the year.

Revet S.p.A. collection area

In 2021 - in the local areas under the responsibility of ALIA - work continued on the transformation of the service from heavy multi-material waste (bell-shaped containers) to light multi-material (bell-shaped container, Nord Engineering container or Door-to-Door collection) and glass (bell-shaped or Nord Engineering containers) collection. In addition, work continued on the process to shift from classic double-hook containers to new containers with Nord or Kinshofer lifting systems: this will allow the gradual abandonment of the traditional form of collection with a crane and a third-party operator to automated collection. Complete automation of the collection service will be completed by 2023 at ATO Centro and by 2025 at ATO Costa and Sud. At the same time, the project for the tracking and reporting of removals and collection vehicles was further developed to also include the maintenance and washing system of containers.

Revet collection indicators				
Flow	Technology	Emptied containers		
		Revet resources	Third-party carriers	Total
Light multi-material	Traditional	28,419	7,075	98,494
	Automated	233,893	0	233,893
Sub-total		262,312	70,075	332,387
Heavy multi-material	Traditional	4,299	414,606	418,905
	Automated	30,693	0	30,693
Sub-total		34,992	414,606	449,598
Mono-material glass	Traditional	112,039	108,099	220,138
	Automated	106,315	0	106,315
Sub-total		218,354	108,099	326,453
Total		515,658	592,780	1,108,438
<i>% of total</i>		<i>47%</i>	<i>53%</i>	<i>100%</i>

In 2021 Revet's staff members carried out about 262 thousand removals of light multi-material (against 201 thousand in 2020 and 180 thousand in 2019), almost 35 thousand removals of heavy multi-material (against 20 thousand in 2020 and 9 thousand in 2019) and approximately 218 thousand removals of mono-material glass (against 175 thousand in 2020 and 150 thousand in 2019), as well as collection services carried out by the sites spread through the territory. The differences were attributable to: i) higher removals carried out directly by Revet as a result of insourcing services at the same time as changing the collection system (from a traditional form of collection with a crane to automated

collection) and ii) insourcing critical services, in order to ensure higher standards of quality and punctuality.

In 2021, Revet acquired 711 new containers in order to meet the operators' requests, the maintenance work of which continued to be outsourced, given the efficiency and punctuality of the service. The washing of containers located throughout the territory was carried out for each operator, except in the provincial districts of Arezzo and Grosseto for the operator Sei Toscana (since they are not provided for in the ATO Sud / Sei Toscana agreement) and of the Geofor area (not provided for in the contract).

Waste treatment plants: recycling, recovery and disposal

The production plants transferred by ATO Toscana Centro under the management of Alia according to the Concession agreement are:

- the plant hub at Paronese (Prato), which carries out sorted waste mechanical treatment and exploitation;
- the plant hub at Casa Sartori (Montespertoli) focused on composting;
- the plant hub at Case Passerini (Sesto Fiorentino), which carries out mechanical biological treatment;
- the composting plant at Faltona (Borgo San Lorenzo);
- the Dano mechanical biological treatment [MBT] plant (Pistoia);
- the plant hub at San Donnino (Florence) focused on sorted waste exploitation and transfer of municipal waste.

In addition to the operation of the plants listed above, the Concession agreement covers operating and/or management activities to be carried out at sites that are no longer operational (for example, landfills subject to post-closure operation).

Furthermore, at the end of 2021 the plant for the storage and pre-treatment of urban and special waste - both hazardous and non-hazardous - became operational at Ferrale (Florence): waste that can be delivered includes textiles and bulky items, as well as waste abandoned in the area.

2021 was marked by some improvement works, both infrastructure and operational - in terms of plant efficiency, more especially with reference to environmental and management issues - in the implementation of the guidelines laid down in Alia's business plan. For example, this scope of action also includes investments relating to i) the replacement of the second primary shredder and some optimisation and improvement works at the Via Paronese plant, ii) the replacement of the screen and non-routine maintenance of the primary shredder at Dano (MBT) plant, iii) the purchase of a mobile shredder and miscellaneous equipment at the Ferrale plant, iv) safety works, the purchase of equipment and revamping works for the San Donnino plant,

- non-routine maintenance of the Case Passerini plant concerning i) the replacement of the equipment serving the treatment line of unsorted waste, ii) landscape and noise mitigation measures, iii) the purchase of operating machines, iv) replacement of bridge crane buckets and v) maintenance of suction and exhaust air treatment lines,
- discontinuing compost production at the Case Passerini plant and increasing the stabilisation of organic waste;
- continuing the final capping at the Casa Sartori landfill;
- executing preparatory works for the construction of the new anaerobic digester at the Casa Sartori composting plant;
- start of revamping at the Faltona plant.

The year 2021 was also characterised by an improvement in the in-house treatment capacity of the Casa Sartori and Faltona composting plants, thus actually increasing the amount of mixed compost soil improver produced compared to 2020.

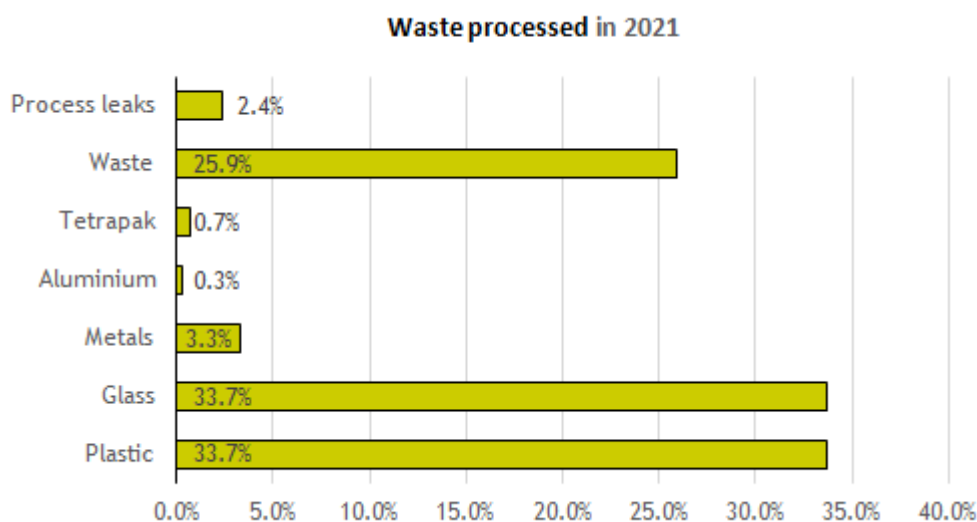
Revet S.p.A. plant area

The revamping that involved the Sorting Centre [CSS, *Centro di Selezione Secondario*] in 2021 led to a reduction in annual worked hours for Revet to 2,830 compared to 4,690 in 2020, in particular due to plant's downtime in the summer months and a further 3-day stoppage in December. Productivity at the Sorting Centre was 13.5 actual tons per hour with an average efficiency of 85.2%.

The multi-material waste sorting plant - District Centre [*Centro Comprensoriale*, CC] worked 4,150 hours per year against 3,793 in 2020, thus absorbing a large part of incoming waste during the plant downtime at the Sorting Centre. Productivity at the multi-material waste sorting plant - District Centre was 22.6 tons per hour against 21.9 tons per hour in 2020 with an average efficiency of 76.9% against 69.57% in 2020. As regards the District Centre’s activities, there was a big increase in plastic waste produced and less outgoing glass, mainly as a result of a change in the collection system from heavy to light multi-material.

This transformation of collection models will maximise the sorting of waste, thus determining greater quantities - especially of plastic waste - to be extracted as raw material.

Incoming materials				
Tons	2021	2020	Change	change
Sorted waste	225,238	216,865	8,373	3.86%
Special and similar waste	16,657	20,595	-3,938	-19.12%
Total	241,895	237,460	4,435	1.87%



Waste processed at third-party plants				
Tons	2021	2020	Change	change
REKET plants	80,437	95,434	-14,997	-15.71%
Reket CIT to third-party plants (*)	34,638	22,031	12,607	57.22%
Third-party plants(**)	50,411	44,913	5,498	12.24%
Total	165,486	162,378	3,108	1.91%

(*) against revamping of Sorting Centre

(**) this value does not take account of mono-material glass

Materials sorted at Pontedera plant						
Tons	2021	%	2020	%	Var	Var %
Plastic products	9,188	13.2%	12,801	19.1%	-3,613	-28.22%
Plastic by-products	25,531	36.8%	32,339	48.1%	-6,808	-21.05%
CIT sent to other plants	34,638	49.9%	22,031	32.8%	12,607	57.22%
Sub-total (sorted plastic materials)	69,357	100.0%	67,171	100.0%	2,186	3.25%
Tetrapak	1,163	2.5%	2,556	5.1%	-1,393	-54.50%
Tinplate	2,139	4.7%	5,179	10.3%	-3,040	-58.70%
Aluminium	294	0.6%	399	0.8%	-105	-26.32%
Metals	174	0.4%	252	0.5%	-78	-30.95%
Glass	7,725	16.9%	13,093	26.0%	-5,368	-41.00%
Miscellaneous waste	34,223	74.9%	28,815	57.3%	5,408	18.77%
Sub-total (other products)	45,718	100.0%	50,294	100.0%	-4,576	-9.10%
Total	115,075		117,465		-2,390	-2.03%

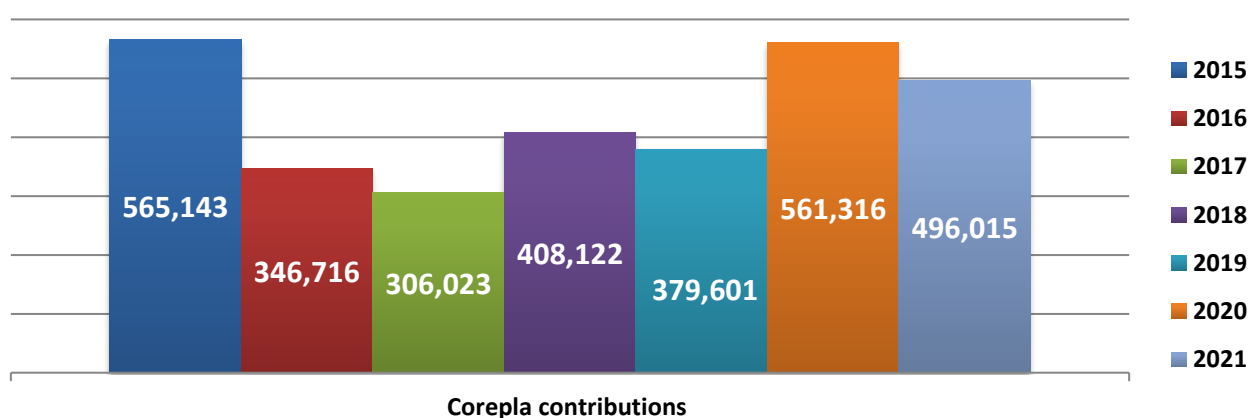
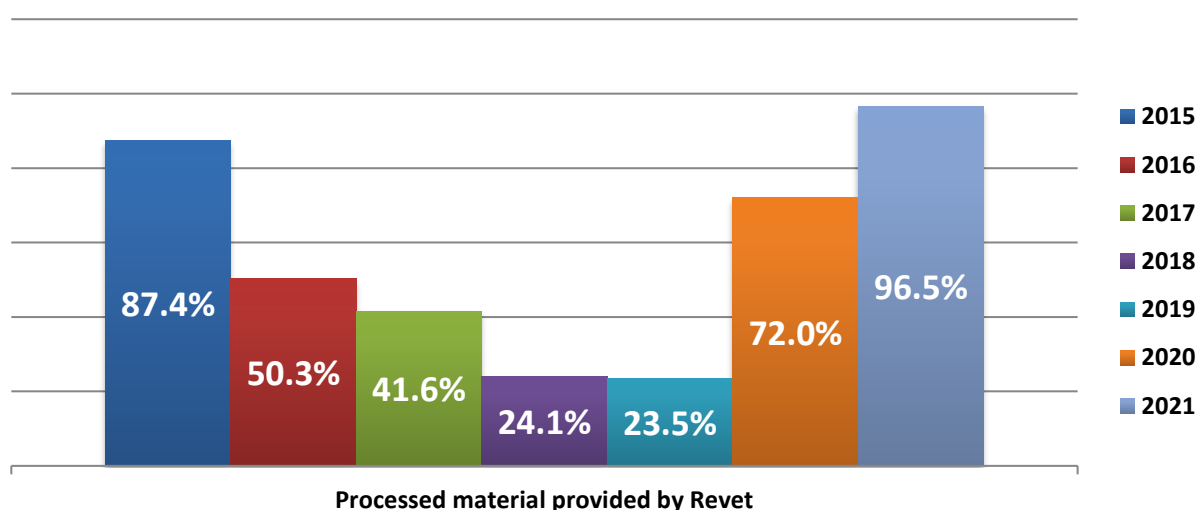
The quantity of sorted products showed a decrease in 2021 compared to 2020. Despite a continuing decline in PLCs (liquid containers), there was an increase in the MPM plastic stream as a result of some improvements to the sorting process, which led to the extraction of the FIL/S film-base product, which will feed the new recycling line. The sorted by-products also decreased compared to the previous year against a growing exploitation of FIL/S as a product and a reduction in the quantities of mixed plastics (PLASMIX) intended for energy recovery or disposed of at landfills.

Recycling area

The plant was upgraded for recycling mixed polyolefin plastics in order to increase production capacity in terms of both quality and quantity. The works concerned i) the revamping of the old granulation line and ii) the construction of the new granulation line, primarily dedicated to the production of polyolefin film-base granules (Refill N).

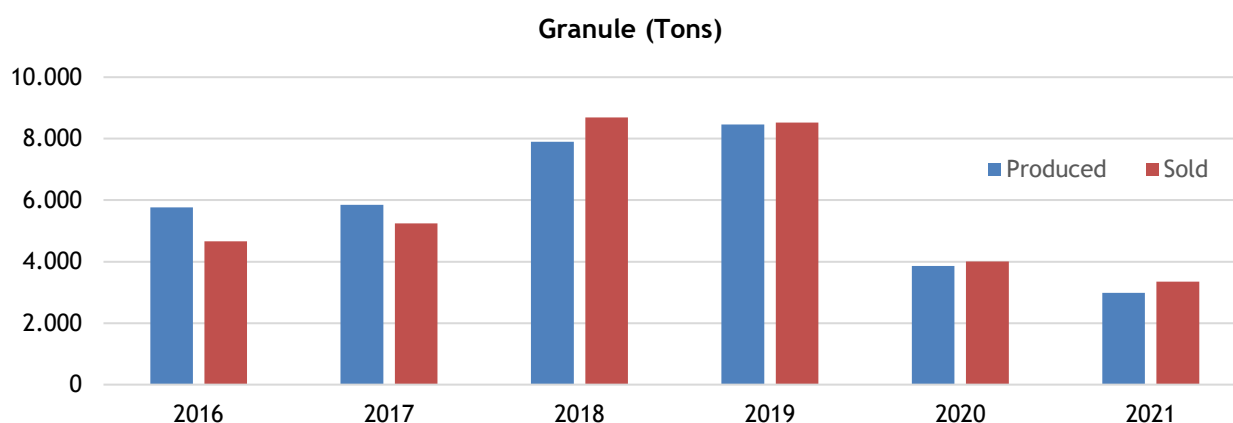
The activation of the new granulation line took place on 16 July, with a start-up period of around one and a half months to fine-tune the system. As from 6 September, production operations were definitively started on a three-shift basis, as per the Company's forecasts. The quantities of granules produced during most of 2021 were also dependent on the production that the Sorting Centre selection plant was able to ensure, pending the revamping work commenced during the year, as well as on the necessary search for optimisation of the balance between the recycling department and the Sorting Centre.

It has been also decided to use only the post-consumer material manufactured by the Revet Sorting Centre plant for the production of granules.



The sales activity carried out in 2021, during the revamping of the first line and the construction and start-up of the second line, was aimed at placing on the market the production of granules with a higher PP component (Replay) manufactured with the old granulation line, while carrying out market research aimed at establishing business relations with customers interested in purchasing the production of PE-based granules (Refill N).

The selling prices applied were aimed at maximising revenues and creating a customer base for Refill N. The sales network comprises printers and compounders, and was able to absorb both the entire granule production of 2021 and the inventory stock at 31 December 2020. Prices were gradually revised upwards following positive feedback from customer test campaigns.



The market showed positive signs as a whole, suggesting interesting sales expectations for 2022, with a possible increase in the production of Refill N granules after the completion of the revamping of the new film-base product sorting lines (e.g. FILS/2). On the other hand, the increase in costs for energy, transport and raw materials is one of the most uncertain factors, while also considering the difficulties encountered in fully transferring higher costs to the final selling prices applied to customers.

Information, communication and relations with users

The Corporate communication strategy, Educational activities and any other work involving the Communication, External Relations and Sustainability Department continued in 2021 in line with the previous year, while seeking to add innovative elements.

Awareness-raising and inclusion

In order to make citizens aware of the issues of environmental sustainability and city decorum, as well as to enhance the work of Alia's people and employees, the following communication campaigns were carried out:

- I. FOR THE DECORUM OF STREET FURNITURE: in cooperation with the municipalities, a social campaign was organised from July to September 2021 to show how many hours of work and how much effort, including in terms of money, is needed to clean up vandalised bins.
- II. SUSTAINABLE ALIA AND A-WASTE REPORT: two minor social initiatives, the first one to disclose data and news about the effective activities that Alia carries out in the field of sustainability, and the second one to tell about the data that emerged from the report on waste from electrical and electronic equipment.
- III. DANTE MAI VISTO: on the occasion of the seven hundredth anniversary of the death of Dante Alighieri, Alia commissioned the English artist Jane Perkins to paint a portrait of the Supreme Poet, under the Patronage of the Tuscany Regional Government and in collaboration with the Casa di Dante Museum. The work, made entirely from discarded material, was exhibited at the headquarters of the Tuscany Regional Government, at the Casa di Dante Museum and at certain Municipal Buildings in the area.
- IV. ALIA 2030 FROM DISPOSAL OPERATORS TO PROTAGONISTS OF SUSTAINABLE CITIES: the project consists of a series of company conventions - dedicated to Alia employees only - during which the Chief Executive Officer presented the business plan and the future of the company.
- V. GLI AUGURI DI ALIA: this is a social campaign for Christmas greetings that portrays Alia employees from all departments in the performance of their work, in order to wish the citizens a happy holiday season without forgetting the importance of the work performed by Alia staff for cleanliness, decorum and the environment.
- VI. ADVOCACY AND LOCAL LISTENING: work commenced on advocacy and local listening for the construction of the plant network envisaged in the industrial plan.
- VII. Management of answers to questions from the council.

VIII. Relations with Municipalities, the Tuscany Regional Government, trade and environmental associations.

Purchasing, Logistics and Technical resource (Fleet and Property) management

The year 2021 was marked by ongoing service transformation processes and an uncertain economic and financial scene that was affected by both the continuation of the Covid-19 health emergency, and the growing difficulties in procurement, the latter being a consequence of a decline in market supply and a general increase in the price level of goods, spare parts and materials. Despite the aforesaid critical issues, approximately 1,000 long-term contracts were signed with various suppliers during the year and work continued on exchanging information with ATO TC, as required in the Service Contract (applications to sub-contract, reports on the activities performed under the contract, etc.). ATO officers then conducted the audit of the declarations issued in connection with the sub-contracts, both for the reporting period and for 2020, thus making up for the postponement due to the restrictions imposed for the pandemic.

The fleet, which fell from 1,519 to 1,455 units (-4.2 %) during the year, was kept efficient and safe through scheduled and routine maintenance carried out by both in-house and authorised third-party workshops distributed throughout the territory. At same time, work continued on the renewal of the fleet of vehicles through the purchase of 155 units for a total investment of almost Euro 11 million and the scrapping of 219 units: the average age of the fleet decreased from 5.6 to 4.2 years, in line with the provisions laid down in the Concession Plan and the Service Contract (<5 years).

Among the significant renewals are to be mentioned:

- the purchase of 29 “tanker” trucks of less than 2.2 tons to support sweeping and bin emptying, completing the equipment required under the Service Contract;
- the upgrading of Ecovans and vehicles for disinfection and pest control;
- the completion of the renewal started in 2020 for rear-mounted compactors with the purchase of 20 EURO 6 methane vehicles (Mercedes Econic 260 with Farid compactors), scrapping the old EURO 2 vehicles;

- the purchase of 3 EURO 6 methane-powered Up-Loader heavy compactors as result of an increase in underground containers in the Municipality of Florence and the new installations in Pistoia;
- the purchase of 10 Ravo 540 hydrostatic road sweepers to replace the old models and upgrade the mechanised sweeping service, in line with the standard required by the Service Contract;
- the purchase of 14 forklifts for the collection sites [CSs] in order to optimise and make safer the handling of waste and crates on the part of operators;
- the purchase of 11 vans equipped as mobile workshops in order to be able to intervene promptly on broken down vehicles in local areas.

In 2021 the fleet of gaseous methane (CNG, Compressed Natural Gas) and liquid methane (LNG, Liquefied Natural Gas) fuelled vehicles grew up to 81 heavy vehicles, thus contributing to reducing pollutant emissions - especially with regard to particulate matter (-11%).

As mentioned above, work continued during the year on the project providing for underground containers in the Historic Centre of Florence, where 3 stations were built with 6/8 bell-shaped containers each. At the same time, the UWC [Underground Waste Collection] project, which involved the Municipal district of Pistoia, was completed with the installation of the last 2 stations with 6 bell-shaped containers.

During 2021, work also commenced on the transformation of collection systems by using new Abin containers equipped with user tracking electronics in the city of Pistoia. The start-up was postponed to September 2021 due to difficulties encountered in procuring electronic components as a result of the international market crunch in the sector. At the end of 2021 the transformation of the collection system was started with the new Nord Engineering bell-shaped containers equipped with electronics.

In the area of facility management, routine and non-routine maintenance continued on 74 company offices and the installations other than plant engineering systems of the treatment plants. In particular, during the year:

- work was completed and started the Ferrale treatment Plant (Florence) intended to receive textile, leather, bulky and WEEE waste;

- as part of the preparatory work for the revamping of the Composting Plant in Casa Sartori (Montespertoli) and the construction of the anaerobic biodigester, the berlinese-type wall was built to strengthen the hillside above the plant;
- works were started and completed on converting the shed located at Via Baccio into an equipment maintenance workshop so that construction could commence on the new test bench for overhauls, as required by the new regulations (works will end in 2022). In the meantime, a temporary cover has been set up for the existing brake test bench, which has made it possible not to stop annual inspections of heavy vehicles;
- at the logistics base in San Donnino, which is adjacent to the Plant Hub, a methane gas station was built, which will allow Alia, as from 2022, to refuel its fleet with methane in less time than roadside stations and to save approximately 25% on the price of fuel;
- work continued on the construction of the new headquarters at Sibille (San Casciano v/Pesa), albeit with delays on the part of the contractor, which should have been completed by the end of the financial year, but which will be postponed until spring 2022;
- as regards Collection Sites, the complex authorisation procedure continued with the Municipal governments and ATO: there were 8 projects in the process of being approved at the end of 2021. The only project where work has started is the Collection Site at Barberino del Mugello.

Prevention, Health and Safety at work, Integrated Quality Management System - Safety - Environmental

During 2021 the Safety, Environment and Quality Department [DSA, *Direzione Sicurezza, Ambiente e Qualità*] retained its key role within the company organisation with the aim of implementing uniform operational methods for Alia as a whole, which are increasingly effective in ensuring compliance with requirements in the matter of health, safety and environment at workplace.

The year 2021 too saw the entire Safety, Environment and Quality Department strongly committed to the management and organisation of the measures to avoid infections due to the COVID-19 epidemic, so as to ensure the safe execution of the activities carried out by the Company and respond to the

need to trace positive cases, even at the peak of the epidemic. In any case, despite the difficulties in operations caused by the ongoing pandemic, the various activities under the responsibility of the Department were carried out, including the maintenance of an effective implementation of the Integrated Management System, confirmed by the conformity to ISO 9001-14001-45001 - issued by the accredited body SGS -, the performance of internal audits of the various company processes and sites and supporting the continuous improvement of the organisation, for example by keeping under control the actions designed to manage risks and opportunities, as well as any non-conformity that had been found.

In 2021, Alia updated its Policy to implement the purposes of the Business Plan that will engage the company over the next few years and the new corporate leadership system, on which the assessment of the objectives achieved by each unit will also be based, with a view to continuously improving its performance.

The foundations were also laid in the year 2021 for a further update of the Management System, with the aim of establishing risk assessment methods and a systemic and cross-sector approach to managing regulatory obligations, such as the Organisational, Management and Control Model [OMCM] under Legislative Decree 231/2001 (as amended and supplemented), Law 262/2005 (as amended and supplemented), the disclosure of non-financial information regulated by Law 254/2016 (as amended and supplemented), and privacy and GDPR issues. All this occurred with a view to adopting a broader and broader vision on strategy and the standardisation of waste management and hygiene services.

Billing, Collection, Economic and Financial Plans of TARI waste tax

During the year, the issuance and collection of the TARI waste tax payment notices were ensured for the following Municipal districts : Capraia e Limite, Castelfiorentino, Cerreto Guidi, Certaldo, Empoli, Figline-Incisa, Fucecchio, Gambassi Terme, Montaione, Montelupo Fiorentino, Montespertoli, Vinci, Lamporecchio, Larciano, Lastra a Signa, Monsummano Terme, Pistoia, Serravalle Pistoiese, Bagno a Ripoli, Calenzano, Campi Bisenzio, Fiesole, Florence, Greve in Chianti, Impruneta, San Casciano Val di Pesa, Scandicci, Signa, Barberino Tavarnelle, Carmignano, Montemurlo, Poggio a Caiano, Prato, Vaiano,

Aglia, Montale, Quarrata and Cantagallo. On the other hand, as regards the Municipal district of Lamporecchio, the TARI Quantity-based Fee waste tax was handled through Alia directly issuing a tax document - invoice -, while the TARI waste tax levy had been applied for the other Municipalities.

The Municipal districts asked Alia to manage the TARI waste tax in accordance with Additional Service 18 of the Service Contract entered into with ATO Toscana Centro, which provides for the management of this tax including relations with users and all billing, i.e. back office and front office work in addition to a freephone service and the TARI and digital TARI waste tax portals. The issue of ordinary notices only continued for the Municipality of Borgo San Lorenzo during 2021. Alia managed the enforcement stage directly only for the Municipal district of Lamporecchio, while the necessary information for the years after 2013 (set out according to the agreed scheme) were sent to the other municipalities to be passed on to their respective operators in charge of debt collection. Only for the years from 2014 to 2017, and only for the Municipal districts of Capraia e Limite, Castelfiorentino, Cerreto Guidi, Certaldo, Empoli, Fucecchio, Gambassi Terme, Montaione, Montelupo Fiorentino, Montespertoli, Vinci, we selected and appointed an entity qualified to recover TARI waste tax debts which will be supervised directly by ALIA, as we were appointed as TARI Waste Tax Manager at the time and are thus responsible for all stages in collection including enforcement.

The Municipalities adopted the following collection methods in 2021:

- Form F24: Capraia e Limite, Castelfiorentino, Cerreto Guidi, Certaldo, Empoli, Fucecchio, Gambassi Terme, Montaione, Montelupo Fiorentino, Montespertoli, Vinci, Larciano, Lastra a Signa, Monsummano Terme, Pistoia, Serravalle Pistoiese, Carmignano, Montemurlo, Poggio a Caiano, Prato, Vaiano, Aglia, Montale, Quarrata and Signa. Figline-Incisa passed from mail order form to Form F24;
- Form F24 and current account debit: Fiesole;
- Mail order form: Prato and Lamporecchio;
- Current account form and debit: Bagno a Ripoli, Calenzano, Campi Bisenzio, Florence, Greve in Chianti, Impruneta, San Casciano Val di Pesa, Scandicci, Barberino Tavarnelle.

During 2021, electronic invoicing was carried out for users in the Municipal district of Lamporecchio and procedures were implemented for issuing and receiving amounts collected through the PagoPA payment system; for the Municipal districts of Calenzano and Signa, we proceeded to activate the PagoPA service through our technology partner Koinè.

In 2021 work continued on the execution of the Cerbero Project in collaboration with the Municipal Authority of Prato and the Local Health Unit for the direct inspection at production facilities in order to check for compliance with regulations, safety rules and proper registration with the TARI waste tax service.

In 2021 various services were outsourced to third-party providers: printing and enveloping, mailing, transmission of judicial documents, paper archives, process serving, call center and support to front and back-office activities.

In 2021, approximately 1,384,316 notices and invoices were issued for an amount of about Euro 255,567,383.68 and a total of approximately 63,000 payments were managed via current account direct debit (SEPA).

As regards debt collection, a total of 103,813 payment orders were served.

In 2021 actions were taken to issue the following:

- 42,419 notices of assessment for non-payment;
- 28,489 notices of assessment for failure to report;
- 5,143 notices of presumptive assessment.

The trend of tax collection affects the Alia Financial Statements only for the documents issued by the Municipality of Lamporecchio and the residual amounts of TIA tariff before 2013; for the other municipalities this is limited to enforcement only.

The relevant Unit provided the Municipal Authorities with what they require to calculate the tariffs to apply according to their resolutions as required by Presidential Decree 158/1999.

The litigation with users remained substantially limited and was managed in agreement with the municipal authorities for the TARES (*Tassa Rifiuti e Servizi*, Waste and Services)/TARI waste tax portion.

In 2021, the Front Office Unit coordinated and operated the branches open to the public and proceeded with the acquisition of 184,108 documents filed by users, of which 74,374 were reports on TARI waste tax; reports were also prepared in response to 22,364 letters/emails/Certified Emails.

The measures connected with the Covid-19 pandemic entailed the rescheduling of back-office operations, as provided for by subsequent provisions enacted during the year, and of front-office operations, especially for branches open to the public, which led to a reorganisation of logistics in order to ensure compliance with the rules, to strengthen and spread all possible channels of contact by users (emails, Certified Emails, letters, registered letters, etc), to manage dates scheduled for users and to monitor accesses according to very stringent protocols. Timetables, access procedures and the locations of the branches in the Municipal districts were planned and managed during the year in agreement with each Authority.

In 2021, work continued on finding TARI waste tax evaders, both domestic and non-domestic, through a massive cross-referencing of databases and precise audits; requests for information were in fact sent to 13,634 potential tax evaders. We worked in collaboration with the municipal offices to design and verify the operating methods to be used in setting the parameters required for presumptive assessments in the event that the users contacted had not proceeded with the settlement of their position.

With regard to the Digital TARI waste tax system, which allows users to check their TARI position on-line and make any changes to their utility accounts; at present as 24,657 users are registered and 1,459 users have subscribed to the on-line alert service.

During 2021, work continued on the service performed by the Le Soluzioni investee consortium: through its call center (197,455 calls received from users), requests for information were handled in relation to the positions of individual users on behalf of all the municipal districts served and their TARI waste tax accounts were operated remotely.

Personnel, recruitment and training policy

Workforce

The average headcount in the Group in 2021 was 2,678 units (as detailed below).

Average number of employees by position						
	Alia	Revet	Programma Ambiente	Ambiente Apuane	Valcofert	Total Alia
Average number of employees	S.p.A.	S.p.A.	S.p.A.	S.p.A.	S.r.l.	Group
Executives	12	1	0	1	0	14
Middle managers / Office workers	599	60	8	2	3	672
Manual workers	1,513	150	8	2	6	1,679
Temporary workers	310	2	1	0	0	313
Total	2,434	213	17	5	9	2,678

In 2021, 94 subordinate employment were terminated, while 53 employees were hired on permanent employment contracts at the Parent Company. The use of temporary workers has been mainly necessary to replace staff who are absent on holiday (as per the annual schedule) or for accidents/illnesses and to meet the needs arising from the continuation of the service to pick up Covid-19 waste, which was extended to the entire financial year and interrupted by a regional order only in January 2022.

Industrial relations

Among the main events that occurred during the year, on the trade union front, of primary importance was the agreement signed on 9 December 2021 between Utilitalia and the other employer associations which signed the National Collective Labour Agreement of 10 July 2016, together with FISE Assoambiente, and the trade unions FP-CGIL, FIT-CISL, UILTrasporti and FIADEL. This agreement recognises the coverage of the contract term from 1 July 2019 to 31 December 2021 with a one-off amount of Euro 500 - according to an average parameter 134.36 of level 4B - and amendments/additions to various contract clauses (e.g. health and safety regulations, professional apprenticeship, ...) into force from 1 January 2022. However, contractual negotiations for the unitary renewal of the National Collective Labour Agreement will continue in 2022.

Training and Organisational Development

During 2021 the Alia Group delivered 38,275 training hours, which involved 2,318 employees (86% of staff in service), with a rise of more than 30% in hours compared to 2020.

TOTAL TRAINING HOURS, of which:	38,275
SAFETY	15,826
OMCM	321
OPERATIONS TRAINING	12,294
CONTINUOUS TRAINING	9,835
TRAINED WORKERS BY TYPE OF COURSE, OF WHICH:	2,318
SAFETY	1,318
OMCM	249
OPERATIONS TRAINING	932
CONTINUOUS TRAINING	2,318

Including data from Alia S.p.A., Revet S.p.A., Programma Ambiente S.p.A. and Valcofert S.r.l.

Average employee training hours per head		
Total per head	hours	14.32
of which men	hours	15.34
of which women	hours	11.54
of which executives	hours	6.86
of which middle managers	hours	21.67
of which office workers	hours	11.07
of which manual workers	hours	15.36

Excluding data from Programma Ambiente S.p.A. and Valcofert S.r.l.

In 2021 too, Alia's training activities were affected by the upward phases of the pandemic curve, thus leading them to be carried out, in most cases, in e-learning mode. Unlike in 2020, there were no interruption in the delivery of training: this circumstance benefited from the gradual adaptation of all employees to the use of remote connection tools.

With regard to organisational development and internal communication, the following activities were implemented at the Company in 2021:

- Performance and Leadership evaluation system for managerial staff;
- Management By Objectives linked to the results achieved by company management;
- construction of Alia's Mission;
- start of a process of integration and sharing of business strategies with the entire company population;
- Call To Action - a spontaneous application open to any and all employees in order to contribute to the Company's innovation, through the proposal and implementation of development projects (the process will be completed in the first quarter of 2022).

Among the significant activities in 2021 were:

- the completion of the project to deliver training in augmented reality, with reference to the procedure for safely changing a tyre on a Stralis vehicle; this will enable the Company to train employees and eliminate the risk of accidents;
- the design and delivery of a pilot course on the risk of aggression, which has increased significantly in recent years. The training course, which provides a set of soft tools to cope with this risk, was created by applying for the first time the "Lego Serious Play" experiential method, which is currently strongly used to bring out behaviours, thoughts, prejudices and unresolved conflicts, including in terms of organisation. In this regard, the risk of aggression will be the subject of a security refresher course during the to-year period from 2022 to 2023, while also facilitating among employees the paradigm shift "*from users to customers*", required by ALIA's 2022 - 2030 strategic plan;

- the creation of the Alia Trainer Manual and completion of the Trainer Training project, aimed at strengthening the skills of operational staff (the project had been interrupted in mid-2020).

As far as apprenticeships and internships are concerned, 15 apprenticeships were started in 2021 - both curricular and extra-curricular - and, for the first time at the Company, two apprentices from the ITS Energia e Ambiente in Colle Val D'Elsa joined the staff in the Plant Department. At present agreements are in place with the Universities of Florence and Pisa.

IT systems and infrastructure

In 2021 the continuation of the health emergency due to the Covid-19 pandemic led to a greater and growing spread of agile working, with the subsequent need to upgrade centralized IT infrastructure and connectivity in order to support the delivery of IT services.

During the year Alia completed the expansion of the virtualisation infrastructure - a process that had been started in 2018 on a limited number of workstations -, upgrading the company servers and network to the new workloads: this was made possible by investments in hardware and software intended to eliminate overloads of data communication infrastructures and servers, as well as security systems that control access to company systems.

In the first quarter of 2021, work commenced on the design and implementation of geographical connectivity (WAN), the expansion of the processing and data management capacity of the servers and the modernisation of local networks (LAN) at all the company's offices. These three projects were concluded during the year.

In the area of individual productivity, communication and collaboration tools, the Microsoft Office 365 Cloud solution was adopted in mid-2021: this tool was extended from the end of 2021 to all Alia employees with the creation of personal company accounts and the consequent possibility of using, among other functions, both email and Teams for participating in working groups and/or information exchange channels. The decision to extensively adopt Microsoft tools belonging to the Office 365 Suite made it possible to plan and organise the project for a new company intranet based on Microsoft

SharePoint technology: the first release of the product will be put into production during the first half of 2022.

The year 2021 was then characterised by a profound revision and the implementation of several projects in the field of applications, which involved almost all business processes, with the aim of greater digitisation of the processes themselves and the intention of putting the customer at the centre of the service: to this end, technological choices concerned market leaders such as SAP, Salesforce and Qualtrics, which are partners able to provide optimal IT solutions to accelerate organisational change and transform customer relations, billing and credit management and the planning and delivery of services. The main projects are:

- IOT development and management for street containers with delivery tracking;
- a single "Billing" system for invoicing (TARI waste tax and fee) and credit management;
- a single "Waste" system for the management of scheduled and on-demand services;
- a single system for customer management, marketing and surveys.

The above-mentioned projects will go into production in stages as early as from January 2022, with subsequent releases in 2022 and 2023.

It is worth noting that Alia has decided to proceed with the adoption, where possible, of the cloud solution with regard to infrastructure and application services: in this regard, at the end of December 2021, work was completed on the migration of SAP systems (both current and under development) on HEC, on the Azure Cloud (except for the BW environment, which will be migrated by June 2022).

In the area of application and process revision, it should be noted that the SAP PM system went into production as regards system maintenance during the first quarter of 2021.

In 2021 the Help Desk service handled about 20,000 requests for opening tickets and distinguished itself for the great and profitable work carried out during the emergency phase of the pandemic, during which it ensured service continuity to the entire company and the shift of about 800 workers to the remote working mode.

Remote and field training courses were given to staff members in order to continue with the agreed and scheduled training programme.

Control Systems, Transparency, Code of Ethics and Litigation

Introduction

The year 2021 was the fourth year of managing the ATO TC. The Covid-19 pandemic had a profound impact on all the company operations and the organisation itself.

The year just ended saw the Company's ongoing commitment - while necessarily taking account of the important variables imposed by the health emergency in progress - to implementing the new business plan as per updates illustrated to the Shareholders at the Shareholders' Meeting held on 29 June 2021, and the process of corporate reorganisation completed in 2021.

Board of Directors' proceedings

On 19 January 2021 the Board of Directors approved the new business organisational structure, which was inspired by the desired entrepreneurial vocation for the company. The structure adopted, which has been contextualised in this delicate phase, looks forward to the project of setting up the Multiutility entity.

On 9 February 2021 the Board of Directors appointed the Supervisory Board in the new composition of two members, including a third-party professional and a member selected from among Alia's structure staff, who will remain in office for the same term as the Board of Directors.

On 1 April 2021 the Board of Directors approved the Memorandum of Understanding between Alia Servizi Ambientali S.p.A., Consiag S.p.A., Publiacqua S.p.A. and Publiservizi S.p.A. to launch the preparatory phase for the implementation of the "Multi-Utility Project".

On 9 March 2021 the Board of Directors approved the proposal on the rebalancing of shares drafted in compliance with Article 10.2 of the Shareholders' Agreement and subsequently sent to shareholders. The transaction was completed by a resolution that was passed by the Extraordinary Shareholders' Meeting on 16 December 2021 with the unanimous vote of all the shareholders representing the share

capital, and whereby a non-proportional capital increase without payment was approved for an amount of Euro 46,920,745, through the use of available reserves, with a simultaneous proportional reduction in the share capital in order to reinstate the reserves at an appropriate value, replenishing them by an amount of Euro 38,297,597.

On 5 May 2021, there was the signature of the addendum amending the strategic commercial agreement that had been executed between Alia Servizi Ambientali S.p.A. and Scapigliato S.r.l. on 18 May 2020, as well as the Contribution Agreement that had been signed by the same parties on 30 August 2020. This made it possible to formalise the deeds for the subscription of the share capital increase resolved by Scapigliato S.r.l. and to acquire an interest of 16.50%.

On 25 May 2021 the Board of Directors approved the 2021-2030 Business Plan, which envisages an economically and environmentally sustainable plant engineering solution for the whole of Tuscany, and which was subsequently submitted to shareholders at the Shareholders' Meeting held on 29 June 2021 at the time of approval of the 2020 Financial Statements.

On 5 July 2021 Alia acquired control over Valcofert S.r.l. by purchasing the quota from the private partner Braunfert S.r.l.. The final objective of this corporate transaction is to bring back within Alia the management of the soil improver and sales through fertilisers and compost without using a dedicated company for this purpose.

On 27 May 2021 the Company was served with a preventive seizure order involving the areas and yards located within the San Donnino technological hub in order to prevent the commission of other crimes. The Florence Preliminary Investigation Judge's order, which provided for the application of precautionary prohibitory measures, was issued following a broad investigation dating back to 2016. In August, the Court of Review annulled the aforementioned order issued by the Florence Judge on 10 May 2021, acknowledging the unjustified imposition of precautionary measures.

On 14 June 2021, the general meeting of ATO TC approved the 2021-scope EFP, providing for the recovery of adjustments to cover the eligible costs incurred as from the 2021 EFP through increases in the annual tariff receipts applied consistently with the annual maximum limits of each tariff area. Moreover, ATO declared that it was ready to gradually apply a fee tariff instead of the TARI waste tax.

This implied the review of the service contract entered into with ATO on 31 August 2017, through the execution of an additional deed on 6 October 2021, aimed at rebalancing its rules according to criteria of reasonableness and compliance with the new contractual clauses and whereby the contract clauses were incorporated, which were provided for in the regulation of an independent authority, ARERA, which places ALIA within the scope of an industrial vision. Alia then withdrew the appeal under R.G. (General Register) no. 2305/20, Section I, which had been filed against ATO before the Lombardy Regional Administrative Court on 12 December 2020.

On 14 June 2021, the Board of Directors authorised the completion of the MOU with MyRechemical S.r.l., which is the licensee of the technologies for the construction of plants for the chemical conversion of municipal solid waste into methanol with a low carbon footprint, as planned in the approved industrial plan. This is an agreement of high strategic importance, which immediately sets out the respective roles, and in particular that of technological partner and EPC contractor for MyRechemical S.r.l., starting a process of evaluation for the purpose of establishing a commercial or corporate partnership between the two companies through the incorporation of a vehicle in which Alia will hold a controlling interest.

On 29 June 2021 the Shareholders' Meeting approved the Financial Statements at 31 December 2020, as well as the 2020 Consolidated Financial Statements and the 2020 Consolidated Non-Financial Statement prepared pursuant to Legislative Decree 254/2016. It also approved the guidelines of the 2021-2030 Business Plan. At the same meeting, the Extraordinary Shareholders' Meeting of Alia approved the plan for the merger of Q.Thermo S.r.l. and Q.Energia S.r.l. by incorporation into Alia, whose deed of merger was executed on 13 October 2021, with effect from 15 October 2021. On 13 July 2021 the Board of Directors approved the plan for the merger of subsidiary Programma Ambiente S.p.A. by incorporation into Alia, with the mandate to call the Extraordinary Shareholders' Meeting, after the City Council of the Municipality of Florence, which is the majority shareholder of Alia, has approved this corporate transaction.

On 6 August 2021, the Board of Directors approved an equity payment in favour of associate ALBE S.r.l. up to the full amount of Euro 7,500,000, in order to provide the company with the resources required

to make the first significant financial commitments aimed at constructing the biodigester in partnership with Belvedere S.p.A..

On the same date the Board of Directors adopted the Group rules aimed at regulating relations with subsidiaries, according to a common business and strategic plan, and with a view to optimising Group synergies. The final version of this document was approved at the meeting held on 22 October 2021.

On 22 October 2021 the Board of Directors approved the appointment of a major bank for the organisation and structuring of a loan of Euro 145,000,000 to partially cover the investment plan.

On 23 November 2021 the Board of Directors, at a meeting held before a notary public, approved an unsecured non-convertible senior bond issue of Euro 90,000,000 listed on the regulated market managed by the Irish Stock Exchange (Euronext Dublin). This resolution was adjourned to the subsequent meeting of 6 December 2021.

In the night between 4 and 5 December 2021, the company's servers were subjected to a malicious computer attack, as a result of which all the IT systems and tools connected to the company's network were temporarily inaccessible and unusable, thus causing problems and inconveniences in the provision of services until the systems were restored to full working order, which occurred in the subsequent days.

At the meeting held on 29 December 2021, the Board of Directors approved the 2022 Budget, providing for investments of approximately Euro 157 million and is therefore in line with the forecasts made in the Business Plan. At the same meeting, the Board of Directors acknowledged the delegated powers ATO's General Meeting had granted to Alia regarding the Notices on MITE (Ministry of Ecological Transition)-NRRP Resources - Measure M2C1.1. I.1.1. Lines of intervention A, B and C. for the presentation, within 14 February 2022, of the relevant projects aimed at improving and mechanising the network of urban waste sorting, with particular attention to the digitisation of services, as well as the construction of treatment plants for the organic fraction after anaerobic digestion (dry, wet, or mixed process), biogas capture and subsequent methane extraction.

Organisational, Management and Control Model under Legislative Decree 231/2001

1) Changes in the Alia model

In 2021, the Parent Company's corporate structure was changed and, consequently, the mapping of corporate processes is still in progress, in order to assess and review the areas exposed to the risk of unlawful acts referred to in Legislative Decree 231/2001, governing the Entity's administrative liability. In identifying sensitive areas, the recent legislative developments will be also considered after the publication of Legislative Decree 184/2021 and Legislative Decree 195/2021 in the Official Journal. From an operational standpoint, the Company considers the risk of commission of the recently applicable predicate offences to be residual, given that the possibility of an advantage or interest for the Entity is minimal if the crimes referred to in Articles 25 *octies*-1, 24-*bis*, as amended by Legislative Decree 184/2021 and 25-*octies*, as amended by Legislative Decree 195/2021, are committed.

2) Changes in the organisational model of subsidiaries

On 13 December 2021, the Board of Directors of Revet S.p.A. approved the amendments made to the Organisational, Management and Control Model, as a result of the new organisational structure that became applicable on 30 September 2021.

The other companies controlled by Alia, if provided with an organisational model pursuant to Legislative Decree 231/2001, have not put in place any supplementary or amending measure.

3) Training courses delivered by Alia in relation to Legislative Decree 231/2001

In 2021 training was provided for newly recruited resources with reference to the regulations laid down under Legislative Decree 231/2001.

4) Training courses delivered by subsidiaries

In 2021 REVET S.p.A. delivered training sessions in relation to Legislative Decree 231 of 2001 to all new hires and top management.

5) Audits at Alia

In 2021 the Supervisory Board appointed by Alia carried out eight audits, mainly aimed at controlling the processes concerning the selection of suppliers, the management of plants, environmental issues and in the matter of occupational health and safety.

Likewise, audits were carried out to establish the level of maturity with regard to the implementation of Law 262/2005 and to verify the procedures for conferring fiduciary tasks.

6) Audits delivered at subsidiaries

In 2021 the Supervisory Board carried out:

- 7 audits at Revet S.p.A.
- 7 audits at Programma Ambiente S.p.A.;
- 8 audits at Programma Ambiente Apuane S.p.A..

7) Critical issues reported by the Supervisory Board of Alia

It should be noted that, during the inspections carried out by the Supervisory Board in 2021, no facts, acts or events emerged which revealed atypical or critical issues with respect to the Code of Ethics, the Company's Organisational Model, Rules and procedures.

In particular, no instances of non-compliance with the procedures, any deficiencies thereof or unlawful conduct with respect to the conduct at risk of commission of predicate offences were reported by means of the quarterly flows addressed to the Supervisory Board.

Following random checks, the Supervisory Board did not report any violation or deficiencies in the Model adopted by the Company.

Furthermore, the Supervisory Board did not receive any report, either in paper or electronic form, concerning the inadequacy or violation of the Organisational Model for the Company's areas.

8) Main litigation

For more information on the main litigation, reference should be made to the specific paragraph of the explanatory notes.

Report on Corporate Governance and ownership structure

According to Article 123-*bis* of the Consolidated Finance Act (Legislative Decree 48 of 2008), the companies issuing transferrable securities admitted to trading on regulated markets must provide, in a specific section - headed "*Report on corporate governance and ownership structure*" - of the report on operations, the detailed information required by paragraphs 1 and 2. According to Paragraph 5 of the aforementioned Article, "the companies that do not issue shares admitted to trading on regulated markets or in multilateral trading systems are not obliged to publish the information referred to in paragraphs 1 and 2, except for that required by paragraph 2.(b)".

The information required by Article 123-*bis*, paragraph 2.(b), of the Consolidated Finance Act is therefore provided below, concerning the existing risk management and internal control systems in relation to the financial reporting process with reference to the Organisational, Management and Control Model under Legislative Decree 231/2001 and the application of Legislative Decree 262/2005.

The Organisational, Management and Control Model under Legislative Decree 231 forms an integral part of the risk management and internal control system in relation to the financial reporting of Alia, due to the type of the model itself. According to Article 6, paragraph 2, of Legislative Decree 231/2001, in fact, the Model must "identify the areas in which offences may be committed".

Alia has analysed the types of offences and identified the company processes or areas in which there is a risk of the offences provided for in the Decree being committed, including the offences of false corporate communications (Articles 2621 and 2621-*bis* of the Italian Civil Code) and false corporate communications of listed companies (Article 2622 of the Italian Civil Code).

For each of these processes/areas the individual sensitive activities have been identified and the rules of control and conduct have been laid down, which all those operating therein must comply with.

in 2021 the Company continued its work to update the procedures set out in the Organisational, Management and Control Model and the compliance with the Code of Ethics as reported in the section relating to the Model itself.

The second part of the risk management and internal control system in relation to financial reporting is being prepared in order to comply with Legislative Decree 262/2005, laying down provisions on the appointment of the Financial Reporting Manager.

The Financial Reporting Manager, assisted by an external consultant, continued the implementation of the internal control system that attests to the truthfulness and correctness of the financial reporting (financial position and results of operations for the financial year) produced by the Company.

Risk management

The Alia Group has designed specific policies for each of the following types of risk with the primary aim of setting out the strategic guidelines, organisational and management principles, macro processes and techniques required for their active management (where applicable):

- 1) financial risks (*liquidity, exchange rate, interest rate*)
- 2) credit risks
- 3) equity risks
- 4) operational risks.

The main operational risks are reported below, which affect the Alia Group; for more information on financial, credit and equity risks, reference should be made to the related paragraph of the explanatory notes to the financial statements.

Operational risks

This category includes all the risks which, in addition to those already highlighted in the previous paragraphs, can impact on the achievement of the objectives, in relation to the effectiveness and efficiency of company operations, performance levels, profitability and protecting resources from any loss.

The risk management process requires that the activities performed in each operational area are analysed and the main risk factors associated with achieving objectives are identified. Following their identification, risks are assessed qualitatively and quantitatively (in terms of intensity and probability of occurrence), thus allowing the most significant to be detected and selected and mitigation plans to be designed accordingly.

Risks associated with the environment, health and safety

The Group has various production sites throughout Italy and consequently it is exposed to the risk of not being able to ensure a safe working environment, with the risk of causing potential damage to property or persons and exposing the Group to regulatory sanctions, legal actions on the part of employees, compensation costs and reputational damage. In order to mitigate these risks, the Group aims to implement a model of sustainable development that is based on environmental sustainability, to be understood as the ability to safeguard natural resources and the ecosystem's capacity to absorb the direct and indirect impact generated by production activities.

Risks associated with processes and procedures adopted

The Group is exposed to the risk arising from shortcomings in the design of business processes or from errors and failures in performing operations. In order to cope with this risk, the Group has adopted a framework consisting of the system of organisational communications and of Manuals and Policies, as well as management procedures, operating procedures and work instructions.

Risks relating to human resources

The main risks associated with human resource management, to which the Group is exposed, concern the ability to find the skills, professionalism and experience required to pursue its objectives. In order to mitigate these risks, the Group has set out specific selection, development, career, training, remuneration and talent management policies that are applied in all the countries in which the Group operates according to the same principles of meritocracy, fairness and transparency, paying particular attention to issues that are relevant to local culture. Moreover, the Group has established a relationship of confrontation and dialogue with trade unions.

Regulatory risks

The Group carries out its activities, within the framework of the concession agreement, in a sector regulated by numerous regulatory provisions. Any changes, which cannot be foreseen at present, in the current regulatory framework could have an adverse impact on the Group's results of operations.

A potential risk factor in the airport sector is the ongoing evolution of the reference legislative and regulatory framework in which the Group operates in the same way as any other utility company. The Company's results of operations are in fact affected by the developments in the reference regulatory framework, in particular as regards the regulation of tariffs for the services provided.

Risks associated with climate change

Climate change is one of the greatest challenges for global economy: in fact, climate change can have a significant impact on the operations and competitiveness of companies, so it is essential to understand and accurately determine these interactions in order to be able to implement any appropriate preventive mitigation and adaptation strategies. The Group is monitoring the related potential effects on the business: at present, it is considered that these risks do not directly affect the core business developed by the Group. The Group's commitment in this area starts from undertaking a series of mitigation actions aimed at reducing greenhouse gas emissions, which mainly take the form of (i) converting the vehicle fleet to methane, (ii) increasing the production of energy from renewable

sources with new plants and energy recovery, (iii) building efficient plants with low energy consumption, (iv) increasing the number of plants in the local areas under management, aimed at reducing the emission impact of the transport of waste to third parties after it is collected.

Environmental risks

The Group's activities are regulated by numerous European Union, national, regional and local environmental regulations. The Group's priority is to conduct its business in full compliance with the requirements of environmental legislation; however, since the risk of environmental liability is inherent in the Group's activities, there can be no certainty that new regulations will not impose additional obligations on the Group in the future. In this regard, it should be noted that the Parent Company has adopted appropriate systems to periodically assess the environmental risks associated with its business activities and processes, in order to identify their impact and significance, as well as the correct methods of management and minimisation.

Legal risks

As part of its normal operations, the Group is involved in legal and tax proceedings. In relation to some of them, it may not be able to quantify the potential liabilities that could result in an effective manner. A detailed analysis of the main disputes is provided in the relevant paragraph of the explanatory notes to the Consolidated Financial Statements.

Risks associated with unlawful acts committed by employees

The Group is exposed to risks arising from unlawful acts committed by employees, such as fraud, paying and receiving bribes, acts of vandalism or damage, which could have adverse effects on the results of operations for the financial period in which they occur, in addition to undermining the Company's image and integrity in terms of reputation. In order to prevent such risks, the Group has adopted an organisational model under Legislative Decree 231/2001 and a Code of Ethics, which describes the principles and values that inspire the work of the entire organisation.

Risks associated with ICT Systems, including cybersecurity

The main risk factors that could compromise the availability of the Group's ICT systems include cyber attacks, which may result in a possible stoppage of production and sales support activities or endanger the confidentiality, integrity and availability of personal data processed by the Group. In order to mitigate the occurrence of such risks, the Group has implemented a centralised control system aimed at improving the Group's IT security.

Significant events after the reporting period

- **24 January 2022:** the Letter of Intent was signed with IES (SNAM Group) for the construction of the Biodigester in Peccioli. The LOI with IES Biogas was signed by the Executive Chairman of Al.Be. S.r.l. in relation to the design and construction of the anaerobic bio-digestion, composting and biomethane production plant to be built in Legoli, Peccioli. The documents include the schedule of works and the consequent cold and hot start, with the first delivery of waste expected in summer 2023.
- **23 February 2022:** Alia successfully completed an unsecured and unrated non-convertible senior bond issue of Euro 90 million intended for subscription by institutional investors. The bond issue - with a term of 6 years (until 23 February 2028) - (i) is listed on the regulated market of the Dublin Stock Exchange and (ii) bears a variable interest rate equal to 6-month EURIBOR + spread of 260bps. The proceeds will be used to finance the 2021-2030 Business Plan, which was approved by shareholders on 29 June 2021 and to refinance part of the existing debt. The transaction allows the rationalisation and optimisation of the Company's financial structure, and demonstrates Alia's ability to finance its activities on the capital market and the investors' interest in supporting the business plan. Intesa Sanpaolo - Imi Corporate & Investment Banking Division and UniCredit Bank have acted as placement agents for the issue. The law firm Bonelli Errede with Lombardi has acted

as legal advisor, while the law firm Chiomenti has acted as legal advisor to the investors. The transaction involved Banca Finanziaria Internazionale as paying agent.

- **28 February 2022:** as resolved by the Board of Directors on 25 February 2022, Alia disbursed a non-interest-bearing shareholder loan in the amount of Euro 3.0 million to associate Al.Be. S.r.l., aimed at financing the Company's requirements for awarding the electromechanical works relating to the construction of the Municipal Solid Waste recovery plant with anaerobic digestion, composting and biomethane production process to be built in Legoli, in the municipal district of Peccioli (province of Pisa).
- **3 March 2022:** the administrative court granted the request submitted by Programma Ambiente Apuane S.p.A., suspending the regional act "limited to the performance of ordinary management activities necessary to keep the landfill in operation", scheduling a public hearing on 4 May 2022 to discuss the merits.
- **February - March 2022:** in response to the notices relating to investments 1.1 and 1.2 of the M2C1 Mission (Ministerial Decrees nos. 396 and 397 of 28 September 2021) Alia presented the following projects:
 - (1) investment 1.1 - Ministerial Decree 396/2021, 9 projects relating to new collection methods for a total actual amount of Euro 16.1 million and an eligible amount of Euro 7.9 million; 12 projects for the construction of new Collection Sites for a total actual amount of Euro 10.5 million and an eligible amount of Euro 6.1 million; for Line B 1, the project for the conversion of the Dano MBT plant into a hub for the exploitation of paper and cardboard for a total actual amount of Euro 12.5 million and an eligible amount of Euro 10.6 million;
 - (2) investment 1.2 - Ministerial Decree 397/2021, a project for the construction of a plant for the reuse, recovery and exploitation of WEEE in the San Donnino area for a total actual amount of Euro 19 million and an eligible amount of Euro 3.1 million, as well as a project for the construction of a plant for the treatment of textile waste deriving from post- and pre-consumption in the Municipal district of Prato for a total actual amount of Euro 18 million and an eligible amount of Euro 2.1 million.

- **23 March 2022:** 27 reports of administrative offences were served at the Company's registered office, which concerned various senior management positions and involved Alia as joint obligor in relation to alleged violations ascertained during the preliminary investigations referred to in criminal proceedings no. RGNR (General Register of Notices of Offences) 1987/2016, which are in the process of being concluded. The charges relate to the breach of Article 193, paragraph 1, of the Consolidated Environmental Act: transport of non-hazardous waste with a waste identification form providing inaccurate data contested for 50 forms; transport of non-hazardous waste without a form; waste loading and unloading register, including hazardous waste, kept in an incomplete manner. The total amount of the contested penalties (if the Company should pay them immediately) is (in applying the criterion set out in Article 16, paragraph 1, of Law no. 689/1981: one third of the maximum edict) approximately Euro 3.1 million. Alia has started technical and legal investigations aimed at establishing whether it is in the position to resist the charges; at present, the directors have deemed it appropriate, on the basis of any available information and the evaluations carried out, including with the support of third-party legal advisors appointed by the Parent Company, to set aside a provision for risks equal to the total amount of the charges known to date, without prejudice to the evaluation in progress relating to the submission of defence documents to challenge the alleged violations in question within a time limit of 30 days. The service of additional notices on objections and sanctions is not excluded.

Outlook

For Alia the year 2022 will be a crucial year for the developments expected in a whole series of issues that will presumably reshape the company's identity and mission in a radical manner. In early 2022, the Company was committed, among other things, to updating and revising the 2021-2030 Strategic Business Plan that was approved by the Board of Directors on 23 May 2021, as well as to completing the first step of raising financial resources to support the plan with the subscription of a capex line, to supplement the bond issued on 23 February 2022. The Plan is aimed at setting an equilibrium point for the evolution towards collection models that optimise the relationship between costs, investments and

the economic exploitation of the fractions of sorted waste, capable of freeing up savings in the medium term, on the one hand, and on the other hand, making up for the structural lack of plant engineering equipment, finding innovative solutions consistent with the principles of circular economy oriented towards gasification with medium-sized plants intended for the production of bio-fuels for transport. For this purpose, construction works will continue in 2022 on both the Biodigester in Montespertoli and that operated through Al.Be. S.r.l. at Peccioli, both of which are expected to be completed in 2023 as per the work schedule.

In the course of the 2022 financial year, the start and completion of the corporate plan aimed at setting up the Tuscany Multiutility is also expected, which saw the completion of the design work in early 2022 with an overall deal that concerns both the evaluation aspects of the legal entities involved and corporate governance issues. The initial perimeter will provide for the merger of the legal entities represented by Alia S.p.A., Consiag S.p.A., Publiservizi S.p.A. and Acque Toscana and the simultaneous contribution by the Municipality of Florence and the Municipality of Pistoia to the company resulting from the merger of the equity investments they hold in Toscana Energia S.p.A. and Publiacqua S.p.A., by means of reserved capital increases. As a result of the transactions described above, the resulting company will hold the following shareholdings in operating companies:

- Publiacqua S.p.A. at 57.4%
- Estra S.p.A. at 36.9%
- Toscana Energia S.p.A. at 31.0%
- Acque Toscane S.p.A. at 19.3%.

After the merger becomes effective, a further development of the project is planned through:

- a divisible capital increase of the Multiutility, to be paid up through contributions in kind on the part of entities that shall be identified from time to time by the Board of Directors of the Multiutility, and
- a subsequent capital increase of the Multiutility in connection with the initial subscription offer to be placed on a regulated market managed by Borsa Italiana S.p.A., thereby completing the listing transaction.

The exogenous factors that could affect the development of operations in the 2022 financial year essentially concern the evolution of the Russian-Ukrainian conflict and the direct effects on the commodities and energy markets, as well as the spread of the Covid-19 pandemic. In fact, the international crisis caused first by the health emergency and then by the conflict that broke out between Russia and Ukraine does not allow reliable medium-term scenarios to be outlined, unless by making probabilistic assumptions that could prove to be fallacious in the unfortunate event of a resurgence of Covid-19 infections and failure to resolve the crisis in Eastern Europe. However, the Company's management believes that it will be able to achieve adequate profit margins, even in the event of a moderate downsizing of the quantities of treated materials, relying on the implementation of the policies set out in the NRRP, increasing the range of services offered, including through the synergies that can be activated with other associated companies and, finally, and above all, continuing to exploit the opportunities given by the new environmental authorisation.

It should also be considered that the Alia Group operates in a predominantly domestic market with a limited exposure, even due to the type of service provided, to the trend in commodity prices and the energy market.

On the other hand, a significant aspect, although without impacting the normal provision of the service, is the delayed procurement of certain categories of assets (e.g., collection vehicles) with delivery times from suppliers that significantly increased compared to 2021.

With reference to the health emergency caused by the Covid-19 pandemic, the same considerations made in the previous paragraph apply to 2022: in fact, the Group will continue to provide the service as it did during the previous months of the pandemic without any particular changes from an economic or financial point of view. As an element of discontinuity with respect to the 2020 and 2021 financial years, it should be considered that the service for the collection and disposal of "Covid waste" collected directly from the homes of users who tested positive has been discontinued to comply with the Tuscany Regional Government's order dated January 2022.

Florence, 29 March 2022

For the Board of Directors

The Chairman

Nicola Ciolini

The Chief Executive Officer

Alberto Irace

Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	NOTES	2021	2020
Property, plant and equipment	1	78,463,140	107,973,441
Concession rights	2	211,371,997	149,059,655
Other intangible assets	3	731,761	5,477,517
Goodwill	3	250,481	250,481
Equity investments in associates and joint ventures	4	7,841,579	4,655,747
Other equity investments	4	8,730,672	256,280
Non-current financial assets	5	242,783	279,310
Deferred tax assets	6	10,953,211	12,569,403
Non-current derivative assets	21	-	8,095
Non-current trade receivables	7	2,110,649	3,249,744
Other non-current assets	8	3,908,389	1,257,437
Total non-current assets		324,604,661	285,037,108
Inventories	9	4,168,671	4,046,893
Trade receivables	10	126,757,831	109,157,045
Equity investments	11	1,770	1,770
Current tax assets	12	302,723	2,440,028
Other current assets	13	6,682,038	6,040,327
Cash and cash equivalents	14	45,380,293	66,286,659
Total current assets		183,293,326	187,972,722
TOTAL ASSETS		507,897,987	473,009,830
Share capital	15	94,000,000	85,376,852
Reserves	16	73,726,614	88,647,734
IFRS FTA Reserve	16	7,896,006	7,896,006
Profit (loss) for the year		9,932,733	-5,729,334
<i>of which: Equity attributable to minority interests</i>	17	17,26,967	15,692,489
<i>of which: Net profit (loss) attributable to minority interests</i>	17	818,899	1,532,544
Total shareholders' equity		185,555,353	176,191,258
Provisions for risks and charges	18	42,849,224	38,346,338
Employee severance pay and other benefits	19	16,373,473	17,090,846
Non-current financial liabilities	20	71,854,829	72,038,407
Derivatives	21	-	63,446
Other non-current liabilities	22	8,646,635	7,192,515
Non-current trade payables	23	4,233,333	5,066,666
Total non-current liabilities		143,957,495	139,798,217
Current financial liabilities	24	62,267,914	45,145,477

STATEMENT OF FINANCIAL POSITION	NOTES	2021	2020
Trade payables	25	96,568,033	95,654,298
Current tax liabilities	26	1,821,892	31,626
Other current liabilities	27	17,727,301	16,188,953
Total current liabilities		178,385,140	157,020,355
TOTAL LIABILITIES		322,342,634	296,818,572
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		507,897,987	473,009,830

Consolidated Income Statement

INCOME STATEMENT	NOTES	2021	2020(*)
Revenues	28	371,704,947	327,733,707
Construction revenues - Concession rights	2	39,469,351	28,096,067
Change in inventories of finished products, semi-finished products and work in progress	28	-25,931	-291,230
Other operating revenues	28	7,283,319	5,832,129
Other income	28	2,979,159	1,939,169
Consumption of raw materials and consumables	29	19,885,190	18,143,947
Costs for services	29	195,565,634	181,193,408
Personnel costs	29	120,229,053	111,174,311
Other operating expenses	29	3,471,496	4,029,240
Construction costs - Concession rights	2	39,469,351	28,096,067
EBITDA		42,790,120	20,672,869
Amortisation, depreciation, provisions and write-downs	30	27,618,765	27,617,787
Net value write-backs (write-downs) of trade and other receivables	30	-246,660	134,799
Operating income (EBIT)		15,418,015	-7,079,716
Write-downs and (reinstatements) of financial assets	31	169,842	61,099
Share of profits (losses) of joint ventures and associates	32	1,535,138	694,758
Financial income	33	509,497	561,661
Financial costs	33	3,442,236	3,374,880
Financial operations		-1,567,443	-2,179,561
Profit before tax		13,850,572	-9,259,277
Tax	34	3,917,839	-3,529,943
Net profit (loss) for the year		9,932,733	-5,729,334
Attributable to			
Shareholders of the Parent Company	17	9,113,834	-7,261,877
Minority shareholders		818,899	1,532,544

(*) It should be noted that the reporting scheme of some data relating to the previous year has been modified in order to offer the reader greater comparability of the information reported in the financial statements at 31 December 2021. For more details, reference should be made to the paragraph on the "Reclassifications of comparative data" in the explanatory notes.

Consolidated Statement of Comprehensive Income

STATEMENT OF COMPEHENSIVE INCOME	2021	2020
Components that can be reclassified to profit or loss		
Fair value of derivatives, change in the period	63,444	155,873
Tax effect related to other comprehensive income that can be reclassified	-15,226	-37,410
Components that cannot be reclassified to profit or loss		
Actuarial gains (losses) from provisions for employee benefits	-462,804	-78,424
Tax effect related to other comprehensive income that cannot be reclassified	111,073	18,821
Total comprehensive income (loss) for the year	9,629,220	-5,670,474
Attributable to:		
shareholders of the Parent Company	8,789,121	-7,255,006
minority shareholders	840,099	1,584,532

Consolidated Cash Flow Statement

CASH FLOW STATEMENT	NOTES	31/12/2021	31/12/2020
OPENING NET CASH AND CASH EQUIVALENTS	14	66,286,659	90,545,359
Result for the year (A)		9,932,733	-5,729,334
Depreciation of property, plant and equipment	30	6,758,573	7,388,074
Amortisation of intangible assets	30	18,261,880	13,800,621
Accrual to provision for bad debts	30	6,141	134,799
Accrual to provision for risks	18	9,334,836	8,923,223
Non-monetary adjustments related to changes in equity investments (including effects of valuation at Equity)	32	-1,339,419	-33,487
Effect of deferred tax assets/liabilities through profit or loss	34	1,571,130	-3,850,858
Provision for current tax	34	2,346,709	320,915
Capital (Gains) / Losses from disposals / (contributions)	34	-265,095	-81,704
Financial (Income) / Costs	33	2,932,739	2,813,219
Accrual to the provision for Employee Severance Pay	19	4,889,623	4,811,755
Other adjustments for non-cash elements		-2,485,718	-255,950
Non-monetary adjustments (B)		42,011,399	33,970,607
Cash flow from current operations (C)=(A)+(B)		51,944,132	28,241,273
(Increase)/Decrease in Inventories	9	576,547	-145,643
(Increase) / Decrease in Trade receivables	10	-16,765,000	-6,843,611
(Increase) / Decrease in Current tax assets	12	166,730	966,524
Increase / (Decrease) in Current tax liabilities	26	-3,026	-85,973
(Increase) / Decrease in Other current assets	13	-641,711	1,377,031
Increase / (Decrease) in Trade payables	25	450,819	19,918,066
Increase / (Decrease) in Other current liabilities	27	3,371,783	-1,735,190
Other changes		-55,351	3,822,457
Change in Net Working Capital (D)		-12,899,209	17,273,662
Increase / (Decrease) in Non-current assets	7-8	-1,510,684	555,245
(Increase) / Decrease in Non-current liabilities	22-23	620,787	-1,407,899
Interest collected / (paid)	33	-1,882,130	-2,365,860

CASH FLOW STATEMENT	NOTES	31/12/2021	31/12/2020
Change in deferred tax assets / liabilities	34	0	-3,752,026
Use of Provisions for risks / Provision for Employee severance Pay	18-19	-10,399,699	-12,714,624
Current tax paid	34	-125,089	-230,888
Other operating changes (E)		-13,296,815	-19,916,053
Cash flows from operating activities (G)=(C)+(D)+(E)		25,748,107	25,598,882
(Investments in) Property, plant and equipment	1	-13,276,336	-25,318,903
Disinvestments from Property, plant and equipment	1	358,306	3,159,281
(Investments in) Intangible assets	3	-39,998,081	-32,844,652
Disinvestments from Intangible assets	3	332,744	279,503
(Investments in) Non-current financial assets	4	-11,325,359	-44,550
Disinvestments from Non-current financial assets	4	1,122,013	113,064
(Acquisition) / net disposals of subsidiaries	4	-99,772	-110,666
Cash flows from investing activities (H)		-62,886,486	-54,766,923
Free cash flows (I)=(G)+(H)		-37,138,378	-29,168,042
<i>Financing activities - Borrowed capital</i>			
New loans	20	18,000,000	13,900,000
Repayment of loans	20	-17,454,551	-6,919,414
Increase (decrease) in other short-term financial payables	24	15,686,562	-671,246
<i>Financing activities - Net worth</i>			
Payments for acquisition of minority interests		0	-1,400,000
Cash flows from financing activities (J)		16,232,011	4,909,340
Net change in cash and cash equivalents (L)=(I)+(J)	14	-20,906,367	-24,258,701
CLOSING NET CASH AND CASH EQUIVALENTS	14	45,380,293	66,286,658

Consolidated Statement of changes in Equity

	Share capital	IFRS FTA reserve	Extraordinary reserve and other revenue reserves	Profit for the year	Equity	Of which attributable to minority interests
Balance at 1 January 2020	85,376,852	7,896,006	88,974,618	1,403,325	183,650,801	17,424,652
Profit (loss) for the year				-5,729,334	-5,729,334	1,532,544
Other comprehensive income (loss)			58,860		58,860	51,989
Comprehensive income (loss) for the year			58,860	-5,729,334	-5,670,474	1,584,532
<i>Changes with shareholders:</i>						
Other changes in consolidation area			-1,789,069		-1,789,069	-1,784,153
Allocation of profit (loss) in the previous year			1,403,325	-1,403,325	0	
Balance at 31 December 2020	85,376,852	7,896,006	88,647,734	-5,729,334	176,191,258	17,225,033
Balance at 1 January 2021	85,376,852	7,896,006	88,647,734	-5,729,334	176,191,258	17,225,033
Profit (loss) for the year				9,932,733	9,932,733	818,899
Other comprehensive income (loss)			-303,513		-303,513	21,201
Comprehensive income (loss) for the year			-303,513	9,932,733	9,629,220	840,100
<i>Changes with shareholders:</i>						
Other changes in consolidation area			-265,124		-265,124	18,733
Allocation of profit (loss) in the previous year			-5,729,334	5,729,334	0	
Capital increase without payment	8,623,148		-8,623,148		0	
Balance at 31 December 2021	94,000,000	7,896,006	73,726,615	9,932,733	185,555,353	18,083,866

Explanatory notes

1) GENERAL INFORMATION AND SIGNIFICANT EVENTS DURING THE YEAR

The Alia Servizi Ambientali Group (hereinafter also referred to as the “Group” or “Alia Group”) is a group of companies that manages environmental services such as the collection, treatment and disposal of municipal waste in Central Tuscany.

At the end of 2017, the transitional period ended, which was regulated by the 20-year concession service contract signed by the parent company Alia Servizi Ambientali S.p.A. (hereinafter also referred to as “parent company”, “Alia S.p.A.” or “Alia”) with ATO Toscana Centro (Integrated Municipal Waste Management Authority) on 31 August 2017, and from 1 January 2018, the term started for the concession involving the integrated management of municipal waste on an exclusive basis, which consists of the following activities:

- provision of basic services;
- provision of ancillary services;
- execution of the works provided for in the contract.

As from 1 January 2018 the service is delivered for 30 Municipalities in the province of Florence, 12 in the Province of Pistoia and 7 in the Province of Prato; as from 1 March 2018 the service is also delivered for other 2 municipalities in the Province of Florence and other 8 municipalities in the Province of Pistoia, for a total of 59 municipalities served.

On 1 March 2018, the company-owned assets functional to the service were transferred from former operators not incorporated into Alia, such as AER Ambiente, Energia Risorse S.p.A. and COSEA Ambiente S.p.A. to the area operator Alia. These assets were therefore added to the Operator's assets at the residual book value as at the date of transfer.

The Group, particularly through Alia's subsidiaries, also operates in sectors that are complementary to that of the Parent Company; for more details, reference should be made to the information reported below and in the report on operations.

During 2021, due to the continuation of the Covid-19 pandemic, Alia found itself in the position of having to bring its methods of delivering services in the areas served into line with a number of regulatory measures issued by the Italian, Tuscany Region and Municipal Governments in the field of hygiene and healthcare, with a significant increase in operating costs. Specifically, the higher costs for the collection and disposal of “Covid waste”, picked up directly from the homes of quarantined users, amounted to about Euro 4.6 million in 2021.

The Directors have also assessed whether the going-concern assumption is applicable to the preparation of the financial statements, concluding that it is adequate since there are no doubts regarding the Company's ability to continue as a going concern.

The Group's Structure

As of **31 December 2020**, the Group was composed as follows:

Parent Company Alia Servizi Ambientali S.p.A.

Subsidiaries

Q.Thermo S.r.l., 100% owned

Q.Energia S.r.l., 100% owned

Programma Ambiente S.p.A., 100% owned

Programma Ambiente Apuane S.p.A., 80% owned by Programma Ambiente S.p.A.

Revet S.p.A. 51.00% owned

Associates and joint ventures

- Irmel S.r.l., 36% owned
- Valcofert S.r.l., 46.50% owned
- Sea Risorse S.p.A., 24% owned
- Vetro Revet S.r.l., 49% owned by Revet S.p.A.
- Albe S.r.l., 50% owned
- Real S.r.l., 50.10% owned
- Valdisieve SCaRL, 25% owned

As of **31 December 2021** the Group was composed as follows:

Parent Company Alia Servizi Ambientali S.p.A.

Subsidiaries

- Programma Ambiente S.p.A., 100% owned
- Programma Ambiente Apuane S.p.A., 80% owned by Programma Ambiente S.p.A.
- Revet S.p.A., 51.00% owned
- Valcofert S.r.l., 83.33% owned

Associates and joint ventures

- Sea Risorse S.p.A., 24% owned
- Vetro Revet S.r.l., 49% owned by Revet S.p.A.
- Al.Be S.r.l., 50% owned
- Real S.r.l., 50.10% owned
- Valdisieve SCaRL, 25% owned
- Irmel S.r.l., 36% owned

On 13 October 2021 there was the completion of the merger of Q.tHerma S.r.l and Q.Energia S.r.l. by incorporation into the Parent Company, with legal and accounting effects running from 15 October 2021, i.e. from the registration in the Register of Companies. On 5 July 2021 the Parent Company Alia also acquired further quotas, equal to 40.83% of the quota capital of Valcofert S.r.l., thus acquiring control over the entity.

The following information is provided as to the activities carried out by subsidiaries.

Revet S.p.A is the company that owns the industrial hub for the recycling of plastics, glass, aluminium, tinsplate and polylaminate materials of the Tuscany region and its purpose is to maximise the value of these materials for the benefit of the person transferring the waste, i.e. of the informed citizen. It is a Hub of materials ready to be reused in the industrial chains that possibly operate in the region.

Programma Ambiente S.p.A. holds an 80% interest in Programma Ambiente Apuane S.p.A., the company that operates a landfill site for non-hazardous inert waste and asbestos cement products. Programma Ambiente operates in the special waste collection sector.

Valcofert S.r.l. operates in the sector of products for soil and agriculture. It is engaged in the production and sale of soil improvers, fertilizers and compost in general, deriving from organic matrices coming from waste sorting.

Among associates and joint ventures note:

- Irmel S.r.l.: operates treatment and waste-to-energy plants for inert waste from construction in the provinces of Pistoia and Florence, respectively. It is registered as an associated company following the execution of the deed of transfer of quotas dated 14 May 2020, which actually reduced the investment held by the Parent Company, Alia, from 51% to 36%.
- Sea Risorse S.p.A.; operates in the waste sector in two municipal districts of the Versilia area. Its business includes the collection and transport of sorted waste, the operation of waste-to-energy plants, the recovery of industrial waste and the maintenance of public green areas.
- Al.be S.r.l.: was established in a 50-50 partnership with Belvedere S.p.A. on 11 April 2018. Its purpose is the recovery and processing of waste with the operation of plants for the production of biogas - biomethane and biofuels. At present the company is still dormant.
- REAL S.r.l.: was established in a 49.90% partnership with RELIFE S.p.A. on 4 November 2019. Its business consists of the collection, processing, sorting, transformation and storage of waste paper. The Company has considered that the partnership agreement that is currently in place with its partner Relife S.p.A. falls within the scope of joint ventures.
- Valdisieve Società Consortile: the 25% quota is held directly by Alia Servizi Ambientali S.p.A.. It is the holding company of entities operating in the waste sector.
- Vetro Revet S.r.l.: is an associated company that is 49% directly owned by Revet S.p.A.. It operates in the sorting and transformation of glass so that it can result as a raw material for the glassware recycling chain.

The companies included in the consolidation area are located in Tuscany and operate waste management, collection, treatment and disposal services.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements of the Alia Group at 31 December 2021 are presented in Euro units.

These financial statements at 31 December 2021 were approved by the Board of Directors on 29 March 2022, which authorised their publication and are subject to statutory audit by PricewaterhouseCoopers S.p.A, according to the engagement granted by the Shareholders' Meeting resolution held on 16 February 2017 for the nine-year period 2017-2025.

FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements are made up of the following schedules:

- Consolidated Statement of financial position
- Consolidated Income statement
- Consolidated Statement of comprehensive income
- Consolidated Cash flow statement
- Consolidated Statement of changes in Equity

Alia Servizi Ambientali S.p.A. prepares and submits the "Consolidated disclosure of non-financial information", in the form of a "separate report", as required by Article 5 "Disclosure reporting and regime" of Legislative

Decree 254/2016. This disclosure is published according to the same methods and timing as the Annual Report and is available on the Parent Company's website.

With reference to the Statement of financial position, a form of presentation which provides for the breakdown of assets and liabilities into current and non-current items has been adopted, as required by paragraph 60 and ff. of IAS 1.

The "Income statement" is in report form with each item ordered by type, which is deemed more consistent than presentation by expenditure allocation.

In order to report additional information on the results of operations, the Group has opted for the preparation of two separate statements, the "Income Statement", which includes the profit or loss for the period, and the "Statement of comprehensive income" (hereinafter also referred to as "OCI"), which includes both the profit or loss for the period and changes in equity relating to income statement items, which, as expressly provided for by international accounting standards, are recognised among equity components. The Statement of Comprehensive Income also provides a breakdown of Other comprehensive income (loss) which distinguishes between profits and losses that will be subsequently reclassified to the income statement and profits and losses that will never be reclassified to the income statement.

The Cash Flow Statement is broken down by areas of cash flow generation. The schedule adopted by the Group has been prepared according to the indirect method. Cash and cash equivalents stated in the schedule include the balance sheet values of these items at the reporting date. Income and expenses relating to interest, dividends received and income tax are included in the cash flows generated from operating activities.

The Statement of changes in Equity is presented as required by international accounting standards, showing separately the profit or loss for the period and any revenue, income, charge and expense that have not been taken to the income statement or the statement of comprehensive income, but are charged directly to Equity on the basis of specific IAS/IFRS accounting standards.

2) CONSOLIDATION PRINCIPLES

The companies are consolidated on a line-by-line basis, which consists of incorporating all the asset and liability items in their entirety. The main consolidation criteria adopted for the application of this method are shown below.

- Subsidiaries are consolidated from the date on which control was effectively transferred to the Group, and cease to be consolidated on the date on which control is transferred outside the Group.
- The assets and liabilities, costs and income of companies consolidated on a line-by-line basis are fully included in the consolidated financial statements; the book value of the investments is derecognised against the corresponding share of equity of investees by attributing their current value at the date of acquisition of control to each asset and liability item (purchase method as defined by IFRS 3 - *Business Combinations*). Any residual difference, if positive, is stated in "Goodwill" among assets; if it is negative, in the income statement.
- The mutual debt and credit, cost and revenue relationships between consolidated companies and the effects of all significant transactions between them are derecognised.
- The shares of equity and the results for the period attributable to minority shareholders are shown separately in consolidated equity and income statement: this interest is determined on the basis of the percentage held by them in the fair values of assets and liabilities recognised at the date of original acquisition and in changes in equity after that date.
- Subsequently, profits and losses are attributed to minority shareholders based on the percentage held by them and losses are attributed to the minorities even if this implies that the minority interests have a negative balance.

- Changes in the parent company's ownership interest in a subsidiary that do not result in loss of control are accounted for as capital transactions.
- If the parent company loses control over a subsidiary, it:
 - derecognises assets (including any goodwill) and liabilities of the subsidiary,
 - derecognises the book values of any minority interest in the former subsidiary,
 - recognises the fair value of the consideration received,
 - recognises the fair value of any interest held in the former subsidiary,
 - recognises any profit or loss in the income statement,
 - reclassifies the parent company's share of the components previously recognised through comprehensive income, profit or loss or as profits carried forward, as appropriate.

Consolidation area

The consolidated financial statements at 31 December 2021 included the financial statements of the Parent Company Alia, as well as those of the companies over which it holds control, directly or indirectly.

Control is acquired when the parent company is exposed or has rights to variable returns from its involvement with the investee and, at the same time, has the ability to affect those returns through its own power over the investee. Specifically, the investor acquires control when it has:

- power over the investee (i.e. the investor has existing rights that give it the ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

Generally, there is a presumption that the majority of voting rights entails control. In support of this presumption and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- Contractual arrangements with other holders of voting rights;
- Rights arising from contractual arrangements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it retains control over an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements used to define control.

The consolidated financial statements have been prepared based on the accounts at 31 December 2021 prepared by the companies included in the consolidation area and adjusted, where necessary, for the purpose of bringing them into line with the accounting standards and classification criteria applied by the Group in accordance with IFRS.

Associates and joint ventures reported in paragraph 1 above of this note are consolidated using the equity method.

3) ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements at 31 December 2021 were prepared according to the historical cost principle, except for the items illustrated below which must or can be measured at fair value according to IFRS.

The accounting standards, policies and estimates adopted in preparing the consolidated Financial Statements are those required by international accounting standards.

The Directors have also assessed whether the going-concern assumption is applicable to the preparation of the financial statements, concluding that it is adequate since there are no doubts.

Property, plant and equipment

Immovable and movable property are stated in "Property, plant and equipment."

Tangible assets are recorded at their purchase price or production cost, including any directly-attributable additional costs necessary to make the assets available for use. Revaluations are not permitted, even though in application of specific laws.

Property, plant and equipment under construction are valued at cost and depreciated as from the financial period in which they enter into service. The residual value and useful life of an asset must be reviewed at least at the end of each financial period and, if expectations differ from previous estimates, changes must be accounted for as a change in the accounting estimate.

Tangible assets are systematically depreciated on a straight-line basis over their useful life. When the tangible asset consists of several components with different useful lives, depreciation is carried out for each component. The value to be depreciated consists of the carrying amount reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be measured reliably. Land is not subject to depreciation (except for landfills, as detailed below), even if purchased together with a building.

Routine maintenance costs are charged in full to the Income Statement. Value-increasing maintenance costs are allocated to the assets to which they refer and amortised in relation to their residual useful lives.

The presumed realisable value which is deemed to be recovered at the end of the useful life is not depreciated. The useful life of each asset is reviewed annually and any changes are made for the purpose of a correct recognition of the value of the asset, if necessary.

Landfills are depreciated on the basis of the filling percentage determined as the ratio of the volume occupied at the end of the period to the overall authorised volume.

If there is objective evidence that is such as to suggest the existence of a permanent impairment loss, property, plant and equipment are subjected to Impairment Test, according to the criteria set out in the paragraph on the "Impairment".

Upon disposal, or if no future economic benefits are expected from the use of the asset, it is derecognised from the financial statements and any loss or profit (calculated as the difference between the transfer value and the carrying amount) is recognised in the Income Statement in the period of the aforementioned derecognition.

These are depreciated on a straight-line basis (except for the depreciation of landfills which is recognised based on the ratio of the amounts of waste transferred and the amount of waste that can be transferred).

The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change/s is/are accounted for prospectively as a change in estimate under IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

Based on auditing whether the residual useful lives of the assets from an accounting point of view are consistent with the actual physical, technical and technological life of each asset, while also taking account of the study carried out by ARERA (the Italian Regulatory Authority for Energy, Networks and Environment) against which the useful lives of different types of assets were presented, the depreciation rates applicable to the following categories of assets for the 2021 financial year were set out only for the Parent Company.

Therefore, the useful lives adopted in preparing the 2021 Financial Statements are confirmed for the Parent Company in 2020.

Below is the scheme showing the (minimum and maximum) rates used for any different type of tangible assets):

DESCRIPTION	DEPRECIATION RATES
Civil and industrial buildings	2.50% - 3%
Light-weight constructions	10% - 14.29%
Landfill - operating machines and mechanical shovels	6.67%
Landfill- other systems	6.67%

DESCRIPTION	DEPRECIATION RATES
Sorting and composting plant - pre-treatment	8.33%
Sorting and composting plant - composting and anaerobic digestion	5.00%
Sorting and composting plant -biogas and leachate collection and processing	4.00%
Sorting and composting plant - other systems	6.67%
Other systems	10.00%
PV plant	10.00%
Miscellaneous and small workshop equipment	14.29% - 25%
Other miscellaneous and small equipment	10% - 14.29%
Motor vehicles	12.50% - 20%
Cars	20.00% - 25%
Miscellaneous door-to-door collection equipment	20.00%
Dumpsters	12.50%
Bell-shaped containers	12.50%
Bins	20.00%
Office furniture and ordinary machines	12% 14.29%
Electromechanical office machines	20.00%
Fully-depreciable assets	100.00%

Intangible assets

Intangible assets acquired or produced internally are stated in assets, when it is probable that the use of the assets will generate future economic benefits and when the cost of the asset can be determined reliably.

Intangible assets consist of assets without identifiable physical substance, controlled by the entity and capable of producing future economic benefits.

Identifiability is defined with reference to the possibility of distinguishing the intangible asset acquired from goodwill; this requirement is normally met when: (i) the intangible asset is attributable to a legal or contractual right, or (ii) the asset is separable, i.e. it can be sold, transferred, leased or exchanged independently or as an integral part of other fixed assets.

Control over the entity consists of the power to take advantage of the future economic benefits deriving from the asset and of the possibility of limiting its access by others.

Intangible assets with a definite useful life are stated net of accumulated amortisation and any permanent impairment loss determined according to the same methods as those described above for property, plant and equipment. Changes in expected useful lives or in the ways in which the future economic benefits associated with the intangible asset are achieved by the entity are recognised by changing the amortisation period or method and are treated as changes in accounting estimates. The amortisation rates on intangible assets with a definite useful life are recorded through profit or loss in the cost category consistent with the function of the intangible asset.

Development costs are stated as assets only if all of the following conditions are met: costs can be determined reliably and the product's technical feasibility, expected volumes and prices indicate that any cost incurred in the development phase will generate future economic benefits. Capitalised development costs include only expenses incurred that can be attributed directly to the development process. Capitalised development costs are amortised on a systematic basis, as from when work commences on production over the estimated life of the product. Other development costs are recognised through profit or loss when incurred.

If there is objective evidence of permanent impairment losses, intangible assets are subjected to Impairment Test according to the criteria set out in the paragraph on the "Impairment". Any write-downs may be subject to subsequent value reinstatements if the reasons that led to impairment cease to exist.

Profits or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount and are recognised through profit or loss at the time of the sale.

Goodwill (if any) and other intangible assets, where present, with an indefinite useful life are not amortised; the recoverability of their book value is verified at least annually and in any case whenever an event occurs that suggests that they are impaired, except for goodwill, which is tested for impairment at least on an annual basis.

Concession rights consist of the Concessionaire's right to use the asset (the "intangible asset" method) under concession in consideration of the costs incurred for the design and construction of the asset with the obligation to hand over it at the end of the concession term. Concession rights are recognised at fair value (estimated on the basis of the cost incurred) of intangible assets relating to construction and expansion of assets falling within the scope of IFRIC 12.

If the fair value of the services received cannot be measured reliably, revenue is calculated on the basis of the fair value of the services provided (fair value of the construction services performed).

Restoration or replacement are not capitalised and are included in the estimate of the provision described below.

The amortisation fund and the provision for restoration or replacement costs considered as a whole ensure adequate coverage of the following costs:

- transfer to the successor Operator at book value on the expiry of the concession term of freely transferable assets with a useful life longer than the term of the concession;
- restoration and replacement of components subject to wear and tear of the assets under concession.

If events occur that suggest an impairment of these intangible assets, the difference between the book value and the related "recoverable value" is taken to profit or loss.

Concession rights are amortised, limited to those assets for which a takeover value will be recognised at the end of the concession term, on the basis of the useful life of the underlying assets, according to the criteria shown in the table in the paragraph on "Property, plant and equipment". Assets that will not be included in the determination of the takeover value are amortised on the basis of the shorter of the term of concession and the useful life of each asset.

These assets are amortised on a straight-line basis; the amortisation rates of other intangible assets (other than concession rights) are reported in the table below.

DESCRIPTION	AMORTISATION RATES
Intangible assets	14.29% - 20%

Impairment

At each reporting date, the Group reviews the book value of its tangible and intangible assets to establish whether there is any evidence that these assets have recorded an impairment loss. If this evidence exists, the recoverable amount of these assets is estimated in order to calculate the amount of any possible write-down (impairment test). Where it is not possible to estimate the recoverable amount of each asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of net selling price and value in use. In measuring the value in use, estimated future cash flows are discounted at their present value by using a pre-tax rate that reflects current market assessments of the present value of money and the specific risks associated with the asset.

If the recoverable amount of an asset (or of a cash-generating unit - "CGU") is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced down to the lower recoverable amount. An impairment loss is recognised immediately through profit or loss.

When the conditions for a write-down are no longer met, the book value of the asset (or of the cash-generating unit) is increased up to the new value arising from its estimated recoverable value, but not beyond the net carrying amount that the asset would have had had the write-down not been recognised for impairment loss. The reversal of the value is charged immediately to profit or loss.

Leases (for lessee)

The Group recognises a right of use at the inception date of the lease, which corresponds to the date on which the underlying asset is available for use for any and all lease agreements under which it is a lessee, except for short-term leases (i.e. leases with a term of less than or equal to 12 months and which do not contain a call option) and those with low-value assets (i.e. with a unit value of less than Euro 5 thousand).

Lease payments relating to short-term, low-value leases are recognised as costs in the income statement on a straight-line basis over the lease term.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses and as adjusted following any remeasurement of lease liabilities. The value assigned to rights of use corresponds to the amount of the lease liabilities recognised, in addition to any initial direct costs incurred, any lease payments settled on or before the inception date of the lease, and restoration costs, net of lease incentives received (if any). The discounted value of the liability determined in this manner increases the right to use the underlying asset, against an entry in a dedicated provision. Unless the Group is reasonably certain that it will acquire ownership of the leased asset at the end of the lease term, rights of use are amortised on a straight-line basis over the estimated useful life or the lease term, whichever is shorter.

The lease term is calculated by considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease if it is reasonably certain that it will not be exercised. The Group assesses whether or not it is reasonably certain that the extension or termination options will be exercised, while taking account of any and all relevant factors that create an economic incentive relating to such decisions.

The financial liability for leases is recognised at the inception date of the lease for a total value equal to the present value of the lease payments to be made over the lease term, as discounted by using incremental interest rates (Incremental borrowing rate "IBR"), when the interest rate implicit in the lease cannot be determined easily. Variable lease payments are still recognised in the income statement as a cost accrued in the period.

The book value of right-of-use assets is classified in the accounts in the respective class of underlying asset; details are provided in the explanatory notes.

IFRS 16 requires management to make estimates and assumptions that may affect the measurement of the right of use and the financial liability for leases, including the determination of: contracts within the scope of application of the new rules regulating the measurement of assets/liabilities according to the finance method; terms and conditions of the agreement; interest rate used to discount future lease payments.

Leases (for the lessor)

Lease agreements under which the Group is the lessor are classified as operating leases or as finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards attached to the ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards attached to the ownership of an underlying asset.

As regards finance leases, at the effective date the Company recognises the assets held under a finance lease in the statement of financial position and states them as a receivable at a value equal to the net investment in the lease, which is measured by using the interest rate implicit in the lease.

As regards operating leases, the Group must recognise operating lease payments as an income on a straight-line or any other systematic basis.

Costs, including amortisation, incurred to realise lease income are recognised as an expense.

Business combinations

Business combinations are accounted for by applying the acquisition method provided for in IFRS 3 revised.

The Parent Company has carried out a business combination transaction in relation to the acquisition of control over Valcofert S.r.l.. On 5 July 2021 it in fact acquired 40.83%, thus acquiring control over the entity.

In consideration of the above information, the current value of acquired assets and liabilities was determined as at the date of acquisition, since the book value was regarded as consisting of their fair value.

Assets acquired mainly consisted of trade receivables and inventories, while liabilities mainly consisted of trade payables.

The fair value of the quota held before the acquisition of control was determined by setting it as equal to the purchase price of the second quota, again equal to Euro 100,000.

As from 30 June 2021 Valcofert S.r.l. became a subsidiary of Alia S.p.A., in accordance with IFRS 10: consequently, consolidated income statement values only concerned the last six-month period.

The differential between the fair value of equity and the purchase price was charged to profit or loss.

Purchase price of Valcofert quotas for control	100,000
Fair value of quotas before acquisition of control	104,081
Amount of minority interests at fair value of net assets	24,650
Total price	228,732
<hr/>	
Equity at 30/6/21	147,874
differential	80,859

Equity investments in associates and joint ventures

These are stated among non-current assets and are valued according to the Equity method.

Associates are those entities over which the parent company exercises significant influence in making strategic (financial and operational) decisions, even though it does not retain control over them, while also considering potential votes, i.e. voting rights attached to convertible instruments; significant influence is presumed when the company directly holds more than 20% of the voting rights that can be exercised at the ordinary shareholders' meeting.

The Group applies IFRS 11 to all partnership agreements. According to IFRS 11 investments in joint arrangements are classified as joint operations or joint ventures depending on the contract rights and obligations of each investor. The Group has established that the only partnership agreement it has in place falls within the scope of joint ventures.

In applying the equity method, the investment in an associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the investee's profits or losses realised after the date of acquisition. The Company's share of the investee's profit (loss) for the period is recognised in the income statement. Dividends received from an investee reduce the carrying amount of the equity investment.

Non-current assets held for sale

Non-current assets (and disposal groups of assets) classified as held for sale are measured at the lower of their previous carrying amount and market value, net of selling costs.

Non-current assets (and disposal groups of assets) are classified as held for sale when their carrying amount is expected to be recovered through a disposal transaction rather than through their use in the entity's operations. This condition is met only when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition and the Management has made a commitment to sell, which should take place within twelve months of the date of classification under this item.

Inventories

These are recognised when the risks and rewards associated with the assets acquired are transferred and are stated at the lower of purchase cost, including any and all directly attributable additional costs and charges and indirect costs relating to in-house production, and the presumed realisable value inferable from market trends.

These mainly include spare parts, in addition to goods for resale and finished products (recycled plastic granule) and are valued at the lower of weighted average cost and market value at the reporting date. Weighted average cost is determined for the reporting period in relation to each inventory code. Weighted average cost includes any additional costs accrued in the period. The value of obsolete and slow-moving stock is written down in relation to the possibility of use or realisation, setting aside a specific provision for material obsolescence.

Cash and cash equivalents

This item includes cash on hand, current bank accounts and deposits repayable on demand, as well as other short-term high-liquidity financial investments that are readily convertible into cash and are subject to a non-significant risk of change in value.

Financial assets

These are classified and measured by considering both the financial asset management model and the contract terms and conditions of cash flows that can be derived from the asset. Depending on the features of the instrument and the business model adopted for its management, the following three categories are reported:

(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through other comprehensive income (hereinafter also referred to as OCI); (iii) financial assets measured at fair value through profit or loss.

Financial assets are measured using the amortised cost method if both the following conditions are met:

- the financial asset management model consists of holding the asset for the sole purpose of collecting the related cash flows; and
- the financial asset generates, at predetermined contractual dates, cash flows that consist exclusively of the return on the asset itself.

According to the amortised cost method, the initial book value is subsequently adjusted to take account of repayments of principal, any write-downs and the amortisation of the difference between the repayment value and the initial book value.

Amortisation is carried out on the basis of the effective internal interest rate which is the rate that makes the present value of expected cash flows and the initial book value equal upon initial recognition.

Receivables and other financial assets measured at amortised cost are stated in the balance sheet, net of the related provision for write-down.

Financial assets consisting of debt instruments whose business model provides for both the possibility of collecting contract cash flows and the possibility of realising capital gains on disposal ("hold to collect and sell" business model), are measured at fair value through OCI (assets measured at FVTOCI).

In this case, changes in the fair value of the instrument are recognised in equity, among other comprehensive income. The cumulative amount of fair value changes, which is charged to the equity reserve which includes other comprehensive income, is reversed through profit or loss when the instrument is derecognised. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recognised through profit or loss.

A financial asset which is not measured at amortised cost or at FVTOCI is measured at fair value through profit or loss (assets measured at FVTPL).

Trade and other receivables

These are initially recognised at fair value and subsequently measured using the amortised cost method, net of the provision for bad debts.

The Group measures any impairment or write-downs of receivables using an Expected Loss method. As regards trade receivables, the Group adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire maturity of the receivable (lifetime ECL).

Trade receivables are written down in full when there is no reasonable expectation of recovery, i.e. when there are inactive commercial counterparties.

The book value of the asset is reduced through the use of a provision for write-down and the amount of the loss is recognised in the income statement.

When collection of the consideration is deferred beyond normal business terms applied to customers, the receivable is discounted to present value.

Financial liabilities

Upon initial recognition they are measured at their fair value equal to the amount received at the reporting date, to which must be added any transaction costs directly attributable to payables and loans. After initial recognition, non-derivative financial liabilities are measured at amortised cost according to the effective interest method.

The Company's financial liabilities include trade payables and other payables and loans.

Financial liabilities are classified as payables and loans, or as derivatives designated as hedging instruments, as the case may be. The Group determines the classification of its financial liabilities upon initial recognition.

Profits and losses are accounted for through profit or loss when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by recording each discount or premium on the acquisition and fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is stated among financial costs in the income statement.

A financial liability is derecognised when the underlying obligation is extinguished, or cancelled or fulfilled.

When an existing financial liability is replaced by another of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially amended, this change or amendment is treated as a write-off of the original liability and the recognition of a new liability, taking any difference between book values to profit or loss.

Derivatives

The Group's assets are primarily exposed to financial risks arising from changes in interest rates. The Group uses derivatives to hedge any risk arising from changes in interest rates in certain irrevocable commitments and forecasted future transactions.

Derivatives are initially recognised at fair value, consisting of the initial consideration and adjusted at fair value at each subsequent closing date. Derivatives are used solely for hedging purposes, in order to reduce exchange, interest rate and market price risks. Derivatives may be accounted for according to the hedge accounting method only when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is presumed to be highly effective, its effectiveness can be measured reliably and the hedge is highly effective during the various accounting periods for which it is designated. When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

Cash flow hedge: if an instrument is designated as a hedge of the exposure to changes in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of gains or losses on the financial instrument is recognised in the Statement of comprehensive income. The cumulative gain or loss is reversed from the Statement of comprehensive income and accounted for in the income statement in the same period in which the hedged transaction is recognised. Any gain or loss associated with a hedge or that part of a hedge that has become ineffective is recognised immediately in the Income Statement. If a hedging instrument or a hedging relationship is terminated, but the hedged transaction has not yet taken place, any cumulative gains and losses, recognised in Equity up to that time, are recognised in the Income Statement when the related transaction takes place. If the hedged transaction is no longer regarded as probable, any unrealised gains or losses deferred in the Statement of comprehensive income are recognised immediately in the Income statement.

If hedge accounting cannot be applied, any gains or losses arising from the measurement of the derivative at its present value are recognised immediately in the Income Statement.

Employee benefits

The liability relating to the benefits allocated to employees and paid on or after the termination of the employment relationship under defined benefit plans is determined, separately for each plan, on the basis of actuarial assumptions by estimating the amount of future benefits that employees have accrued at the reporting date ("projected unit credit method"). The liability stated in the accounts, net of plan assets (if any), is recognised on an accruals basis over the vesting period of the right. The liability is measured by independent actuaries.

The components of the cost of defined benefits are recognised as follows:

- service costs are recognised among personnel costs in the Income Statement;
- net financial expenses on the defined benefit liability or asset are recognised in the Income Statement as Financial income/(expenses), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payments of contributions and benefits made during the period;
- the remeasurement components of the net liability, which include actuarial gains and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the asset, are recognised immediately in Other comprehensive income (loss). These components must not be reclassified to the Income Statement in a subsequent period.

Provisions for risks and charges

These concern costs and charges of a given type, and of certain or probable existence, which were undetermined in terms of amount or timing at the reporting date. The allocations are booked when there is a current obligation (legal or constructive) arising from a past event, if an outlay of resources to satisfy the obligation is probable, and the amount of the obligation can be estimated reliably.

The provisions are stated at the value consisting of the best estimate of the amount which the entity would pay to discharge the obligation or to transfer it to third parties at the reporting date. If the effect of discounting back the value of money is significant, provisions are calculated according to the discounted cash flow method at a pre-tax discount rate which reflects the market's current valuation of the cost of money in relation to time. When the discounting back is carried out, the increase in the provision due to the passage of time is recognised as a financial cost.

If the liability relates to property, plant and equipment, the provision is initially recorded against an entry under the fixed assets to which it refers; the related cost is recognised through profit or loss through the depreciation process of the tangible asset to which it refers.

Provision for restoration and replacement

According to IFRIC 12, the concessionaire does not meet the requirements to report infrastructures in its accounts as property, plant and equipment and the accounting treatment of the works executed on the infrastructure is of different importance depending on their type. In particular, there are two categories: works referable to normal infrastructure maintenance, replacement works and scheduled maintenance of the infrastructure at a future date.

The former relate to normal routine maintenance which is recognised through profit or loss when incurred, also in accordance with IFRIC 12. The latter, considering that IFRIC 12 does not provide for the recognition of a physical infrastructure asset but only of a right, must be recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; this standard requires the recognition of a provision divided into an operating component (including any effect arising from changes in the discount rate) and a financial component through profit or loss, on the one hand, and, on the other, the recognition of a provision for charges in the balance sheet.

The "Provision for restoration or replacement", in accordance with the obligations laid down in the concession agreement, therefore includes the best estimate of the present value of the costs accrued at the reporting

date for maintenance scheduled for subsequent periods, aimed at ensuring the required functionality, operation and safety of the set of assets under concession based on the information available at the reporting date.

After-closure provisions

They consist of the amount set aside to meet the costs that shall be incurred to manage the closure and post-closure period of landfills that are currently under operation. Future outlays have been discounted in accordance with the provisions of IAS 37. The increases in the provision include the financial component inferred from the discounting procedure and the provisions due to changes in the assumptions on future outlays following the review of estimates concerning both landfills in operation and those already exhausted. The uses consist of the actual outlays that were determined during the year. Provisions are also set aside by taking account of the rules laid down in the regulations in force (Legislative Decree 36/2003).

Grants

Grants from public bodies are recognised at fair value when it is reasonably certain that they will be received and the conditions for obtaining them will be satisfied.

Grants received for specific assets whose value is recorded under fixed assets are recognised in a specific liability item and credited to profit or loss in relation to the amortisation or depreciation period of the assets to which they refer.

Operating grants (paid for the purpose of providing immediate financial support to the entity or as compensation for expenses and losses incurred in a previous period) are fully recognised through profit or loss when the conditions for entering them are satisfied.

Revenues

The Group proceeds with the recognition of revenues after having identified contracts with its customers and the related obligation to be satisfied (transfer of goods and/or services), calculated the consideration to which the entity believes it is entitled in exchange for the satisfaction of each of these obligations and considering the manner in which this obligation is satisfied (performance at point in time or over time).

In particular, the Group proceeds with revenue recognition only if the following requirements are met (identification requirements of the "contract" with the customer):

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and have undertaken to fulfil their respective obligations; there is therefore an agreement between the parties which creates rights and obligations that are due and payable regardless of the form in which this agreement is expressed;
- b) the Group may identify the rights of each party with respect to the goods or services to be transferred;
- c) the Group may identify the terms of payment for the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that the Group will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

If the requirements referred to above are not met, the related revenues are recognised when: (i) the Group has already transferred control over the goods and/or provided services to the customer and all or almost all of the consideration promised by the customer has been received and is not refundable; or (ii) the contract has been terminated and the consideration the Company has received from the customer is not refundable.

If the requirements reported above are instead met, the Group applies the rules of recognition described below.

Costs

Costs are charged to profit or loss when their existence has become certain, the amount can be determined objectively and when it is possible to establish that the entity sustained these costs on an accruals basis, while taking account of the substance of the transaction.

Financial income and charges

Financial income is recognised on an accruals basis and includes interest income on invested funds, foreign exchange gains and income from financial instruments, when they are not offset in hedging transactions. Interest income is charged to profit or loss when it accrues, taking into account the effective yield.

Financial charges are recognised on an accruals basis and include interest expense on borrowings calculated by using the effective interest method and foreign exchange losses. They also include the financial component of the annual accrual to the provision for restoration.

Financial charges incurred for investments in assets for which a certain period of time normally passes to make the asset ready for use are capitalised and amortised over the useful life of the class of assets to which they refer.

Income tax

Current tax

Current income tax for the period is determined based on an estimate of taxable income and in compliance with the provisions in force or substantially approved at the reporting date, taking account of any applicable exemption and of any tax credit due.

Deferred tax assets and liabilities

These are calculated on the temporary differences between the value attributed to assets and liabilities in the accounts and the corresponding values recognised for tax purposes.

The rates applied are those estimated that will be in force when the temporary differences reverse. Deferred tax assets are recorded only to the extent that it is probable that taxable income will be available against which these assets may be used. The book value of receivables for deferred tax assets is reduced to the extent that it is no longer probable that the related tax benefit may be realised. The business planning period is taken into account in the assessment of deferred tax assets.

When the results are recorded in the OCI section, current tax, deferred tax assets and liabilities are also directly charged to this section. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Taxes can be offset when they are applied by the tax authority itself, when there is a legal entitlement to offsetting and the net balance is expected to be paid.

Use of estimates

The preparation of the financial statements and of the explanatory notes has required the use of estimates and assumptions both in the determination of certain assets and liabilities and in the measurement of contingent assets and liabilities. The final results that derive from the occurrence of events could differ even significantly from these estimates.

The estimates have been used in the assessment of tariff adjustments, provisions for risks and charges, provisions for bad debts, useful life of assets, employee benefits and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are immediately taken to profit or loss.

The main assumptions used by management in the evaluation process of the aforementioned accounting estimates are illustrated below. The criticality inherent in these estimates is in fact determined by using assumptions and/or professional judgements relating to issues that are by their nature uncertain. Changes to the conditions underlying the assumptions and judgements adopted could have a significant impact on subsequent results.

Revenue Recognition

Revenues from sales and services are recognised on an accruals basis. The fee invoiced to each municipality is that determined under the scope of the concession area, which the Authority distributes annually between each of the Municipalities. For the breakdown, reference should be made to paragraph 2 below.

Recoverable value of non-current assets

Non-current assets include Property, plant and equipment, Concession rights, Other intangible assets, Equity investments and Other financial assets. The Group reviews the carrying amount of non-current assets held and used and of disposal assets periodically, when events and circumstances require such review. When the book value of a non-current asset has recorded an impairment loss, the Group recognises a write-down equal to the excess amount of the book value of the asset and its recoverable value through use or sale, determined with reference to the cash flows envisaged in the most recent business plans.

Provisions for risk and charges

The identification of whether there is a current obligation (legal or constructive) is not easy to determine in some circumstances. The directors evaluate these events on a case-by-case basis, together with the estimated amount of financial resources required to fulfil the obligation. Provisions are estimated within a complex process that involves subjective judgements by the Group management. The Group is also involved in legal and tax disputes concerning complex and difficult legal issues, which are subject to a varying degree of uncertainty, including the facts and circumstances surrounding each case, jurisdiction and different applicable laws. Given the uncertainties attached to these issues, it is difficult to predict with certainty the outlay of funds that will arise from said disputes and it is therefore possible that the value of the provisions for legal proceedings and litigation may change as a result of future developments in the proceedings in progress. The Group monitors the status of ongoing disputes and consults with its legal counsels and experts in legal and tax matters. When the directors believe that the occurrence of a liability is only possible, the risks are reported in the specific information section on commitments and risks, without giving rise to any provision.

Liabilities for landfills and After-closure provisions

The provision for liabilities for landfills consists of the amount set aside to meet the costs that must be incurred to manage the closure and post-closure period of landfills currently in use. Future outlays, which are inferred for each landfill from a specific updated valuation report which is prepared by third-party experts annually, have been discounted in accordance with the provisions of IAS 37.

Provision for bad debts

This reflects management's estimate of expected losses relating to the loan portfolio. The Group applies the simplified approach envisaged under IFRS 9 and records expected losses on all trade receivables based on the residual maturity, determining the provision based on the past experience of credit losses as adjusted to take account of specific forecast factors relating to creditors and the economic environment (Expected Credit Loss - ECL concept).

Amortisation and depreciation

Amortisation and depreciation of fixed assets constitute a significant cost to the Group. Fixed assets are amortised or depreciated systematically over their estimated useful life. The useful economic life of the company's fixed assets is determined by the directors, with the help of technical experts, once the asset has been purchased. The Group evaluates technology and sector changes, decommissioning/closure costs and the recoverable value to update the residual useful life on a periodical basis. This periodical updating could entail a change in the amortisation and depreciation period and therefore also in the amortisation and depreciation allowances for future periods.

Employee benefits

Provisions for employee benefits and net financial costs are valued according to an actuarial method that requires the use of estimates and assumptions to calculate the net value of the obligation. The actuarial method considers financial parameters such as, for example, the discount rate and salary growth rates and considers the probability of occurrence of potential future events by using demographic parameters such as, for example, employee mortality and resignation or retirement rates. The assumptions used for the valuation are detailed in the explanatory notes.

Current tax and future recovery of deferred tax assets

Deferred tax assets are recognised on the basis of forecasts of tax income expected in future periods, which can be inferred from long-term company plans. The valuation of expected income for the purposes of accounting for deferred tax depends on factors that may vary over time and determine effects on the measurement of deferred tax assets.

Reclassifications of comparative data

It should be noted that the reporting scheme of some data relating to the previous year has been modified in order to offer the reader greater comparability of the information provided in the financial statements at 31 December 2021. In particular, an amount of Euro 1,939 thousand has been reclassified from “Other Operating Revenues” and “Capitalised Costs” to “Other Income”.

The Group believes that this change to the 2020 figures is not significant.

Newly-applied standards

New accounting standards and interpretations, amendments to accounting standards and interpretations applicable from 1 January 2021

As at the reporting date the competent bodies of the European Union approved the first-time adoption of the following accounting standards and amendments applied by the Group on 1 January 2021.

On 31 March 2021 the IASB issued an amendment on “Covid-19-Related Rent Concessions Beyond 30 June 2021 (Amendments to IFRS 16)” whereby it extended by one year the period of application of the amendment issued in 2020, which provided lessees with the option to account for Covid-19-related rent concessions without having to assess, through contract analysis, whether the definition of lease modification was met under IFRS 16. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of the rent concessions directly through profit or loss as at the effective date of the concession. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applied as from 1 April 2021, with early adoption permitted. No additional impact is reported on the Group's consolidated financial statements at 31 December 2021.

On 27 August 2020 the IASB issued, following the reform on interbank interest rates such as IBOR, the “Interest Rate Benchmark Reform – Phase 2”, which made amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All the amendment became applicable on 1 January 2021. The adoption of these amendments did not entail any impact on the consolidated financial statements of the Group.

On 25 June 2020 the IASB issued an amendment on the “Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)”. The amendments allow the temporary exemption from applying IFRS 9 to be extended until 1 January 2023 for insurance companies. The adoption of this amendment did not entail any impact on the consolidated financial statements of the Group.

Newly-issued accounting standards and interpretations, reviews and amendments to existing standards and interpretations not yet applicable or not yet endorsed

As at the reporting date the competent bodies of the European Union approved the first-time adoption of the following accounting standards and amendments, which are not yet applied by the Group:

In May 2017 the IASB issued the new IFRS 17 "Insurance Contracts". The new standard, which will replace IFRS 4 and will be applicable from 1 January 2023, was amended in June 2020.

In January 2020 the IASB issued some amendments to IAS 1, which clarify that the definition of a liability as "current" or "non-current" depends on the right in place as at the reporting date. The amendments will be applicable from 1 January 2023.

In May 2020 the IASB published some narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual revisions of IFRS 1, IFRS 9, IAS 41 e IFRS 16. The amendments will be applicable from 1 January 2022.

In February 2021 the IASB published some narrow-scope amendments to standards IAS 1, Practice Statement 2 and IAS 8. The amendments are aimed at improving disclosures on accounting policies and helping users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendments will be applicable from 1 January 2023. However, the IASB plans to publish a draft in the fourth quarter of 2021, in which it will propose deferring the effective date of application to no earlier than 1 January 2024.

In May 2021 the IASB published some amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred taxes upon initial recognition of an asset or liability in a transaction that results in equal amounts of deductible and taxable temporary differences. The amendments will be applicable from 1 January 2023.

The Group will adopt these new standards, amendments and interpretations, based on their expected date of application, and will assess their potential impacts when they are endorsed by the European Union.

4) EXPLANATORY NOTES TO THE ASSET ITEMS

NON-CURRENT ASSETS

1) Property, plant and equipment

The balances of these items can be inferred from the table below:

DESCRIPTION	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION	PROPERTY, PLANT AND EQUIPMENT
VALUES AT 31.12.2020						
Gross Value	85,881,519	30,379,977	12,728,071	10,171,865	14,419,565	153,580,998
Accumulated depreciation	-20,393,054	-9,421,921	-7,012,021	-8,780,561	0	-45,607,557
NET BALANCE AT 31.12.2020	65,488,466	20,958,056	5,716,050	1,391,304	14,419,565	107,973,441

DESCRIPTION	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION	PROPERTY, PLANT AND EQUIPMENT
NET CHANGES FOR FY 2021						
RECLASSIFICATIONS OF GROSS VALUE TO CONCESSION RIGHTS	-34,844,162	-895,574	-5,789,066	-7,991,709	-5,258,288	-54,778,799
RECLASSIFICATIONS OF ACCUMULATED DEPRECIATION TO CONCESSION RIGHTS	6,396,358	210,073	4,784,659	6,987,623	0	18,378,713
CHANGE IN CONSOLIDATION AREA - GROSS VALUE	224,341	755,777	6,665	210,207	0	1,196,989
CHANGE IN CONSOLIDATION AREA - ACCUMULATED DEPRECIATION	-158,471	-560,354	-6,454	-201,029	0	-926,308
CHANGES FROM PURCHASES	970,323	3,051,497	452,046	118,472	8,413,845	13,006,183
TRANSFERS	285,209	10,296,706	1,022,680	0	-11,604,595	0
DECREASES	0	-995,265	-159,754	-93,669	-207,502	-1,456,190
DISPOSAL/RECLASSIFICATION OF ACCUMULATED DEPRECIATION	55,557	980,109	113,791	699,821	0	1,849,278
2021 DEPRECIATION	-953,786	-3,566,767	-1,463,449	-796,165	0	-6,780,167
VALUES AT 31.12.2021						
Gross Value	52,517,230	42,593,118	8,260,642	2,415,167	5,763,024	111,549,181
Accumulated depreciation	-15,053,396	-12,358,860	-3,583,475	-2,090,311	0	-33,086,041
NET BALANCE AT 31.12.2021	37,463,834	30,234,258	4,677,167	324,856	5,763,024	78,463,140

In 2021 there was a review of the perimeter of the concession asset according to the criteria of being functional to the operation of the integrated management service as a result of the definition of the reference regulatory framework under ARERA Resolution no. 443/2019/MTR, which was followed by additional resolutions issued by ARERA itself, as well as by specific resolutions issued by ATO, during the same year. The reclassifications made during 2021 from Property, plant and equipment to Concessions rights then arise from the aforesaid review.

It should be noted that there are collaterals on the Group's real estate assets, issued against the following bank loans:

- Mortgage loan taken out with Mps Capital Services S.p.A. for Euro 8,850,000, to be used for the investment, secured with a mortgage on the composting plant located in Faltona in the Municipal district of Borgo San Lorenzo.

As regards the subsidiary Revet S.p.A., there was the expiry of the collateral on the Company's real estate assets, issued against the bank loans raised, since both the mortgage loan taken out with "Banca Intesa Mediocredito S.p.A.", with registered office in Milan, on 29 March 2007 for an initial amount of Euro

17,000,000 due 31 December 2021, and the mortgage loan taken out with "Mps Capital Services Banca per le Imprese S.p.A.", with registered office in Florence, on 7 September 2010 for an initial amount of Euro 7,600,000 due 31 December 2021, had been paid off as at 31 December 2021.

Banking procedures are underway for the cancellation of mortgages from the two banks.

As regards the parent company, the main capitalisations carried out during 2021 involved additional investments in implementing operations at the industrial complex located in Florence, in the Ferrale area, at Via di Castelnuovo 20, and concerned the building transformation activities at the waste management plant for a value of Euro 1,155,619.

Investments in plant and machinery on the part of the Parent Company mainly concerned the construction of new waste shredding lines at the MBT plant in Case Passerini for a value of Euro 821,902 and at the MTB plant in Paronese for a total value of Euro 1,373,910.

A purification system was implemented at the MBT plant in Case Sartori for a value of Euro 427,219, while the Dano MBT plant Dano was involved in an investment of Euro 209,630 to replace the screen.

A substantial investment was also made to upgrade the passive network for Euro 360,181.

Purchases for industrial and commercial equipment amounted to approximately Euro 579,731 relating to workshop tools, technical instruments and miscellaneous equipment. Additional purchases, reclassified to "Other property, plant and equipment", concerned furniture and other office shelving for a total value of Euro 179,519, while investments were made in HPE centralized hardware for Euro 829,000 and for attendance recording and pedestrian access control systems for Euro 57,707; on a residual basis, other investments were made in electrical and electronic machines for Euro 193,302.

Finally, we must note the investments made by Revet S.p.A. in 2021, which concerned the completion of the new recycling line and the new purification plant (tested in July 2021), the progress of investments in the revamping of our industrial plants, as planned in the 2019/2021 EFP and the acquisition of motor vehicles and dumpsters (bell-shaped containers) for the development of waste sorting operations.

During 2021 Revet made investments that allowed the Company to benefit from the tax concessions prescribed by the regulations on "Industry 4.0".

Rights of use

Rights of use mainly relate to collection vehicles and equipment and company cars. The detailed information relating to the rights of use in place, included among property, plant and equipment, is reported below.

Description	Building	Plants	Vehicles	Other vehicles	Total
Depreciation	317,125	431,811	864,460	164,338	1,777,734
Interest expense	64,027	48,624	31,701	15,265	159,617
Total cash outflows	347,657	520,498	1,095,318	178,332	2,141,805
Book value of right-of-use assets at the reporting date for each class of underlying asset	1,550,905	7,934,724	5,396,039	440,525	15,322,193

2) Concession rights

These consist of the rights relating to the integrated municipal waste management in the municipal districts of ATO Toscana Centro, which was started from 1 January 2018.

On 31 August 2017, Alia Servizi Ambientali S.p.A. (which is also referred to as the Concessionaire and/or Operator) and ATO Toscana Centro (Integrated Municipal Waste Management Authority) signed a “Service contract for integrated municipal waste management under Article 26, paragraph 6, of Regional Law 61/2017 and Article 203 of Legislative Decree 152/2006” (hereinafter also referred to as the “Contract” or “Service Contract”). The contract was entered into following a public tender procedure for the concession of the integrated municipal waste management service in the Municipal districts under the responsibility of ATO Toscana Centro (hereinafter also referred to as “ATO TC”).

At the end of 2017, the transitional period ended and from 1 January 2018, the term started for the concession involving the integrated management of municipal waste on an exclusive basis, which consists of the following activities:

- provision of basic services;
- provision of ancillary services;
- execution of the works provided for in the contract.

As from 1 January 2018 the service is delivered for 30 Municipalities in the province of Florence, 12 in the Province of Pistoia and 7 in the Province of Prato; as from 1 March 2018 the service is also delivered for other 2 municipalities in the Province of Florence and other 8 municipalities in the Province of Pistoia, for a total of 59 municipalities served. As a result of the merger of the Municipalities of Tavarnelle Val di Pesa and Barberino Val d’Elsa, the number of Municipal districts under management is equal to 58.

During 2021 Revenues from Concession Fees were measured in accordance with ARERA resolution no. 433/19 RIF, in compliance with ATO TC’s Resolution of 14 June 2021. In this resolution, ATO TC resolved, in fact, the approval of (i) the report pursuant to Article 4.6 of the WTM to check for the economic and financial balance of the operations, and (ii) the supplementary deed and the attached WTM Service Contract form negotiated with the Concessionaire - “to adopt the EFPs prepared for 2021 for each municipal district under Alia’s management according to the provisions of annex 1 attached to Resolution 443 for the Toscana centro municipalities for each municipality included in the reference tariff area.”

The table below shows the breakdown of basic services.

BASIC SERVICES	
1	Collection, transport, sweeping, support to domestic composting
2	User relationships and communication management
3	Analysis, communication and reporting
4	Sale of waste and/or raw materials and/or supply raw materials and/or by-products deriving from collection, treatment, recovery and/or disposal operations
5	Operation of the existing plants included in the perimeter of the tender for the treatment, recovery and/or disposal of waste that will be transferred to the service Contractor
6	Waste transport between the plants
7	Operation of existing and new collection sites
8	Operation of new installations (if any)
9	Post-closure operation of sites/landfills

The table below shows the breakdown of ancillary services.

ANCILLARY SERVICES	
1	Washing roads and public areas or for general public use
2	Weeding as part of waste collection
2BIS	Weeding as part of waste collection without collection of cut material
3	Waste collection and cleaning after public and similar events
4	Cleaning banks of rivers, streams and lakes
5	Cleaning residues from accidents and similar emergency services
6	Collecting syringes abandoned on public land or private land intended for public use
7	Cleaning bird droppings and canine excrement
8	Collecting animal carrion
9	Removing vehicle wrecks abandoned on public land
10	Cleaning and washing particularly valuable public surfaces
11	Washing and disinfection of drinking fountains and tanks
12	Cleaning public toilets
13	Collecting asbestos from small household tasks
14	Collecting special waste lying in public areas
15	Pest control and rat extermination
16	Collecting used vegetable oils from catering activities and/or with containers in local areas, if these operations comply with current and newly-issued legislation
17	Collecting cemetery waste from exhumation and removal of remains from crypts
18	Assessment, collection and litigation service for users

As a result of the application of the WTM and the definition of the scope of regulation set out by ARERA by resolution no. 443/19, ancillary services are integrated once again into Concession fees calculated according to the WTM. This scope still excludes Ancillary services nos. 10, 11, 12 and 15, for which a remuneration is envisaged, which is based on the unit price set out in the tender offer, in line with 2018, 2019 and 2020.

The object of the Concession also includes the execution of works included in the tender as defined in the table below:

Intervention	Amount of Works	Security costs
33 Collection sites	Euro 12,320,000.00	Euro 123,200.00

The remuneration for these works is envisaged under the Economic and Financial Plan. The related planning is regulated by Section 10 of the Contract. The executive design of the works will be approved by ATO in advance and it will be possible to carry out a rebalancing as a result of any substantiated cost deviation.

Composition of the concession right

At the inception of the Concession granted to the Operator Alia, the ownership was transferred for all plants, real estate and other capital assets that had been used by the former operators until that date, as well as for those owned by the local Bodies, granted to it under a loan for use agreement. As reported in the Introduction (in the paragraph on "General information and significant events during the year"), the transfer of assets functional to the service, such as properties, capital and staff took place from 1 March 2018, at the residual book value resulting on the date of transfer, for former operators AER Ambiente, Energia Risorse S.p.A. and COSEA Ambiente S.p.A., not incorporated into Alia.

In 2021 there was a review of the perimeter of the concession asset according to the criteria of being functional to the operation of the integrated management service as a result of the definition of the reference

regulatory framework under ARERA Resolution no. 443/2019/MTR, which was followed by additional resolutions issued by ARERA itself, as well as by specific resolutions issued by ATO, during the same year.

The reclassifications made during 2021 from Property, plant, machinery and equipment and other tangible assets and intangible assets to Concessions rights thus arise from the aforesaid review. In particular, historical costs and accumulated depreciation (equal to Euro 54.8 million and Euro 18.9 million, respectively) were reclassified from Property, plant, machinery and equipment and other tangible assets and historical costs and accumulated depreciation from intangible assets (equal to Euro 14 million and Euro 9.4 million, respectively) for a total amount of Euro 68.8 million of historical costs and Euro 27.7 million of accumulated depreciation.

In this regard it should be noted that, given the depreciation criteria adopted, this reclassification did not entail any impact on the income statement for the year.

The table below summarises the book value of the assets falling within the scope of the concession (“regulated assets”):

DESCRIPTION	NET IAS BALANCE AT 31.12.2020	GROSS VALUE	ACCUMULATED DEPRECIATION	ASSETS UNDER CONSTRUCTION	NET IAS BALANCE AT 31.12.2021
LAND AND BUILDINGS	80,043,848	155,681,353	-47,305,479	1,073,409	109,449,282
PLANT AND MACHINERY	8,790,437	121,150,754	-108,234,374	5,517,236	18,433,616
INDUSTRIAL AND COMMERCIAL EQUIPMENT	272,215	6,652,934	-5,118,982	9,530	1,543,482
OTHER TANGIBLE ASSETS	59,633,240	160,439,761	-94,070,727	4,471,437	70,840,470
DEVELOPMENT COSTS	227,716	643,807	-50,279		593,528
CONCESSIONS, TRADEMARKS AND SIMILAR RIGHTS	68,784	11,535,257	-8,934,060	7,885,505	10,486,701
OTHER INTANGIBLE ASSETS	23,416	9,401,872	-9,376,955		24,917
TOTAL	149,059,655	465,505,737	-273,090,856	18,957,116	211,371,997

DESCRIPTION	CONCESSION RIGHTS	ASSETS UNDER CONSTRUCTION	TOTAL CONCESSION RIGHTS
VALUES AT 31.12.2020			
Gross value	387,592,932		387,592,932
Accumulated depreciation	-238,533,276		-238,533,276
NET IAS BALANCE AT 31.12.2020	149,059,655		149,059,655
CHANGES FOR FY 2021			

DESCRIPTION	CONCESSION RIGHTS	ASSETS UNDER CONSTRUCTION	TOTAL CONCESSION RIGHTS
RECLASSIFICATION OF GROSS VALUE FOR REVIEW OF PERIMETER	60,179,663	8,574,935	68,754,598
RECLASSIFICATION OF ACCUMULATED DEPRECIATION FOR REVIEW OF PERIMETER	-27,708,438		-27,708,438
CHANGES FROM PURCHASES	25,328,967	14,140,384	39,469,351
TRANSFERS FOR RECLASSIFICATIONS	3,738,134	-3,738,134	0
DECREASES	-11,374,928	-20,069	-11,394,997
DISPOSAL/RECLASSIFICATION OF ACCUMULATED DEPRECIATION	11,183,501	0	11,183,501
2021 DEPRECIATION	-17,991,673	0	-17,991,673
VALUE AT 31.12.2021			
Gross value	465,464,767	18,957,116	484,421,884
Accumulated depreciation	-273,049,886	0	-273,049,886
NET IAS BALANCE AT 31.12.2021	192,414,881	18,957,116	211,371,997

Obligations to acquire or build property units

As noted above, the company is required to build 33 collection sites under the concession agreement. None were built during 2021.

Obligations to deliver or rights to receive certain assets at the end of the concession term

At the end of the Concession term, capital assets and their appurtenances, required for the service management, are transferred to the successor Operator free of charge and free of burdens and encumbrances. If, at the time of termination of operations, these assets have not been depreciated in full, the successor Operator will pay Alia S.p.A. an amount equal to the original book value of the work or plant not yet depreciated, net of public grants (if any) directly related thereto (pursuant to Section 13 of the Contract and ARERA Resolution no. 363/2021).

The Operator is obliged to keep the transferred plants in operation and held under management in full working order, implementing the routine maintenance Plan and performing non-routine maintenance, when necessary, having agreed on them with ATO in advance. The Operator is also obliged to maintain the transferred plants in operation but not managed, as well as the transferred plants that are not in operation, in safe conditions, implementing the Plans to maintain them in safe conditions. The decommissioning of the plants must be agreed with ATO. Where still existing upon expiry, or in any case at the time of early termination of the Contract, the Operator undertakes to hand over the works, installations and other equipment in a state of efficiency and good maintenance.

In case of decommissioning agreed between ATO and the Operator involving plants and/or other works functional to the integrated municipal waste management service, for which the law, public planning, or authorisation to operate or execute the work itself, require investigation plans to verify the state of non-contamination of the site upon decommissioning, the Operator shall be required to carry out this activity. Decommissioning will be considered for the purposes of rebalancing the management.

Options for renewal and early termination of the agreement

Upon the natural expiry or in the event of early termination of the contract, the Operator is required to ensure the complete and regular continuation of the service and, in particular, compliance with public service obligations and minimum standards of local public service, at the same terms and conditions regulated by this Contract, until the new Operator takes over the operation of the service. No indemnity or compensation in addition to what is already provided for in the Contract for the performance of the service may be claimed by

the Operator for the continuation of the service. ATO undertakes to start the awarding procedures at least one year before the expiry date of the contract or, in the event of termination, as soon as the term in which it becomes operational has expired.

Other rights and obligations

The services provided for in the Contract, the operation of which is entrusted to the Concessionaire, are based on a prominent public interest. To satisfy this or due to regulatory or legislative developments, ATO may request, on its own initiative or at the request of the Municipalities, changes in both basic services and ancillary services on request from the Operator.

The procedure (Section 7 of the contract) provides for ATO's application to be submitted to the Operator, as well as the preparation of a specific project describing the changes in the services and the proposals for changes in the economic and financial plan.

The changes are permitted up to one-fifth of the overall contract amount as prescribed by law.

ATO also reserves (Section 8) the right to appoint the Operator to deliver additional complementary services in the event of supervening circumstances, reasons of public interest and/or orders issued by the competent national, regional and provincial authorities. The awarding of these services is subject to the following conditions:

- the additional complementary services cannot be separated from the original contract from a technical and economic point of view without causing serious inconveniences to the granting ATO authority or, even though they can be separated from the performance of the initial contract, they are strictly necessary for its completion;
- the total value associated with the additional complementary services must not exceed 20% of the amount of the initial contract.

A procedure similar to that of the changes must be followed for their activation.

At the request of ATO, the Operator may be required to perform additional functional works which have become necessary following the public interest requirements which have arisen and/or legislative and/or regulatory provisions, provided that they are envisaged in the planning agreements in force at the time.

The cost of additional functional works will be considered for the purpose of rebalancing the management under the Contract. The Operator may in turn propose to ATO plants and/or works not provided for in the concession area Plan, but complementary to the planning, which allow a reduction in the tariff rate of the Operator. ATO reserves the right to accept them and, in case of acceptance, the same procedure is applied for the complementary works requested by ATO.

According to the provisions of the concession agreement, reported above, these rights were accounted for by applying the intangible asset model, required by IFRIC 12, since it was considered that the underlying concession relationships did not guarantee the existence of the concessionaire's unconditional right to receive cash, or other financial assets. Improvement works and services performed on behalf of the granting authority are accounted for as "Construction costs - concession rights." Since all the works have been contracted out to third parties, these improvements have been recognised on the basis of the costs actually incurred, after having considered that this amount consists of the fair value of the services provided.

Construction revenues - concession rights

These consist of the fees receivable for the work performed in favour of the granting authority and are measured at fair value, as determined on the basis of total costs incurred. These are stated against an entry under concession rights among intangible assets.

At 31 December 2021 these revenues amounted to Euro 39,469,351 and related to the following types of assets:

CHANGES FROM PURCHASES 2021 - CONCESSION RIGHTS			
CATEGORY	FROM 2021 CAPITALISATIONS	FROM ASSETS UNDER CONSTRUCTION	TOTAL
LAND AND BUILDINGS	3,056,659	512,699	3,569,358
PLANT AND MACHINERY	2,412,652	4,465,599	6,878,251
INDUSTRIAL AND COMMERCIAL EQUIPMENT	579,731	9,530	589,262
OTHER TANGIBLE ASSETS	17,550,531	4,240,449	21,790,980
<i>of which Collection equipment</i>	5,177,818	3,217,895	8,395,713
<i>of which Motor vehicles</i>	11,113,185	886,074	11,999,259
<i>of which office machines</i>	1,080,009	136,480	1,216,489
<i>of which other assets</i>	179,519		179,519
DEVELOPMENT COSTS	424,239		424,239
CONCESSIONS, TRADEMARKS AND SIMILAR RIGHTS	1,305,154	4,912,108	6,217,262
TOTAL	25,328,967	14,140,384	39,469,351

These are capitalised costs for investments made on these types of assets.

Development costs, equal to Euro 424,239, entirely relate to the increase in the capitalisation that was already started in 2019 in relation to the “Suhm - smart containers-bins” project.

Construction costs - concession rights

At 31 December 2021 these amounted to Euro 39,469,351 and were stated in accordance with the provisions of IFRIC 12.

3) Other intangible assets

The Group holds goodwill of Euro 250 thousand arising from the acquisition of Revet S.p.A. on the part of the parent company. As required by international standards, goodwill has not been amortised. This is placed on the Revet CGU, to be understood as a company as a whole. No evidence of impairment loss of the intangible asset was reported at the end of the year.

DESCRIPTION	DEVELOPMENT COSTS	CONCESSIONS, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	OTHERS	ASSETS UNDER DEVELOPMENT	TOTAL OTHER INTANGIBLE ASSETS
VALUES AT 31.12.2020						
Gross value	184,909	10,646,982	250,481	3,087,848	3,320,651	17,490,871
Accumulated amortisation	-97,387	-8,608,847	0	-3,056,640	0	-11,762,874
NET BALANCE AT 31.12.2020	87,523	2,038,136	250,481	31,207	3,320,651	5,727,998
CHANGES FOR FY 2021						

DESCRIPTION	DEVELOPMENT COSTS	CONCESSIONS, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	OTHERS	ASSETS UNDER DEVELOPMENT	TOTAL OTHER INTANGIBLE ASSETS
RECLASSIFICATION OF GROSS VALUE OF CONCESSIONS RIGHTS	27,594	-9,600,350	0	-1,116,026	-3,316,647	-14,005,429
RECLASSIFICATION OF ACCUMULATED AMORTISATION OF CONCESSIONS RIGHTS	-5,584	8,272,946	0	1,103,334	0	9,370,695
CHANGE IN CONSOLIDATION AREA - GROSS VALUE	0	7,816	0	0	0	7,816
CHANGE IN CONSOLIDATION AREA - ACCUMULATED AMORTISATION	0	-7,696	0	0	0	-7,696
CHANGES FROM PURCHASES	0	151,630	0	430,727	7,496	589,853
TRANSFERS FOR RECLASSIFICATIONS	0	0	0	0	0	0
DECREASES	0	0	0	0	0	0
DISPOSAL/RECLASSIFICATION OF ACCUMULATED AMORTISATION	0	0	0	-430,727	0	-430,727
AMORTISATION 2021	-40,924	-216,103	0	-13,240	0	-270,267
VALUES AT 31.12.2021						
Gross value	212,503	1,206,078	250.481	2,402,549	11,500	4,083,111
Accumulated amortisation	-143,895	-559,699	0	-2,397,275	0	-3,100,869
NET BALANCE AT 31.12.2021	68,608	646,379	250.481	5,275	11,500	982,242

As regards the Parent Company, during the year software licenses were acquired for Euro 1,927,412, of which specific licences of Euro 781,033 for ERP accounting, budget and payments management software, Euro 983,091 for the Windows environment and related systems engineering, and Euro 90,900 for implementation of ERP payroll management software.

The assets included in the concession rights have been amortised individually based on their useful life.

The aforementioned reclassification under "Concession Rights" refers to the set of plants, real estate and other assets which were used by the former operators and the ownership of which was transferred to Alia S.p.A. at the inception of the concession, as detailed in the paragraph on "Concession Rights".

It should be noted that no fixed assets are pledged as collateral, there are no contractual commitments for the acquisition of new fixed assets nor is the Group entitled to compensation from third parties for impairment losses and disposals.

With regard to subsidiary Revet, the R&D work included in the financial statements concerned the development and qualification of innovative materials, deriving from post-consumption or from qualified waste from industrial supply chains.

During 2021 there was the implementation of the system for certifying the bell-shaped container emptying service, which was carried out in 2020. This geolocation project, known as "LEOWEB", uses a highly innovative centralised IT system to manage and monitor the emptying of street bell-shaped containers carried out by the

fleet of vehicles of Revet and by that of the subcontractors working for it. In addition, three software packages were purchased to manage the quality of the material to be processed and the management of recycling plant traceability (from raw material to the production of the big bag, storage and shipment).

4) Equity investments

The value of equity investments amounted to Euro 16,572 thousand, of which Euro 7,842 thousand in associates while non-qualified investments amounted to Euro 8,731 thousand, as reported below.

Description	Balance at 31 12 2021	Balance at 31 12 2020
Equity-accounted investments in associates and joint ventures	7,841,579	4,655,747
Other equity Investments	8,730,672	256,280
TOTAL	16,572,251	4,912,026

Equity-accounted investments in associates and joint ventures

The table below shows the book values and the income statement and balance sheet data of associates:

GENERAL DETAILS								
Company name	IRMEL SRL	AL.BE SRL	VALCOFERT SRL	SEA RISORSE SPA	REAL SRL	VALDISIEVE SCRL	VETRO REVET SRL	
Main operating office	PONTE BUGGIANESE (PT) - VIA CAMPORCIONI EST 16	PECCIOLI (PI) - VIA GUGLIELMO MARCONI	CERTALDO - LOC. CANTONE S.S. 429	VIAREGGIO - VIA PALADINI	EMPOLI (FI) - VIA MOLIN NUOVO 28/30	FLORENCE (FI) VIA BENEDETTO VARCHI 34 CAP 50132	EMPOLI - VIA VIII MARZO	
Registered office	PONTE BUGGIANESE (PT) - VIA CAMPORCIONI EST 16	PECCIOLI (PI) - VIA GUGLIELMO MARCONI	EMPOLI - VIA GARIGLIANO	VIAREGGIO - VIA DEI COMPARINI	EMPOLI (FI) - VIA MOLIN NUOVO 28/30	FLORENCE (FI) VIA BENEDETTO VARCHI 34 CAP 50132	EMPOLI - VIA VIII MARZO	
Ownership percentage held by the company	36.00%	50.00%	83.33%	24.00%	50.10%	25.00%	49.00%	
Sharing of voting rights held by the Company	36.00%	50.00%	83.33%	24.00%	50.10%	25.00%	49.00%	
BALANCE SHEET VALUES							TOTAL	
Balance sheet values at 31/12/2020	288,251	505,319	156,270	757,882	2,048,808	300,783	598,434	4,655,747
Dividends collected				-177,083	-605,034			-782,117
Purchases		2,600,000						2,600,000
Reclassifications for changes in consolidation area			-167,188					-167,188

GENERAL DETAILS								
Company name	IRMEL SRL	AL.BE SRL	VALCOFERT SRL	SEA RISORSE SPA	REAL SRL	VALDISIEVE SCRL	VETRO REVET SRL	
Change for application of the equity method through P&L	112,446	-39,969	10,918	18,040	1,433,703	0	0	1,535,138
Balance sheet value at 31/12/2021	400,697	3,065,350	0	598,839	2,877,476	300,783	598,434	7,841,579

These investments, as described in the introduction, are measured using the equity method.

The main investments in associates are:

- Irmel S.r.l.: the company operates treatment and waste-to-energy plants for inert waste from construction, in the provinces of Pistoia and Florence, respectively.
- Al.be S.r.l.: was established in a 50-50 partnership with Belvedere S.p.A. on 11 April 2018. Its purpose is the recovery and processing of waste with the operation of plants for the production of biogas - biomethane and biofuels. At present the company is still dormant.
- Sea Risorse S.p.A. operates sorted waste collection in two municipal districts of the Versilia area.
- REAL S.r.l.: this joint venture was established in a 49.90% partnership with RELIFE S.p.A. on 4 November 2019. The company operates in the collection, processing, sorting, transformation and storage of waste paper.
- Valdisieve Società consortile: is a holding company that controls companies operating in the waste sector.
- Vetro Revet S.r.l.: is 49% held directly by Revet S.p.A.. It operates in the sorting and transformation of glass so that it can result as a raw material for the glassware recycling chain.

Other equity investments

These amounted to Euro 8,730,672; among them we must note the purchase of 16.5% of the quotas in Scapigliato S.r.l. for Euro 8,500 thousand, which took place in May 2021, the investment in Le Soluzioni S.c.a.r.l., equal to Euro 87 thousand, and the investment in Sei Toscana S.r.l., measured in the financial statements for Euro 198 thousand.

5) Non-current financial assets

Below are the non-current financial assets:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Receivables from Associates		116,780	-116,780
Guarantee deposits	242,783	162,530	80,253
TOTAL	242,783	279,310	-36,527

The balance at 31 December 2021 was Euro 243 thousand, and specifically related in full to guarantee deposits.

6) Deferred tax assets and liabilities

Deferred tax assets are generated by the temporary differences between the balance sheet profit and taxable income, mainly in relation to the provision for bad debts, provisions for risks and charges, statutory amortisation greater than that for tax purposes, past losses and provisions for employee benefits.

Tax losses will be recovered through the taxable income that the company will generate during the period of the concession term, as they can also be inferred, as regards the Parent Company, from the long-term plan for the 2021-2030 period, as approved by the Company's Board of Directors on 25 May 2021, which was confirmed by the final results recorded for 2021 and in the 2022 Budget approved by the Parent Company's Board of Directors on 29 December 2021, and, for the other Group's companies, by the related expected positive tax results.

Deferred tax assets reported in the statement of financial position (equal to Euro 16,317 thousand) include the balance arising from OCI changes for Euro 675 thousand.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against corresponding current tax liabilities.

They are reported in the financial statements by offsetting deferred tax asset equal to Euro 16,317,422 and deferred tax liabilities equal to Euro 5,364,211.

Below is a breakdown of deductible and taxable temporary differences:

	BALANCE SHEET ITEMS	BALANCE OF TAX ASSETS AND LIABILITIES 31/12/2020	TEMPORARY DIFFERENCES 31/12/2021	DEFERRED IRES TAX ASSETS/LIABILITIES 31/12/2021 (A)	DEFERRED IRAP TAX ASSETS/LIABILITIES 31/12/2021 (B)	BALANCE OF TAX ASSETS AND LIABILITIES 31/12/2021 (A+B)
ALIA (PARENT COMPANY)	Fixed assets	-4,866,037	-13,026,170	-3,126,281	-666,940	-3,793,221
	Provision for bad debts	4,336,876	16,031,388	3,847,533	0	3,847,533
	Productivity	598,591	4,122,722	989,453	0	989,453
	Litigation risks	738,597	2,378,824	570,918	121,796	692,713
	Employee Severance Pay	90,396	52,943	12,706		12,706
	Losses from previous years	8,670,151	26,042,938	6,250,305	0	6,250,305
	Vaiano landfill	224,493	1,222,794	293,471	62,607	356,078
	Vigiano landfill	1,318,273	5,469,284	1,312,628	280,027	1,592,656
	Case Passerni landfill	-1,092,166	-5,394,883	-1,294,772	-276,218	-1,570,990
	Provision for maintenance risks	132,367	456,430	109,543	23,369	132,912
	Receivables for deferred tax assets -OCI	542,843	2,718,134	652,352		652,352
	Provision for bad debts on loans	67,626	58,660	14,078	0	14,078
	Allowance for Corporate Equity (ACE)	185,092	0	0	0	0

	BALANCE SHEET ITEMS	BALANCE OF TAX ASSETS	TEMPORARY DIFFERENCES	DEFERRED IRES TAX ASSETS/LIABILITIES	DEFERRED IRAP TAX	BALANCE OF TAX ASSETS
PROGRAMMA AMBIENTE	Fixed assets	-89,567	0	0	0	0
	Provision for bad debts	101,280	576,960	138,470	0	138,470
	Losses from previous years	333,528	1,389,700	333,527	0	333,527
PROGRAMMA AMBIENTE APUANE	Provision for bad debts	128,280	488,794	117,310	0	117,310
	Montignoso landfill		539,972	129,593	26,027	155,620
REVET	Fixed assets	598,636	2,159,668	518,320	104,096	622,416
	Provision for bad debts	27,552	114,802	27,552	0	27,552
	Provision for inventory write- down	30,174	6,393	1,534	0	1,534
	Litigation risks	4,535	113,354	27,206	5,465	32,670
	Employee Severance Pay	830	14,794	3,551	0	3,551
	Tax losses	77,776	909,925	218,382	0	218,382
	Provision for risks on employee bonuses	84,000	320,000	76,800	0	76,800
	Lease debt	119,891	91,162	21,879	4,394	26,273
	Receivables for deferred tax assets- OCI on Employee Severance Pay		93,871	22,529	0	22,529
	Other minor items	3				0
TOTAL		12,364,023	46,952,460	11,268,589	-315,377	10,953,211

	DEFERRED IRES TAX ASSETS	DEFERRED IRES TAX LIABILITIES	DEFERRED IRAP TAX ASSETS	DEFERRED IRAP TAX LIABILITIES
ALIA	14,052,988	-4,421,053	487,799	-943,158
VALCOFERT	0	0	0	0
PROGRAMMA AMBIENTE	471,997	0	0	0
PROGRAMMA AMBIENTE APUANE	246,903	0	26,027	0
REVET	917,753		113,955	
GROUP	15,689,641	-4,421,053	627,781	-943,158

7) Non-current trade receivables

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Receivables from customers due beyond 12 months	2,110,649	3,249,744	-1,139,095
TOTAL	2,110,649	3,249,744	-1,139,095

This item includes trade receivables due beyond 12 months from the end of the financial year as a result of payment plans agreed with the counterparties.

8) Other non-current assets

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
IRAP tax credit (ACE, Allowance for corporate equity) beyond 12 months	153,169	231,306	-78,137
Prepaid expenses	1,144,191	634,185	510,006
Tax credits beyond 12 months	2,611,029	391,946	2,219,083
TOTAL	3,908,389	1.257,437	2,650,952

The amount of Euro 153 thousand related to the transformation of the ACE (*Aiuto alla Crescita Economica*, Allowance for corporate equity) surplus into a tax credit that can be offset. Prepaid expenses mainly relate to surety policies.

CURRENT ASSETS**9) Inventories**

The table below shows changes in inventories:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Raw Materials, Supplies and Consumables	3,758,289	3,732,965	25,324
Work in progress and Semi-finished products	22,782		22,782
Finished products and Goods for resale	387,600	313,928	73,672
TOTAL	4,168,671	4,046,893	121,777

Inventories, amounting to Euro 4,169 thousand, mainly consisted of spare parts and equipment for the maintenance and running of the plants in operation.

Finished products include the granule obtained from recycled mixed plastic and compost and fertilizers.

10) Trade receivables

The table below shows the breakdown of trade receivables:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Receivables from Customers	144,898,303	129,248,266	15,650,037
Provision for Bad Debts	-18,140,472	-20,091,221	1,950,749
TOTAL	126,757,831	109,157,045	17,600,786

The balance of trade receivables, amounting to Euro 126,758 thousand, mainly includes receivables from Municipalities, third-party customers and related companies. These receivables mainly relate to invoices issued to municipalities for environmental hygiene services not yet collected at 31 December 2021 and receivables from users for TIA (*Tariffa di Igiene Ambientale*, Environmental Hygiene Tariff) bills.

Below is the breakdown of changes in the provision for bad debts:

Description	31/12/2020	Change in consolidation area	Increases	Uses	31/12/2021
Provision for Bad Debts	20,091,221	124,035	16,140	2,090,925	18,140,472

The Provision for bad debts was used mainly for the write-off of TIA tariff receivables.

Below is the ageing of customers at 31 December 2021:

BALANCE OF RECEIVABLES - 2021	OVERDUE AMOUNTS				AMOUNTS FALLING DUE
	0-30	31-60	61-90	beyond90	
144,898,303	3,165,407	2,927,139	1,721,198	7,389,958	129,694,603

11) Equity investments

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Investments held for sale	1,770	1,770	0
TOTAL	1,770	1,770	0

12) Current tax assets

Below is the breakdown of current tax assets:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
IRES tax advances	72,587	2,100,923	-2,028,336
IRAP tax advances	203,641	232,519	-28,878
Withholding tax receivables from Tax Office	22,509	73,871	-51,361
IRAP tax receivables	3,985	32,716	-28,731
TOTAL	302,723	2,440,028	-2,137,306

The balance at 31 December 2021, equal to Euro 302,723, mainly consisted of IRES (Corporate Income) and IRAP (Regional Production Activity) tax advances, for amounts in excess of the debt calculated at the end of the year.

13) Other current assets

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
VAT tax receivables from Tax Office	433,845	260,641	173,204
Receivable from Tax Office for VAT refund	418	10,001	-9,583
Receivable for IRAP tax refund	810		810
Other Receivables	4,737,217	4,795,958	-58,741
Accrued income	3,502	5,426	-1,924
Prepaid expenses	1,506,101	967,988	538,113
Withholding tax receivables from Tax Office	146	313	-167
TOTAL	6,682,038	6,040,327	641,712

The balance at 31 December 2021, amounting to Euro 6,682 thousand, related to VAT credits for Euro 434 thousand and to Other receivables for Euro 4,737 thousand, of which an amount of Euro 1,600 thousand is claimed from ATO for grants to be received and an amount of Euro 403 thousand from the Tuscany Regional government.

14) Cash and cash equivalents

The table below shows the balances of the items at 31 December 2021:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Current bank accounts	44,904,415	65,679,278	-20,774,864
Postal accounts	465,362	584,995	-119,633
Money and Cash on hand	10,517	22,385	-11,868
TOTAL	45,380,293	66,286,659	-20,906,365

The balance consists of liquid assets, cash on hand and cash equivalents at the reporting date.

5) EXPLANATORY NOTES TO THE LIABILITY ITEMS

15) Share capital

The share capital of Alia Servizi Ambientali S.p.A. is divided into 94,000,000.00 ordinary shares with a value of Euro 1.00, wholly subscribed and paid-up; no treasury shares are held.

On 16 December 2021 the extraordinary shareholders' meeting of Alia resolved, by a deed drawn up by Mr Santoro, Notary Public, a capital increase without payment, equal to Euro 46,920,745, through the use of existing reserves, for the implementation of the rebalancing agreement provided for in Section 10.2 of the Shareholders' Agreement. At the same time, a resolution was passed for a capital reduction of Euro 38,297,597 by allocating the amount of the reduced capital to "Rebalancing Reserve"; accordingly, the Share Capital showed a net increase of Euro 8,623,148 at 31 December 2021.

16) Reserves

The change in reserves for the year were due to:

- coverage of losses for the previous year equal to Euro 5,729,334;
- a reduction due to a capital increase without payment, equal to Euro 46,920,745 and, at the same time, and increase due to a reduction in the share capital of Euro 38,297,597 by allocating the amount of the reduced capital to "Rebalancing Reserve", with a net balance of Euro 8,623,148;
- changes in the statement of comprehensive income for Euro 303,513;
- other changes arising from change in the consolidation area for Euro 264,804.

Reserves include, among others, the following reserves for the Parent Company.

Share premium reserves

This reserve, amounting to Euro 9,547,445, was set aside in 2017 and was generated by the share swap differences due to the merger transaction at book values.

Business Combination reserves

These reserves, amounting to Euro 7,420,104, did not report changes compared to the previous year.

IFRS FTA reserve

The First-Time Adoption reserve, amounting to Euro 7,896,006, relates to the accounting differences arising from the transition to International Accounting Standards according to IFRS 1.

Rebalancing Reserve

The reserve, equal to Euro 38,297,597, was set aside following the capital increase without payment as described above.

Reconciliation between the parent company's operating result and equity

The table below shows a reconciliation between the parent company's operating result and equity and related consolidated values at 31 December 2021:

	Equity at 31.12.2021	Profit (loss) at 31.12.2021
Balances as per the financial statements of the Parent Company	166,602,195	8,475,423
Equity of Subsidiaries	38,636,742	1,975,644
Derecognition of the carrying amount of equity investments	-18,709,615	-143,965
Other Adjustments	-973,970	-374,370
Balances as per the consolidated Financial Statements of the Alia Group	185,555,353	9,932,733
Of which Minority interests	18,083,866	818,899

17) Minority interests

Share/quotaholders of:	Equity attributable to minority interests	Net profit (loss) attributable to minority interests
Programma Ambiente Apuane SpA	112,789	204,532
Revet SpA	17,133,443	615,723
Valcofert Srl	18,734	-1,357
TOTAL	17,264,967	818,899

NON-CURRENT LIABILITIES**18) Provisions for risks and charges**

Below is the breakdown of the item:

DESCRIPTION	Case Passerini	Vaiano landfill	Vigiano landfill	Apuane landfill	Other risks	Provision for risks from non-routine maintenance (IFRIC 12)	TOTAL
Value at 31/12/2020	18,906,475	1,154,106	5,327,206	7,072,203	5,431,790	454,557	38,346,338
Provisions					7,983,445	1,873	11,703,658
Adjustment to Provision	-1,935,433	441,751	907,768				-585,914
Financial costs (income)	291,120	10,118	34,479	711,522			1,047,239

Uses	-193,503	-57,307	-296,612		-3,396,334		-7,662,098
Value at 31/12/2021	17,068,660	1,548,668	5,972,841	7,783,725	10,018,900	456,430	42,849,224

The balance of provisions for risks and charges was Euro 42,849 thousand.

The effect was mainly related to the combination process highlighted in the introduction to this explanatory note.

The balance at the end of the year mainly included:

- Provision for post-closure operation of landfills for Euro 32,374 thousand: this is the amount set aside to meet the costs that shall be incurred to manage the closure and post-closure period of landfills that are currently under management. Future outlays, which are inferred for each landfill from a specific valuation report, prepared by an independent third-party expert, have been discounted in accordance with the provisions of IAS 37. The increases in the provision include the financial component inferred from the discounting procedure and the provisions due to changes in the assumptions on future outlays following the review of valuation reports concerning both landfills in operation and those already exhausted. The uses consist of the actual outlays that were determined during the year.

As regards Case Sartori, a provision for Post-management was not set aside in accordance with the provisions of the EFP drawn up in tendering, which led to awarding the environmental management service of ATO Toscana Centro. According to the plan, the costs incurred for the post-management of this landfill will in fact be covered as required by the WTM.

- Provisions for Other risks for Euro 10,018 thousand. This item has been recorded to cover future and possible risks related to pending disputes (for Euro 5,448 thousand). It should be noted that in 2021 provisions were set aside for about Euro 3.1 million in relation to proceedings RG (General Register) no. 1987/2016; for more details, reference should be made to the paragraph on "Main pending litigation". An amount of Euro 4,123 thousand was also allocated for productivity bonuses payable to employees.

For more details on pending disputes, reference should be made to the paragraph on the "Main litigation" of these explanatory notes.

- Provision for restoration and replacement for Euro 456 thousand. This item is recorded to meet costs relating to future and prospective cyclical non-routine maintenance of plants.

Furthermore, the potential impact on the Provisions for post-closure operation of landfills in terms of increases, as a result of a theoretical decrease of 50 bps in discount rates, would be equal to Euro +2,466 thousand. On the contrary, the potential impact on the Provision in terms of decrease, as a result of a theoretical growth of 50 bps in interest rates, would be equal to about Euro -2,219 thousand.

Finally, the potential effect on the Provisions relating to post-closure operation of landfills in terms of increase, as a result of an alleged increase of 5% in expected future outlays, should be equal to Euro 1,619 thousand.

19) Employee severance pay and other benefits

The amount payable to employees for severance pay benefits at 31 December 2021 is shown in the table below:

DESCRIPTION	PROVISION FOR EMPLOYEE SEVERANCE PAY
VALUE AT 31/12/2020	17,090,846
Change in consolidation area	235,404

<i>DESCRIPTION</i>	PROVISION FOR EMPLOYEE SEVERANCE PAY
Provisions	592,366
Uses	-1,885,738
Other Changes	-119,064
Actuarial (Gain) / Loss	456,289
Interest Cost	3,370
VALUE AT 31/12/2021	16,373,473

The item, amounting to Euro 16,373 thousand, includes the actuarial valuation of provisions for subordinate employee severance pay and other contractual benefits, net of advances granted and payments made to social security institutions in accordance with current legislation. The calculation is carried out by using actuarial techniques and discounting future liabilities at the reporting date. These liabilities consist of the receivables that the employees will accrue on the date on which they will presumably leave the company.

The table below shows the main assumptions used in the actuarial estimate of employee benefits:

Description	Alia SpA		Revet SpA	
	% rate used for FY 2021	% rate used for FY 2020	% rate used for FY 2021	% rate used for FY 2020
Inflation rate	1.75%	0.80%	1.75%	0.80%
Annual discount rate	0.44%	-0.02%	0.98%	0.34%
Annual rate of overall pay increases	2.81%	2.10%	2.81%	2.10%
Annual frequency of leaving work for reasons other than death	1.00%	1.00%	5.00%	5.00%

The actuarial component relating to the Employee Severance Pay and the related deferred tax are shown in the OCI section.

20) Non-current financial liabilities

The breakdown is reported below:

Description	Balance at 31/12/2021			Balance at 31/12/2020			Change
	Current	Non-current	Total	Current	Non-current	Total	
Bonds	10,988,644	34,897,383	45,886,027	6,098,493	44,825,980	50,924,473	- 5,038,446
Payables to banks	49,507,225	30,417,583	79,924,809	37,856,807	21,368,565	59,225,371	20,699,437
Financial liabilities to banks	60,495,869	65,314,966	125,810,836	43,955,300	66,194,545	110,149,844	15,660,991
Financial liabilities for rights of use	1,772,044	6,539,863	8,311,908	1,190,177	5,843,862	7,034,040	1,277,868

Total financial liabilities	62,267,914	71,854,829	134,122,743	45,145,477	72,038,407	117,183,884	16,938,859
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Below are the changes in payables to banks for loans:

Amounts in Euro	31/12/2020	New loans	Repayments	Reclassifications	Other changes	Change in consolidation area	31/12/2021
Non-current financial liabilities	66,194,545	18,000,000	-	- 18,746,886	- 337,532	204,840	65,314,966
Current financial liabilities							
<i>Bank (short-term financial) overdrafts</i>	25,300,807	20,161,326	- 5,582,853	200,000	- 145,545	370,082	40,303,818
<i>Current portion of non-current debt</i>	18,654,492	-	- 17,454,551	18,546,886	328,527	116,698	20,192,052
Total current financial liabilities	43,955,300	20,161,326	- 23,037,404	18,746,886	182,982	486,780	60,495,869
Total financial liabilities to banks	110,149,844	38,161,326	- 23,037,404	-	- 154,550	691,620	125,810,836

Other changes relate to advance payments on invoices and other short-term transactions to the banking system.

Payables to banks: the balance also includes amounts due to banks for the medium- and long-term portion (equal to Euro 29,328 thousand).

Bond: on 9 March 2017, the parent Company completed the procedure for the issue of a Euro 50,000,000 bond listed on the Irish Stock Exchange in Dublin. It has a term of seven years and an effective rate of 2.7%. This loan will be repaid on a straight-line basis from 2021. The proceeds of the issue are mainly intended to finance the investments planned and attributable to the transformation of services under the twenty-year concession agreement.

Financial payables to banks require compliance with certain levels of financial ratios set out as per contract, such as Net Financial Position/EBITDA and Net Financial Position/Equity, according to the definitions agreed with the financing counterparties and measured on the Company's balance sheet values.

Failure to comply with the covenants and other contractual commitments applied to the loan in question, if not adequately remedied within the agreed terms, may result in the obligation to repay the related residual debt in advance.

The parent company Alia and subsidiary Revet had complied with all the above parameters as at 31 December 2021.

The table below shows the breakdown of "Net Financial debt" at 31 December 2021, prepared in accordance with paragraph 175 and ff. of ESMA Recommendations/2021/32/382/1138.

Euro	31/12/2021	31/12/2020	Change
A. Cash	45,380,293	66,286,659	(20,906,366)
B. Cash equivalents	-	-	-
C. Other current financial assets	-	-	-
D. Liquidity (A + B + C)	45,380,293	66,286,659	(20,906,366)

Euro	31/12/2021	31/12/2020	Change
E. Current financial debt	40,303,818	25,300,807	15,003,010
F. Current portion of non-current financial debt	22,899,122	20,798,004	2,101,118
G. Current financial debt (E + F)	63,202,939	46,098,811	17,104,128
H. Net current financial debt (G - D)	17,822,646	(20,187,848)	38,010,494
I. Non-current financial debt	30,417,583	21,368,565	9,049,018
J. Debt instruments	34,897,383	44,825,980	(9,928,597)
K. Trade payables and other non-current payables	11,973,195	12,230,528	(257,333)
L. Non-current financial debt (I + J + K)	77,288,161	78,425,073	(1,136,912)
M. Total financial debt (H + L)	95,110,808	58,237,225	36,873,583

“Current portion of non-current financial debt” and “Trade payables and other non-current payables” include deferred payables for the purchase of plants totalling Euro 5.4 million, in addition to tax liabilities for rights of use.

As regards the amount of payables due beyond 5 years, reference should be made to the paragraph on “Liquidity risk” of these explanatory notes.

21) Derivatives

On 30 October 2019 the subsidiary Revet S.p.A. entered into an option contract on interest rates - CAP with “Banca Monte dei Paschi di Siena S.p.A.” to hedge the risk of fluctuations in the variable component of the interest rate of the MPS Orizzonti loan of Euro 4,500,000 raised with “Banca Monte dei Paschi di Siena S.p.A.”. The option contract on interest rates - CAP is used to hedge risks associated with changes in cash flows. The contract was terminated on 21 October 2021.

22) Other non-current liabilities

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Deferred income beyond 12 months	6,611,994	4,943,580	1,668,415
Payables to Publiservizi SpA	1,200,000	1,320,000	-120,000
Provincial Tax	507,106	544,196	-37,090
Other payables	56,925	105,268	-48,342
Guarantee deposits	270,610	279,472	-8,862
TOTAL	8,646,635	7,192,515	1,454,120

The Provincial Tax Debt consists of the amount to be paid for this purpose on TIA tariff bills collected during the year.

The payable for guarantee deposits received from Programma Ambiente Apuane came to Euro 269 thousand.

Deferred income relates to portions of set-up grants received and accruing in future years. The breakdown of portions accrued after 2021 and beyond five years can be inferred from the table below:

	FROM 1 TO 5 YEARS	BEYOND 5 YEARS
TOTAL	2,626,171	3,985,823

23) Non-current trade payables

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Payables to suppliers due beyond 12 months	4,233,333	5,066,666	-833,333
TOTAL	4,233,333	5,066,666	-833,333

In the 2021 financial statements the balance of “Payables to suppliers due beyond 12 months” amounted to Euro 4,233,333. This item refers to the Parent Company’s payable to third party suppliers for the instalment payment of the acquisition of the Montignoso landfill, which took place during 2018.

CURRENT LIABILITIES

24) Current financial liabilities

As regards the table of breakdown of changes, reference should be made to note 20 of these explanatory notes.

The balance at 31 December 2021 amounted to Euro 61,927,267 (Euro 45,145,477 at 31 December 2020) and mainly related to short-term payables to banks, including the amounts of loans falling due within the subsequent 12 months, and to positions for which the banks may demand payment at sight. The balance also includes the short-term portion of the Bond for Euro 989 thousand, consisting of interest that accrued during the period and the portion of Bond for the period, equal to Euro 10,000 thousand.

25) Trade payables

The table below shows the total and breakdown of trade payables:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Payables to suppliers	95,858,356	94,938,084	920,272
Payables to associates	682,670	697,991	-15,321
Payables to entities controlled by parent companies	27,007	18,224	8,783
TOTAL	96,568,033	95,654,298	913,734

The balance of Euro 96,568 thousand mainly includes trade payables to third-party suppliers of Euro 95,858 thousand.

26) Current tax liabilities

Current tax liabilities are broken down in the table below:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
IRES tax payables	56,117	31,626	24,491
IRAP tax payables	1,422,773	0	1,422,773
Other tax payables	343,002	0	343,002
TOTAL	1,821,892	31,626	1,790,266

The debt positions illustrated above relate to the Group's tax payables due within 12 months.

27) Other current liabilities

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
VAT payables to Tax Office	8,053	377,718	-369,665
Payables to employees	7,912,423	6,504,846	1,407,577
Other payables	2,064,312	2,183,712	1,288,177
Accrued expenses	27,378	62,829	-35,451
Deferred income	1,294,118	1,004,722	289,396
Deferred VAT - Customers	776	776	0
Withholding tax payables to Tax Office	83,890	54,602	29,287
Employee IRPEF tax payables to Tax Office	1,779,641	1,592,826	186,815
Payables to social security institutions	4,413,597	4,223,346	190,251
Substitute tax payables - Employee Severance Pay	33,785	0	33,785
Ecotax	100,446	178,086	-77,639
Payables to the Municipality of Florence	8,882	5,490	3,393
TOTAL	17,727,301	16,188,953	1,538,348

The debt positions illustrated above relate to the tax and social security payables repaid by the Group within 12 months. The payable to the parent company (Municipality of Florence) relates to payments for waste tax, received from users as accounting agents and reversed after 12 months.

6) EXPLANATORY NOTES TO THE INCOME STATEMENT ITEMS**28) Revenues****Revenues**

Total revenues from sales and services of the Alia Group recorded in 2021 came to Euro 371,704,947 (Euro 327,733,707 at 31 December 2020).

The revenues of parent company Alia Servizi Ambientali S.p.A. alone, deriving from waste collection, treatment and disposal service, amounted to Euro 342,937 thousand, of which an amount of Euro 312,252 thousand came from the Municipalities that are directly and indirectly shareholders of the Company.

For more information on the Group's performance of operations, reference should be made to the Report on Operations.

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
<i>Revenues from Municipal Governments</i>	312,252,351	276,440,254	35,812,098
<i>Revenues from other sales</i>	56,655,072	48,226,037	8,429,035
<i>Revenues from sale of finished products</i>	2,797,524	3,067,417	-269,893
Revenues	371,704,947	327,733,707	43,971,239

Revenues obtained from Municipalities relate to waste collection and road sweeping operations set out under the concession agreement or according to other contracts, in which almost all the transactions take place under contracts that provide for only one performance obligation, which is satisfied over time. Performance obligations relating to sales are instead satisfied at a point in time.

Change in inventories

Changes in inventories for finished products came to - Euro 25,931, attributable to Revet S.p.A. and Valcofert S.r.l..

Other operating revenues

Other operating revenues of the Alia Group came to Euro 7,283,319 (Euro 5,832,129 at 31 December 2020), including operating revenues of the Parent Company alone for Euro 4,960,016.

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Incentive tariff	154,205	188,935	-34,730
Operating grants	289,270	166,636	122,634
Other revenues	1,498,493	693,097	805,396
Compensation for transport costs	133,244	118,417	14,827

Reimbursement of disposal costs	1,772,564	2,194,609	-422,045
Revenues for claims compensation	89,039	225,259	-136,220
GSE electricity production incentives	243,246	268,274	-25,028
Contingent assets	677,868	1,070,777	-392,909
Revenue from company canteen	282,223	281,520	703
Revenue from penalties	381,066	216,814	164,252
Recoveries and reimbursements	1,762,101	407,790	1,354,311
TOTAL	7,283,319	5,832,129	1,451,191

Other income

Other income amounted to Euro 2,979,159 (Euro 1,939,169 at 31 December 2020) and are broken down in the table below:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Set-up grants	107,612	157,370	-49,758
Operating grants	147,453	22,995	124,458
Capital grants	699,475	701,392	-1,916
Revenues from recovery of fuel excise duties	411,571	433,148	-21,577
Capital gains from disposals	290,312	330,002	-39,689
Research and development grant	6,820	6,838	-19
Capitalisation of internal personnel costs	1,315,916	287,425	1,028,491
TOTAL	2,979,159	1,939,169	1,039,990

29) Operating costs

Below are the total and breakdown of operating costs at 31 December 2021.

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
<i>Fuels and lubricants</i>	9,496,922	6,815,939	2,680,983
<i>Spare parts</i>	2,475,699	2,864,904	-389,205
<i>Bags</i>	1,284,012	1,160,967	123,045
<i>Consumables</i>	3,484,061	3,612,677	-128,617
<i>Chemicals</i>	293,784	423,472	-129,689
<i>Other purchases</i>	2,850,713	3,265,987	-415,274
Costs of Raw Materials and Consumables	19,885,190	18,143,947	1,741,243
<i>Waste collection</i>	52,373,627	48,341,844	4,031,783

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Insurance	5,715,908	4,985,806	730,101
TIA tariff collection services	1,205,237	829,124	376,113
Legal and notarial fees	366,317	451,352	-85,034
Third-party services	5,045,097	3,822,030	1,223,067
Refund to suppliers of regional waste disposal tax	2,838,205	2,731,907	106,298
Others	14,621,856	12,287,342	2,334,515
Third-party processing	5,981,545	5,416,183	565,361
Waste disposal services	4,952,038	4,704,481	247,557
Multi-material waste sorting plant operation	2,181,574	2,197,294	-15,720
Transport, treatment and disposal services	66,120,669	61,344,796	4,775,873
Cleaning and sweeping services	5,724,913	5,249,637	475,276
Operation and cleaning of green areas and historic centres	6,912,280	6,180,487	731,792
Environmental hardship allowance	1,366,098	1,419,366	-53,268
Maintenance	11,953,115	12,584,222	-631,107
Energy, water and gas utilities	4,549,587	4,862,752	-313,165
Rentals and leases payable	2,218,907	2,475,044	-256,137
Canteen	1,438,662	1,309,740	128,922
Costs for Services	195,565,634	181,193,408	14,372,226
Wages and salaries	75,114,674	72,770,901	2,343,773
Contracted work	10,036,380	5,862,354	4,174,026
Social security costs	25,155,586	24,374,635	780,950
Employee Severance Pay	4,889,623	4,811,755	77,868
Other personnel costs	5,032,790	3,354,664	1,678,126
Personnel costs	120,229,053	111,174,311	9,054,742
Regional Disposal Tax	875	1,037	-162
Contingent liabilities	448,500	924,710	-476,210
Sundry tax and duties	1,458,954	1,473,819	-14,865
Capital losses	169,065	290,493	-121,428
Others	1,363,745	1,260,090	103,655
Commissions expense	30,357	79,092	-48,734
Other operating expenses	3,471,496	4,029,240	-557,744

The fees paid to directors and statutory auditors amounted to Euro 316,069 and Euro 114,530.

The average number of staff employed by the Alia Group during the year was 2,678 units as detailed in the report on operations.

30) Amortisation, depreciation, provisions and write-downs

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
<i>Amortisation of intangible assets</i>	270,207	424,303	-154,096
<i>Depreciation of property, plant and equipment</i>	6,758,573	7,388,073	-629,500
<i>Amortisation of Concession Rights</i>	17,991,673	13,376,318	4,615,355
Subtotal of amortisation and depreciation	25,020,453	21,188,694	3,831,759
Provisions for risks	3,184,227	1,092,042	2,092,185
Provisions for Post-Closure period of landfills (net of releases)	-585,914	1,889,040	-2,474,954
Other provisions	0	3,448,010	-3,448,010
TOTAL	27,618,765	27,617,787	980

Net value write-backs (write-downs) of trade and other receivables

This item is broken down as follows:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Accrual to Provision for bad debts	-246,660	13,799	-381,459
TOTAL	-246,660	134,799	-381,459

31) Write-downs and reinstatements of financial assets and liabilities

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Write-downs of subsidiaries	143,965	0	143,965
Write-downs of other equity investments	25,877	61,099	-35,222
TOTAL	169,842	61,099	108,743

32) Share of profits (losses) of Joint Ventures and associates

The balance at 31 December 2021 came to Euro 1,535,138 (Euro 694,758 at 31 December 2020) and consists of the impact through profit or loss relating to revaluations and write-downs of equity investments in equity-accounted associates. For more information, reference should be made to the paragraph on "Accounting policies and basis of preparation."

For the breakdown of income and costs arising from measurement at equity, reference should be made to note 3.

33) Financial operations

The following is a brief summary of financial income and costs.

Financial income

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Income from equity investments in other companies	68	0	68
Other interest income from receivables	482,366	350,204	132,162
Interest income from current bank accounts	21,656	188,595	-166,940
Income other than the foregoing	5,408	20,153	-14,745
Interest income from associates	0	2,709	-2,709
TOTAL	509,497	561,661	-52,164

Financial costs

The table below shows the breakdown of financial costs:

Description	Balance at 31 12 2021	Balance at 31 12 2020	Change
Interest on loans	691.059	594.529	96.530
Interest expense on Bond	1,311,554	1,429,883	-118,329
Default interest expense	17,915	6,881	11,034
Interest expense on current bank accounts	114,015	124,917	-10,902
Financial costs on discounting of provisions for post-closure operation of landfills	335,717	379,417	-43,700
Interest expense on Employee Severance Pay	1,449	67,943	-66,494
Other interest expense	970,528	771,312	199,216
TOTAL	3,442,236	3,374,880	67,356

34) Taxation

Below is a reconciliation between of difference between production value and costs and the IRAP taxable income; the rate for the parent company was 5.12% in 2021 and remained unchanged compared to 2020:

	Alia SpA (parent company)	Programma Ambiente SpA	Programma Ambiente Apuane SpA	Valcofert SRL	Revet SpA	ALIA GROUP
Difference between production value and costs	123,799,448	-337,360	1,487,851	55,823	1,896,847	126,902,609
Increases	1,545,324	254,599	221,373	453,968	9,945,539	12,420,803
Decreases	95,853,944	17,489	28	446,857	9,145,900	105,464,218
Taxable income	29,490,828	-100,250	1,709,196	62,934	2,696,486	33,859,194
IRAP tax rate	5.12%	4.82%	4.82%	3.90%	4.82%	
IRAP tax	1,509,930	0	82,383	2,454	130,000	1,724,768
Effective IRAP tax	1,509,930	0	82,383	2,454	130,000	1,724,768

	Alia SpA (parent company)	Programma Ambiente SpA	Programma Ambiente Apuane SpA	Valcofert SRL	Revet	ALIA GROUP
IRAP tax through Consolidated P&L						0
IRAP tax	1,509,930		82,383	2,454	130,000	1,724,768

The following is a reconciliation between accounting income and IRES taxable income.

	Alia SpA (parent company)	Programma Ambiente SpA	Programma Ambiente Apuane SpA	Valcofert SRL	Revet SpA	ALIA GROUP
Pre-tax accounting income	15,230,831	-374,914	1,450,019		1,305,982	17,611,918
Increases	8,017,392	88,297	25,370		762,178	8,893,237
Decreases	10,642,943	27,536	31,327		2,641,260	13,343,066
Tax losses	-10,084,224				0	-10,084,224
Taxable income	2,521,056	-314,153	1,444,062		-573,100	3,077,865
Allowance for corporate equity (ACE)	1,292,276		22,681			96,036
IRES tax rate	24%	24%	24%		24%	
IRES tax	294,907	0	341,131		0	636,039
IRES tax through Consolidated P&L						
IRES tax	294,907		341,131			636,038

Below is the calculation of the tax rate for 2021:

Current IRES tax	621,223
Current IRAP tax	1,725,486
Change in deferred tax	1,571,130
Accrued tax	3,917,839
Income before tax	13,850,572

7) OTHER INFORMATION

Fees due to Independent Auditors

Type of service	Entity that has delivered the service	Recipient	Notes	Fees - 2021 (€)
Audit of accounts	PwC SpA	Parent Company Alia Servizi Ambientali S.p.A.	1	60,000
	PwC SpA	Subsidiaries	2	43,000
Issue of certifications	PwC SpA	Parent Company Alia Servizi Ambientali S.p.A.	3	15,000
Other services	PwC SpA	Parent Company Alia Servizi Ambientali S.p.A.		9,000
Total				127,000

- (1) Fees for the engagement involving the statutory audit of the consolidated and separate financial statements of the Parent Company (including the performance of periodic audits).
- (2) Fees for the engagement involving the statutory audit of the separate financial statements of subsidiaries Revet S.p.A, Programma Ambiente S.p.A. and Programma Ambiente Apuane S.p.A. and related periodic audits.
- (3) Fees for the engagement involving the limited audit of the Disclosure of non-financial information under Legislative Decree No. 254/2016 for the 2021 financial year.

Related-party transactions

The municipal waste service operated by Alia S.p.A. in the area of competence is performed on the basis of agreements signed with local area authorities and concerns the operation of collection, transport, road sweeping and washing services, sending waste for recovery and disposal, etc. on an exclusive basis. The agreements signed with local area authorities regulate the economic aspects of the contractual relationship, as well as the methods of organisation and operation of the service and the quantitative and qualitative levels of the services delivered. The fees due to the operator for the services performed, including municipal waste disposal, treatment and recovery, are set annually according to the national tariff method in accordance with ARERA WTM Resolution no. 443/2019. The 2021 fees approved by the local area authorities were invoiced to each Municipality or to the citizens, where the quantity-based tariff fee is applied.

"Related parties" are those indicated by the international accounting standard concerning disclosures on related-party transactions (IAS 24 revised).

Related-party transactions were carried out at arm's length, the major of which are shown below:

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
PARENT COMPANIES	29,147	0	0	93,159	501
MUNICIPALITY OF FLORENCE	29,147		0	93,159	501
MUNICIPALITIES	67,154	0	1,457	219,482	2,637

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
MUNICIPALITY OF SIGNA	1,515		0	3,928	0
MUNICIPALITY OF SESTO FIORENTINO	1,037		222	9,946	252
MUNICIPALITY OF SCANDICCI	1,992		0	9,611	3
MUNICIPALITY OF CALENZANO	1,584		0	5,099	0
MUNICIPALITY OF BAGNO A RIPOLI	2,438		2	6,096	2
MUNICIPALITY OF CAMPI BISENZIO	4,397		159	9,705	159
MUNICIPALITY OF SAN CASCIANO VAL DI PESA	1,181		0	3,774	19
MUNICIPALITY OF IMPRUNETA	1,015		0	3,122	6
MUNICIPALITY OF GREVE IN CHIANTI	669		0	3,249	1
MUNICIPALITY OF FIESOLE	750		0	3,430	0
MUNICIPALITY OF BARBERINO VAL D'ELSA	111		0	0	0
MUNICIPALITY OF FIGLINE E INCISA VALDARNO	341		12	5,283	52
MUNICIPALITY OF SCARPERIA E SAN PIERO	263		0	2,466	0
MUNICIPALITY OF LASTRA A SIGNA	1,400		0	3,738	0
MUNICIPALITY OF EMPOLI	3,139		0	10,009	80
MUNICIPALITY OF VINCI	608		0	2,769	10
MUNICIPALITY OF MONTELUPO FIORENTINO	452		1	2,561	13
MUNICIPALITY OF CASTELFIORENTINO	1,873		0	3,220	32
MUNICIPALITY OF CERRETO GUIDI	369		0	1,913	3
MUNICIPALITY OF GAMBASSI TERME	296		0	970	0
MUNICIPALITY OF MONTAIONE	140		5	822	0
MUNICIPALITY OF BORGO SAN LORENZO	1,287		130	3,838	183
MUNICIPALITY OF CAPRAIA E LIMITE	901		0	1,330	0
MUNICIPALITY OF VICCHIO	1,439		0	1,768	0
MUNICIPALITY OF FUCECCHIO	1,855		0	4,089	22
MUNICIPALITY OF MASSA E COZZILE	368		0	1,292	0
MUNICIPALITY OF BARBERINO DI MUGELLO	538		0	2,393	4
MUNICIPALITY OF MONTESPERTOLI	1,683		352	2,734	1.062
MUNICIPALITY OF PONTE BUGGIANESE	885		0	1,388	0
MUNICIPALITY OF CERTALDO	1,390		0	2,930	13
MUNICIPALITY OF LARCIANO	394		0	1,122	0
MUNICIPALITY OF MONSUMMANO TERME	1,471		0	3,433	8
MUNICIPALITY OF VAGLIA	402		0	918	0

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
MUNICIPALITY OF PISTOIA	9,072		174	19,638	236
MUNICIPALITY OF SERRAVALLE PISTOIESE	802		0	1,900	0
MUNICIPALITY OF CHIESINA UZZANESE	543		0	798	0
MUNICIPALITY OF AGLIANA	297		0	3,062	0
MUNICIPALITY OF QUARRATA	303		0	4,787	2
MUNICIPALITY OF MONTALE	248		0	1,995	3
MUNICIPALITY OF BUGGIANO	1,069		0	1,496	0
MUNICIPALITY OF CANTAGALLO	259		7	529	0
MUNICIPALITY OF CARMIGNANO	533		0	2,447	0
MUNICIPALITY OF MONTEMURLO	585		0	3,689	1
MUNICIPALITY OF POGGIO A CAIANO	2,325		0	1,784	0
MUNICIPALITY OF PRATO	5,272		386	36,058	412
MUNICIPALITY OF VAIANO	548		6	1,651	2
MUNICIPALITY OF VERNIO	346		0	944	0
MUNICIPALITY OF ABETONE CUTIGLIANO	344		0	632	0
MUNICIPALITY OF MARLIANA	130		0	551	0
MUNICIPALITY OF MONTECATINI TERME	1,713		0	6,086	11
MUNICIPALITY OF PIEVE A NIEVOLE	1,029		0	1,677	3
MUNICIPALITY OF PESCIA	1,371		0	4,242	0
MUNICIPALITY OF RIGNANO SULL'ARNO	377		0	1,449	0
MUNICIPALITY OF SAMBUCA PISTOIESE	198		0	237	0
MUNICIPALITY OF SAN MARCELLO PITEGLIO	648		0	1,389	1
MUNICIPALITY OF UZZANO	135		0	919	0
MUNICIPALITY OF BARBERINO TAVARNELLE	817		0	2,541	4
MUNICIPALITY OF LAMPORECCHIO	7		0	35	40

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
Controlled by parent companies	1	0	0	14	4
Marcafir S.c.p.A.	0	0	0	0	0
S.A.S. S.p.A.	0	0	0	0	0
Firenze Parcheggi S.p.A.	0	0	0	10	0
Casa S.p.A.	0	0	0	1	0

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
ATAF S.p.A.	0	0	0	0	0
Silfi S.p.A.	1	0	0	3	4

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
Associates:	3,654	0	160	8,535	903
IRMEL S.r.l.	0	0	2	0	10
REAL	3,419	0	159	8,521	892
VALDISIEVE	1	0	0	1	0
VETRO REVET	1	0	0	1	0
Al.Be S.r.l.	0	0	0	6	0
SEA Risorse S.p.A.	233	0	0	6	0

EURO*1,000	RECEIVABLES	NON-CURRENT FINANCIAL ASSETS	PAYABLES	REVENUES	COSTS
Related parties:	33	0	1,023	107	3,405
Le Soluzioni S.c.r.l.	33		1,023	107	3,405

Information on operating segments - IFRS 8

The Alia S.p.A. Group operates in the sector of environmental hygiene, as well as collection, sweeping and disposal of municipal waste. For this reason, the data given above report the balance sheet and income statement data of the sole operating segment.

Fair value measurement hierarchy levels

In relation to financial instruments recognised at fair value in the statement of financial position, IFRS 7 requires these values to be classified on the basis of a level hierarchy that reflects the significance of the inputs used in fair value measurement.

The following levels are distinguished:

- Level 1 - quoted prices in active markets for assets or liabilities subject to measurement;

- Level 2 - inputs other than quoted market prices within Level 1 that are observable either directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data. "Assets measured at fair value" referred to in the table above are included in this level.

Breakdown of financial instruments by category of measurement applied

The table below reports a reconciliation between the classes of financial assets and liabilities as identified in the statement of financial position and the types of financial assets and liabilities identified based on the requirements of IFRS 7 - adopted in these Financial Statements.

<i>(In Euro units)</i>	Financial assets / liabilities measured at fair value	Assets measured at amortised cost	Liabilities measured at amortised cost	Total
CURRENT ASSETS				
Trade receivables		126,757,831		126,757,831
Other current assets		6,682,038		6,682,038
Cash and cash equivalents		45,380,293		45,380,293
NON-CURRENT ASSETS				
Non-current financial assets		242,783		242,783
Non-current trade receivables		2,110,649		2,110,649
Equity investments in other companies	8,730,672			8,730,672
Other non-current assets		3,908,389		3,908,389
CURRENT LIABILITIES				
Current financial liabilities			62,267,914	62,267,914
Trade payables			96,568,033	96,568,033
Other current liabilities			17,727,301	17,727,301
NON-CURRENT LIABILITIES				
Non-current financial liabilities			71,854,829	71,854,829
Non-current trade payables			4,233,333	4,233,333
Other non-current liabilities			8,646,635	8,646,635

It should be noted that there were no financial instruments measured at fair value at 31 December 2021, except for other equity investments. Trade receivables and payables have been measured at the book value that is believed to approximate their fair value.

Risks

The Group has designed specific policies for each of the following types of risk with the primary aim of setting out the strategic guidelines, organisational and management principles, macro processes and techniques required for their active management (where applicable):

- 1) Financial Risks (liquidity, exchange rate, interest rate);

- 2) Credit Risks;
- 3) Equity Risks;
- 4) Operational Risks.

The active management methods used by the Group for each type of risk are described below.

1. FINANCIAL RISKS:

a) Liquidity risk

Liquidity risk is the risk that the financial resources available to the company are not sufficient to meet the financial and commercial obligations according to the agreed terms and conditions and deadlines.

The procurement of financial resources is managed by the Finance and Control Department to optimise the use of available resources. In particular, the centralised management of financial flows makes it possible to allocate the available funds according to needs. The competent Department carefully monitors compliance with the financial covenants regulating the Bond issued in 2017 and other medium and long-term loans on a regular basis. At 31 December 2021, all the covenants expressed in the form of a) Equity/EBITDA, b) Net financial position/EBITDA, c) EBITDA/Financial costs had been complied with.

The current and future financial position and the availability of appropriate bank credit facilities are monitored on an ongoing basis; no critical issues are reported in relation to covering short-term financial commitments.

In this regard, it should be noted that the profit margins expected for the next financial years as they can be inferred from the economic and financial plan for the 2021-2030 period, which was approved by Alia's Board of Directors on 25 May 2021, and updated for 2022 in the 2022 Budget, which was approved by the Parent Company's Board of Directors on 29 December 2021, cash and cash equivalents outstanding as at 31 December 2021, in addition to those acquired in early 2022 as a result of the subscription of the bond issue of Euro 90 million, and the available bank lines of credit, confirm the Company's and the group's ability to discharge the obligations they had undertaken in the short-term and to continue to operate as a going concern in the foreseeable future.

Should a temporary decrease occur in available funds due, for example, to a lengthening of the time required to collect fees from customers, the management will put in place the levers available in order to safeguard the Company and the Group's financial structure and the commitments undertaken (including compliance with the financial parameters set out in the loan agreements in place), including the rescheduling of non-strategic investments.

Precisely with reference to investments, it should be noted that talks are currently underway with the banks with which the Parent Company has subscribed the new bond issue, which are aimed at completing the subscription of an additional line of financing (capex line); the latter has been approved for a maximum amount of Euro 145 million, aimed precisely at supporting the Group's infrastructure development, as well as refinancing part of the existing debt, including almost all the bond outstanding as at 31 December 2021. Consequently, there are no problems for the 2021 financial year in relation to the measurement of the financial parameters envisaged by the bond issue subscribed in 2017.

Furthermore, it should be noted that the Group held total revocable bank loans for Euro 78,800 thousand as at 31 December 2021, which had been used for an amount of Euro 39,328 thousand.

If there should be a temporary reduction in liquidity, due, for example, to a lengthening of the time required to collect fees from customers, the Company's management will activate the levers available to safeguard the financial structure of the Company and the Group and the commitments undertaken (including compliance with the financial parameters set out in existing loan agreements), including the rescheduling of non-strategic investments.

Furthermore, the most suitable forms of financing to meet Alia's requirements and the best market conditions are sought through the relationships the Company maintains with the major Italian Banks.

The liquidity risk for the Group is therefore strongly mitigated by monitoring carried out by the Finance and Control Department on an ongoing basis.

Below are the maturities of payables with regard to liquidity risk:

Description	Within 12 months	Between 1 and 5 years	Beyond 5 years	Total
Financial liabilities (including financial liabilities for rights of use)	62,267,914	70,299,420	1,555,409	134,122,743
Trade payables	96,568,033	4,233,333		100,801,366
Other payables	19,549,193	3,560,057	5,086,578	28,195,828
Total	178,385,140	78,092,810	6,641,987	263,119,937

Furthermore, reference should be made to the statement of the Net Financial Position reported in note 20.

The Covid-19 emergency, together with the possible complex macroeconomic scenarios, following the outbreak of the Russian-Ukrainian conflict, have led to a difficult economic context for the resources of the Municipal Administrations, with a reduction in their revenue from local taxation. This could have an impact on the Group's liquidity against an increase in the average collection time for fees, and therefore generate a greater need to draw on the credit lines currently in place or, if necessary, to resort to the "guaranteed liquidity" provided by government measures to overcome the critical issues of this difficult period.

In any case, it is believed that the Group's credit rating may in any case allow the use of all such credit lines, in every possible form, as may be necessary to ensure adequate financial coverage of cash requirements, at least in the short-term period.

b) Exchange rate risk

The Alia Group is not exposed to exchange rate risks since the Group operates at a national level.

c) Interest rate risk

The interest rate risk to which the Group is exposed mainly originates from borrowings from banks. In light of the current trend in interest rates, the Group's risk management policy does not provide for the use of derivative contracts to hedge interest rate risks.

2. CREDIT RISK

Alia S.p.A.'s credit risk is substantially linked to the amount of trade receivables due from companies and private individuals who make use of waste disposal services under private law contracts and to unsettled items arising from the former TIA tariff management which accrued directly to general users, as well as to the amount receivable claimed from the Municipal Authorities in relation to the municipal waste management service following the adoption of the taxation scheme from 2012/2013.

In conducting its business, Alia S.p.A. is exposed to the risk that the debts may not be honoured at maturity, with consequent increase in their ageing, or insolvency in the case of debts which are involved in insolvency proceedings or which are in any case uncollectible.

The credit management policy and the credit rating assessment tools, as well as monitoring and recovery, are differentiated according to the different types of credit mentioned above.

The terms of payment generally applied to customers are those prescribed by the legislation or regulations in force or are in line with market standards; in case of non-payment, default interest will accrue at the rate set out in the contracts.

Accruals to the provision for bad debts precisely reflect the actual credit risks.

The parent company generates most of its turnover from municipal governments, which, as described above, are being affected by the economic crisis due to the Covid-19 emergency. However, it is believed that this situation does not really jeopardise the solvency of the municipal governments but rather the deferral of the collection flows of the fees due to the Company over time.

As far as the subsidiary Revet is concerned, the cash flows are actively generated from two major sources: the operators which pay monthly for the waste collection and pre-selection service and the supply chain Consortia which pay monthly for the selection of material flows and which have paid regularly to date. At present, no particular critical issues have been reported on these flows. It should be noted that the plastic packaging that REVET deals with is essentially related to food packaging, which is a sector that is not affected by the COVID-19 crisis.

Consequently, no significant effects on the Group's credit risk had been reported at the reporting date of these financial statements, although continuing monitoring activities on this issue on an ongoing basis.

3. EQUITY RISK

Equity risk is essentially linked to the recoverability of the value of the investments made by the Parent Company in investees; this risk is not significant as the Company does not hold equity securities consisting of capitals subject to high variability and available for sale. All the investments held in subsidiaries and associates relate to companies that are not listed on the stock exchange and consist of long-term investments that are functional to the company business; the tests as to whether there is evidence of permanent impairment losses are monitored on the basis of the development plans and prospects of the companies and of available information: they are managed within the scope of the group's strategy in order to enhance and support any investment made.

Permanent impairment losses (if any) are adequately reported in the financial statements.

4. OPERATIONAL RISKS

This category includes all the risks which, in addition to those already highlighted in the previous paragraphs, can impact on the achievement of the objectives, in relation to the effectiveness and efficiency of company operations, performance levels, profitability and protecting resources from any loss.

The risk management process requires that the activities performed in each operational area are analysed and the main risk factors associated with achieving objectives are identified. Following their identification, risks are assessed qualitatively and quantitatively (in terms of intensity and probability of occurrence), thus allowing the most significant to be detected and selected and mitigation plans to be designed accordingly.

For more information, reference should be made to the report on operations.

Guarantees and commitments

The guarantees given are shown below:

1) surety guarantee for the final deposit in favour of the Toscana Centro Area Authority for an initial value of Euro 15,284 thousand issued by Reale Mutua Assicurazioni on 1 September 2020 for the period from 1 September 2020 to 1 September 2023;

2) bank guarantees as shown in the table below:

Bank	Type of Guarantee	Nominal Guarantee Amount (amounts in thousands of Euros) 2021
Intesa San Paolo	Surety in favour of the Municipality of Montespertoli for mitigation and restoration projects for the Casa Sartori Landfill	150
Intesa San Paolo	Surety on bank loans of Programma Ambiente S.p.A.	2,047

3) For Alia: sureties of Euro 71,210 thousand to cover environmental risks related to landfills and plants under management, as requested by Municipalities, the Tuscany Regional Government, the Metropolitan City of Florence, as well as those issued to the Ministry of the Environment for registration in the Registry of Environmental Operators.

The Company has taken out policies against these sureties with leading insurance companies.

Finally, a first mortgage was registered on the Faltona composting plant (Municipal district of Borgo San Lorenzo) in favour of Monte dei Paschi Capital Service S.p.A. for an amount of Euro 17,700 thousand.

4) For Revet S.p.A.: Comfort letter in favour of Banca Cambiano for Vetro Revet S.r.l. for Euro 3,820,443

5) For Programma Ambiente: sureties received from various insurance companies for Euro 1,493,433 as security for the issue of authorisations.

Main pending litigation

The information relating to the main pending litigation and related provision set aside in the accounts are reported below:

INPS litigation for remuneration differences for employees under fixed-term contracts

The third level of judgment is underway following the objections raised by INPS (Italian Social Security Institute) against the appeal ruling no. 134 of 21 February 2019. An amount of Euro 120,319 was set aside as provision for risks.

INPS/INCA services litigation

This dispute (formerly Quadrifoglio) with INPS (Italian Social Security Institute) for irregularities in the payment of contributions (INCA dispute) and as to a claim of Euro 695,000 for the secondary liability of Quadrifoglio (now Alia) (subsidiary liability) in its capacity as contracting authority. The proceedings were then concluded with a final judgment against Quadrifoglio. However, to date, INPS has not yet taken steps to claim the sums and, therefore, it is considered necessary to set aside a provision each year on a prudential basis and until the debt becomes statute barred. An amount of Euro 695,000 was set aside as provision for risks.

VAT on TIA tariff

The provision was not reduced during 2021. However, it is confirmed that a provision has been set aside, on a prudential basis, for Euro 15,600 for the residual disputes pending with some users for the refund of VAT on the TIA tariff, in the light of the recent case law guidelines.

Litigation for lease rentals (former Publiambiente)

This dispute concerns the payment of lease rentals under an agreement for office use of the premises of former Publiambiente in Pistoia. During the term of the contract Publiambiente suspended the payment of the rental due to the uncertainty of the situation of the assignee (the original lessor or two financial companies subsequently involved in the proceedings). The lessor has obtained an order for payment of Euro 50,325 for rentals from October 2013 to December 2014 invoiced by the lessor. To date, and until an assessment is conducted on the assignee, the proceedings are still in progress.

The property was released at the end of 2018. Requests for payment have also been submitted for rentals payable after the date of issue of the order for payment, i.e., after 2014. Since the release has not been formalized, there is a risk of claims for rentals even beyond 31 December 2018, until the natural expiry of the lease. During 2021 negotiations were started, which were aimed at settling the dispute out of court, with a possible draft agreement submitted to Alia's Board of Directors at the meeting held on 23 November 2021. In light of the negotiations underway, we believe that we can confirm the allocation to the provision for risks to cover a total of Euro 250,000.

Non-validated Waste Identification Forms

These proceedings were initiated by Alia, asking the Tuscany Regional Government - Environment and Energy Department to annul the reports issued by the latter for the use of non-validated Waste Identification Forms (FIR, *Formulari di Identificazione dei Rifiuti*), with a request for hearing under Article 18 of Law 689/1981. Since the proceedings are still ongoing, it is considered appropriate to confirm the provision of Euro 250,000.

Provincial Police fines

Three reports have been issued which concern administrative offences relating to the transport of non-hazardous waste accompanied by forms with incomplete or inaccurate data relating to the place of production or detention of waste for a total fine of Euro 26,887.

Labour litigation

- Claim for a higher rank submitted by an employee from formerly AER, who has now joined Alia's workforce. The proceedings, which were brought in 2019, are still in progress and it is therefore appropriate to maintain a provision of Euro 3,900.
- Appeal against dismissal and request for reinstatement: the proceedings, which were brought in 2020, are still in progress and it is therefore appropriate to set aside a provision of Euro 140,000.
- In 2021 too, the Company confirmed, in consideration of the numerous out-of-court claims Alia received from the staff working for a contractor during 2020, the provision of Euro 100,000, set aside on a prudential basis, given the joint and several liability obligation between Customers and contractors under Article 1676 of the Italian Civil Code and Article 29 of Legislative Decree 276/2003.

Breach of contract

The proceedings with a user who claims compensation for damage for the failure to perform the door-to-door service on a private road, which were reported in 2018, are still ongoing. It is then confirmed that the sum of Euro 1,900 has been set aside.

Damage compensation for car deposit

Litigation arising from the merger of Essegemme into ASM and of the latter into Alia, which was reported in 2018, is still ongoing. A user of a parking area operated by Essegemme claims his car suffered damages at the Serraglio car park. It is then confirmed that the sum of Euro 6,028 has been set aside.

Compensation for damage due to termination of works contracts

During 2020 a contractor brought a legal action, raising objections against the termination of all works contracts Alia had ordered against it. The provision set aside for these proceedings amounts to Euro 345,000, equal to the sum requested by the company as compensation for damage.

Attribution of category and cadastral income for former Corliano landfill (Cerreto Guidi)

During 2020 the Revenue and Collection Agency served Alia with an appeal filed with the Supreme Court against the Tuscany Regional Tax Board's judgment concerning the objections raised against the category and cadastral income attributed by the tax authority to the landfill which had been previously operated by former company Publiambiente (now, Alia). It was deemed necessary to set aside a provision of Euro 3,960, equal to the sums that Alia might be required to pay if the appeal is granted.

Public Prosecutor's Office investigation into the Company's plants

The investigations are still in progress, which were started in May 2016, by the Public Prosecutor's Office of Florence into some of the plants used by Alia and substantially took into account many of the activities carried out (from the production of soil improvers to biogas, from waste management to the operation of a site undergoing reclamation) with a consequent variety of offences alleged to have been committed with separate acts (but all falling within the same proceedings). The legal counsels responsible for the defendants' defence, notwithstanding the uncertainty of the outcome, believe that, in the case of referral for trial, they are able to assess the probability of success for the more substantial findings and to minimise (by voluntary payments that settle the fines and due to the fact that the limitation period has passed) the formal or minor findings.

On 27 May 2021, during the investigation, Alia Servizi Ambientali S.p.A. was served with a preventive seizure order involving some areas located in the area of one of the plants involved, in order to prevent the commission of other crimes. By virtue of the aforesaid measure, requirements have been imposed on the Manager, which may continue to carry out recovery operations in the seized areas subject to providing the Arpat department of Florence with a weekly schedule regarding the waste management activities in progress.

At the same time as the adoption of the actual measure, a prohibitory precautionary measure was taken against some top managers of the companies incorporated into Alia and Alia itself, who were involved in the investigation. On 10 August 2021, the Court of Review, which had been appealed to by the parties concerned, revoked the precautionary measures that had been previously issued against all of them.

On 23 March 2022 27 reports of administrative offences were served at the Company's registered office, which concerned various senior management positions and involved Alia as joint obligor in relation to alleged violations ascertained during the preliminary investigations referred to in criminal proceedings no. RGNR (General Register of Notices of Offences) 1987/2016, which are in the process of being concluded. The charges relate to the breach of Article 193, paragraph 1, of the Consolidated Environmental Act: transport of non-hazardous waste with a waste identification form providing inaccurate data contested for 50 forms; transport of non-hazardous waste without a form; waste loading and unloading register, including hazardous waste, kept in an incomplete manner. The total amount of the contested penalties (if the Company should pay them immediately) is (in applying the criterion set out in Article 16, paragraph 1, of Law no. 689/1981: one third of the maximum edict) approximately Euro 3.1 million. Alia has started technical and legal investigations aimed at establishing whether it is in the position to resist the charges; at present, the directors have deemed it appropriate, on the basis of any available information and the evaluations carried out, including with the support of third-party legal advisors appointed by the Parent Company, to set aside a provision for risks equal to the total amount of the charges known to date, without prejudice to the evaluation in progress relating to the submission of defence documents to challenge the alleged violations in question within a time limit of 30 days. The service of additional notices on objections and sanctions is not excluded.

At present, no liability has been brought against Alia pursuant to Legislative Decree 231/2001.

In addition, a provision of Euro 115,551 was set aside to cover the expenses connected with the proceedings, given the obligation to cover legal fees for its managers and employees involved in proceedings due to the work performed.

Q.tHermo

For the construction and operation of the waste-to-energy plant, Q.tHermo submitted a request for a single authorization to the Provincial Government of Florence in 2013, which required the completion of the environmental compatibility procedure ("EIA", Environmental Impact Assessment) and of that aimed at the release of the Integrated Environmental Authorization ("SEA", Single Environmental Authorisation).

Following an appeal against the measures issued in 2014 and 2015, the Tuscany Regional Administrative Court, by judgment no. 1602/2016, declared that the EIA measure was lawful and annulled the SEA. The Regional

Administrative Court's decision was appealed against by Q.tHermo before the Council of State. The latter, by judgment no. 3109/2018, reaffirmed, albeit partially, the unlawfulness of the SEA decree. By judgment no. 2165/2020, the Council of State confirmed judgment no. 3109/2018, rejecting the appeal for revocation submitted by Q.tHermo.

At the same time as the appeal for revocation was pending, Q.tHermo asked the Regional Government to restart the SEA procedure in the annulled part only. Following the Tuscany Regional Government's rejection of the request, Q.tHermo filed an appeal with the Regional Administrative Court by deed RG (General Register) no. 607/2019. The public hearing is scheduled on 9 October 2022.

Again in 2019, Q.Thermo challenged, before the Regional Administrative Court, the acts of the Tuscany Regional Government aimed at including alternative solutions to the Case Passerini waste-to-energy plant into the sector planning. Against the aforementioned measures Q.tHermo filed the appeal RG (General Register) no. 1292/2019. The public hearing is scheduled on 9 October 2022. In the meantime, Q.Thermo was incorporated into Alia on 13 October 2021.

PAUR - Montignoso landfill

On 29 December 2021 the Tuscany Regional Government notified Programma Ambiente Apuane S.p.A. of the decree of dismissal of the application dated October 2021, since the project would not have been "carried out in its entirety during the period of validity of the EIA [Environmental Impact Assessment] ruling as defined by Director's Decision DD no. 656 of 23 February 2011 issued by the Provincial Government of Massa-Carrara" and specified that "given the current regulations on EIA, the project will have to be subjected to a Single Regional Authorisation Order [PAUR] in accordance with Article 27-bis of Legislative Decree 152/2006 and Article 73 of Regional Act 10/2010.

Although the Regional Government's measure does not impose a ban on the continuation of the performance of the activity but merely a warning to submit the project to PAUR, given the EIA regulations in force, Programma Ambiente S.p.A., even following discussions with the legal counsels appointed to challenge the measure, decided to discontinue, as a precautionary measure, the waste collection service as from 24 January 2022; furthermore, the company also filed an appeal with the Regional Administrative Court both to request revocation of the aforesaid decree and, as a precautionary measure and as a matter of urgency, the suspension of the enforcement of the contested measure, so as to be able to resume the activity of delivery, pending the settlement of the merits. In the first days of March, the Regional Administrative Court granted the request for suspension and, a few days later, a notice was received from the Regional Government, which actually confirmed the full and effective lawfulness of the existing IEAs (Integrated Environmental Authorisations) up to an altitude of 43 meters above sea level and until 29 June 2022. On the basis of these acts and measures and with the support of the appointed legal counsels, the Board of Directors took steps to resume deliveries as from 14 March 2022.

In any case, Programma Ambiente Apuane S.p.A. has taken action in order to initiate the appropriate PAUR procedure with respect to which, also considering the analyses carried out with the support of third-party legal counsels, it has been established that there are no elements that could be considered as an impediment to the release of the new environmental certificates. The estimated time limit for completion of the PAUR procedure is stated in the procedural rules as approximately 235 days from the start of the procedure, unless the deadlines are extended due to additions, etc., which cannot be quantified at present.

Fatal accident in Maciste

At the end of 2018 the first-instance criminal sentence was filed, which ordered Alia, jointly and severally with accused persons, to pay a total amount of Euro 300,000.00 in favour of Mr Bennardo's heirs. During the course of the year, despite initial resistance, Generali compensated for the damage in full, releasing Alia from any civil liability both to the heirs and to INAIL (Italian Institute for Insurance against Accidents at Work). Since the criminal proceedings are continuing, given that the three defendants have lodged an appeal before the Florence Court of Appeal against the final judgment of the first-instance proceedings no. 1140/2018, with respect to which we are waiting for the scheduling of the hearing for the discussion of the appeal, it is considered, at present, that the provision should be maintained unchanged, for an amount of Euro 273,482,

from which to sustain such costs for the appellate proceedings in the event that Alia should be required to pay them.

The amounts set aside as provisions for risks in relation to the disputes described above have been regarded as adequate to cover the related contingent liabilities, including on the basis of the evaluations made by the third-party legal counsels appointed by the Company.

Finally, it should be noted that, in relation to the criminal proceedings that are still in progress, whose objections mainly concern the management and storage of waste, the Company has established, including with the support of its legal counsels, that there was no risk of disqualification sanctions that could affect its business activity at the reporting date, given the present state of the various procedures and in the light of the in-house processes implemented and the control measures put in place. In any event, adequate provisions for risks and charges have been set aside in order to cover costs for these proceedings and the administrative sanctions estimated to date.

Accidents at work:

With reference to the 2 disputes pending for accidents at work, the insurance policies in place at the time of the events provide for limits of liability that are sufficient to cover any possible compensation claim in civil actions:

- Rgnr. (General Register of Notices of Offences) 5117/2017 (Mr Del Corso and Mr. Galiuto Esqs.): the Trial (accident at work) is in the first instance and in the phase of discussion; any claims for damages which have been and can be submitted in civil proceedings are covered by the Third-party Liability/Employer Liability insurance policies held by the company.
- Rgnr. (General Register of Notices of Offences) 6461/2016 (Mr Del Corso and Mr Poletto, Esqs.): the Trial (accident at work) is in the first instance and at the beginning of the phase of discussion; any claims for damages which have been submitted in civil proceedings have been rejected by an order of the civil court because the employee appeared as an aggrieved party in criminal proceedings and in any case are covered by the Third-party Liability/Employer Liability insurance policies held by the company.

Proceedings settled with judgment of acquittal.

- Rgnr. (General Register of Notices of Offences) 2464/2017 (Mr Del Corso, Esq.): they were settled with judgment of acquittal for not having committed the fact. No claims for damages have been submitted in civil proceedings; in 2021 a recourse claim was submitted by INAIL (Italian Institute for Insurance against Accidents at Work) for the coverage by the Third-party Liability/Employer Liability insurance policies held by the company. The insurance company will consider an appeal against INAIL for the portion of claim not due because of the judgment of acquittal.

Significant events after the reporting period

24 January 2022: the Letter of Intent was signed with IES (SNAM Group) for the construction of the Biodigester in Peccioli. The LOI with IES Biogas was signed by the Executive Chairman of Al.Be. S.r.l. in relation to the design and construction of the anaerobic bio-digestion, composting and biomethane production plant to be built in Legoli, Peccioli. The documents include the schedule of works and the consequent cold and hot start, with the first delivery of waste expected in summer 2023.

23 February 2022: Alia successfully completed an unsecured and unrated non-convertible senior bond issue of Euro 90 million intended for subscription by institutional investors. The bond issue - with a term of 6 years (until 23 February 2028) - (i) is listed on the regulated market of the Dublin Stock Exchange and (ii) bears a variable interest rate equal to 6-month EURIBOR + spread of 260bps. The proceeds will be used to finance the 2021-2030 Business Plan, which was approved by shareholders on 29 June 2021 and to refinance part of the

existing debt. The transaction allows the rationalisation and optimisation of the Company's financial structure, and demonstrates Alia's ability to finance its activities on the capital market and the investors' interest in supporting the business plan. Intesa Sanpaolo - Imi Corporate & Investment Banking Division and UniCredit Bank have acted as placement agents for the issue. The law firm Bonelli Erede with Lombardi has acted as legal advisor, while the law firm Chiomenti has acted as legal advisor to the investors. The transaction involved Banca Finanziaria Internazionale as paying agent.

28 February 2022: as resolved by the Board of Directors on 25 February 2022, Alia disbursed a non-interest-bearing shareholder loan in the amount of Euro 3.0 million to associate Al.Be. S.r.l., aimed at financing the Company's requirements for awarding the electromechanical works relating to the construction of the Municipal Solid Waste recovery plant with anaerobic digestion, composting and biomethane production process to be built in Legoli, in the municipal district of Peccioli (province of Pisa).

February 2022: in February 2022, geopolitical tensions between Russia and Ukraine, which have persisted for several years, escalated into a war conflict. However, there was no threat of invasion as at 31 December 2021, and, therefore, the escalation of the conflict between Russia and Ukraine is regarded as a non-adjusting event for the financial statements at 31 December 2021. The consequences of the conflict, which is still too early to estimate, will be linked to several factors, including geographical extension, duration of sanctions and closures. At present, Alia does not seem to be affected by the dramatic developments in Ukraine. However, it cannot be excluded that a prolonged duration of the conflict and its possible geographical extension may lead to indirect effects such as higher operating costs (energy, fuel, etc.), which are not currently expected to have a significant impact on profit margins. The Company's management is carefully monitoring developments in the above scenario in order to understand any possible further political, economic or any other implication that might have an impact on the Company's business.

3 March 2022: the administrative court granted the request submitted by Programma Ambiente Apuane S.p.A., suspending the regional act "limited to the performance of ordinary management activities necessary to keep the landfill in operation", scheduling a public hearing on 4 May 2022 to discuss the merits.

February - March 2022: in response to the notices relating to investments 1.1 and 1.2 of the M2C1 Mission (Ministerial Decrees nos. 396 and 397 of 28 September 2021) Alia presented the following projects:

- investment 1.1 - Ministerial Decree 396/2021, 9 projects relating to new collection methods for a total actual amount of Euro 16.1 million and an eligible amount of Euro 7.9 million; 12 projects for the construction of new Collection Sites for a total actual amount of Euro 10.5 million and an eligible amount of Euro 6.1 million; for Line B 1, the project for the conversion of the Dano MBT plant into a hub for the exploitation of paper and cardboard for a total actual amount of Euro 12.5 million and an eligible amount of Euro 10.6 million;
- investment 1.2 - Ministerial Decree 397/2021, a project for the construction of a plant for the reuse, recovery and exploitation of WEEE in the San Donnino area for a total actual amount of Euro 19 million and an eligible amount of Euro 3.1 million, as well as a project for the construction of a plant for the treatment of textile waste deriving from post- and pre-consumption in the Municipal district of Prato for a total actual amount of Euro 18 million and an eligible amount of Euro 2.1 million.

23 March 2022: 27 reports of administrative offences were served at the Company's registered office, which concerned various senior management positions and involved Alia as joint obligor in relation to alleged violations ascertained during the preliminary investigations referred to in criminal proceedings no. RGNR (General Register of Notices of Offences) 1987/2016, which are in the process of being concluded. The charges relate to the breach of Article 193, paragraph 1, of the Consolidated Environmental Act: transport of non-hazardous waste with a waste identification form providing inaccurate data contested for 50 forms; transport of non-hazardous waste without a form; waste loading and unloading register, including hazardous waste, kept in an incomplete manner. The total amount of the contested penalties is Euro 3,069,000. The service of additional notices on objections and sanctions is not excluded.

Information required by Article 1, paragraph 125, of Law 124 of 4 August 2017

By referring to the information reported in the National State Aid Register (*Registro Nazionale Aiuti di Stato*) of the Ministry of Economic Development, it is noted that the Group companies received the following grants from public entities or bodies during the year under Law 124/2017:

ALIA SpA

ENTITY	GRANT	COLLECTION DATE	AMOUNTED COLLECTED
PROVINCIAL GOVERNMENT OF PISTOIA	GRANTS FOR WASTE REDUCTION - FORMER PUBLIAMBIENTE	24/02/2021	10,250.00 €
PROVINCIAL GOVERNMENT OF PISTOIA	GRANTS FOR WASTE REDUCTION - FORMER PUBLIAMBIENTE	03/03/2021	9,554.68 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	01/02/2021	11,963.50 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	26/02/2021	23,944.19 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	01/03/2021	14,987.27 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	31/05/2021	12,033.30 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	30/06/2021	6,975.33 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	02/08/2021	7,608.85 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	31/08/2021	11,660.19 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	30/09/2021	11,600.56 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	02/11/2021	11,600.56 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	30/11/2021	11,600.56 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	31/12/2021	516.79 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	31/03/2021	12,033.30 €
GESTORE SERVIZI ENERGETICI SPA	INCENTIVE RATE - PV AGREEMENT	30/04/2021	12,033.30 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	29/01/2021	16,415.58 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	31/03/2021	26,488.60 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	30/04/2021	24,181.42 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	31/05/2021	26,429.66 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	30/06/2021	24,567.71 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	30/07/2021	19,951.56 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	29/10/2021	53,819.03 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	30/11/2021	12,143.51 €
GESTORE SERVIZI ENERGETICI SPA	GRIN (Incentive Payment Management) AGREEMENT_000479	31/12/2021	17,853.31 €
ATO TOSCANA	DtD GRANT - FLORENTINE AREA 2nd Advance	22/09/2021	800,000.00 €

ENTITY	GRANT	COLLECTION DATE	AMOUNTED COLLECTED
	2019		
TOTAL			1,190,212.76 €

REJET S.p.A.:

- Refund of excise duties on transport fuel for Euro 192 thousand against the submission of specific quarterly requests, with the Customs authorities acknowledging the credit to be used for offsetting, in addition to the tax credit for production of motive power with fixed engines in industrial plants (shovels and forklifts), for Euro 78,603, relating to the period from 1 May 2018 to 31 December 2019;
- Grant to Fondimpresa training for Euro 1.5 thousand received on 4 June 2021 and Euro 13.7 thousand received on 10 September 2021;
- Tax credit for incremental advertising investments, equal to Euro 7,250, to be used for offsetting through Form F24;
- Tax credit for sanitation and the purchase of PPE, equal to Euro 8,948, to be used for offsetting through Form F24.

Authorisation for publication

This document was approved by Alia Servizi Ambientali S.p.A.'s Board of Directors' meeting held on 29 March 2022 and was published on 14 April 2022 upon authorisation by the Chairman and Chief Executive Officer.

For the Board of Directors

The Chairman
Nicola Ciolini

The Chief Executive Officer
Alberto Irace

Certification of the Consolidated Financial Statements in accordance with Article 81-ter of Consob regulation no.11971 of 14 May 1999, as amended and supplemented

1. The undersigned, Alberto Irace, in his capacity as Chief Executive Officer, and Francesco Natali, in his capacity as Financial Reporting Manager, of Alia Servizi Ambientali S.p.A. hereby certify, in also taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:
 - the adequacy in relation to the characteristics of the business (while also taking account of any possible change that occurred during the financial year) and
 - the actual application of the administrative and accounting procedures for the preparation of the consolidated financial statements at 31 December 2021.
2. No significant issues have been reported in this regard.
3. It is also certified that the consolidated financial statements:
 - a) have been prepared in compliance with the applicable International Accounting Standards recognised by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament of 19 July 2002;
 - b) correspond to the results stated in the accounting books and records;
 - c) are suitable to provide a true and fair view of the issuer's financial position, results of operations and cash flows, together with the description of the main risks and uncertainties to which they are exposed.

Florence, 29 March 2022

Chief Executive Officer

(Signed)

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Financial Reporting Manager

(Signed)

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Independent auditor's report

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010
and article 10 of Regulation (EU) No. 537/2014*

Alia Servizi Ambientali SpA

***Consolidated financial statements
as of 31 December 2021***



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Alia Servizi Ambientali SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Alia Servizi Ambientali Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

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 Consolidated Financial Statements* section of this report. We are independent of Alia Servizi Ambientali SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

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Key Audit Matters

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

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p><i>Provisions for post-closure operation of landfills</i></p> <p><i>Notes to the consolidated financial statements as of 31 December 2021: note 18 “Provisions for risks and charges”</i></p> <p>The value of provisions for post-closure operation of company-owned landfills recognised within the liabilities of the statement of financial position of the consolidated financial statements at 31 December 2021 amounted to Euro 32.4 million, which represented 6.4% of the Group’s liabilities.</p> <p>Such amount was determined by the directors on the basis of the applicable accounting standards, in particular in accordance with “IAS 37 - Provisions, contingent liabilities and contingent assets” adopted by the European Union and with the current provisions of law (Legislative Decree 36/2003) supported by external independent professionals for estimating the expected cash flows related to such provision.</p> <p>Given the significance of the amounts under analysis and the use of estimates made by management to verify the compliance with the requirements under “IAS 37 - Provisions, contingent liabilities and contingent assets” adopted by the European Union, we paid special attention to reviewing the liabilities at issue.</p>	<p>We carried out an understanding and evaluation of the procedure adopted by the Group for the determination of the accruals to the provisions for post-closure operation of landfills.</p> <p>We verified that the accrual was made in accordance with the current provisions of law, in particular in compliance with Legislative Decree 36/2003.</p> <p>Moreover, we obtained and analysed, through discussions with the Group’s personnel, the external appraisal reports used by management to determine the above-mentioned provisions and therefore we verified that the data contained in the reports had been adequately used for the determination of the accrual through the discounting process under “IAS 37 - Provisions, contingent liabilities and contingent assets” adopted by the European Union.</p> <p>We also verified the reasonableness and adequacy of the discount rate used by the directors to calculate the amount of the provision recognised in the financial statements.</p> <p>Finally, we verified the mathematical accuracy of the calculation and assessed the adequacy of the disclosures in the notes to the financial statements.</p>



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Alia Servizi Ambientali SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 16 February 2017 and 20 December 2017 respectively, the shareholders of Alia Servizi Ambientali SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Alia Servizi Ambientali SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Alia Servizi Ambientali Group as of 31 December 2021, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Alia Servizi Ambientali Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Alia Servizi Ambientali Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Alia Servizi Ambientali SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 14 April 2022

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.