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Consolidated Financial Statement Fiscal Year Financial Statement

2025

Approved by Ordinary Shareholders' Meeting on June 29th, 2026

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2025

CONSOLIDATED
FINANCIAL STATEMENTS

ANNUAL
FINANCIAL STATEMENTS

Approved by the Ordinary Shareholders' Meeting
on 29 June 2026

SOCIETÀ METROPOLITANA ACQUE TORINO

SOCIETÀ METROPOLITANA ACQUE TORINO S.p.A.
Registered office: Turin, Corso XI Febbraio, 14
Share capital € 345,533,761.65 fully paid up
Turin Companies Register No. 07937540016
Tax Code and VAT No. 07937540016

INTRODUCTION

Letter from the Chairman

Today, 29 June 2026, we are celebrating SMAT's 25th anniversary. The financial statements currently under approval confirm a trajectory of economic growth and infrastructure investment aimed at safeguarding water resources for the benefit of the area we serve, in line with sustainable development objectives and ensuring ongoing dialogue with our stakeholders.

The financial results show strong performance, exceeding the forecasts set out in the Business Plan 4.0 and the results of the previous year. EBITDA grew by 28.37 per cent, enabling us to achieve a net profit of € 49.9 million, which will help generate the resources needed to support our investments.

The factors that positively characterised the financial year are mainly attributable to economies of scale, the acquisition of the Integrated Water Services business unit of ACEA P.I. S.p.A., with effect from 1 April 2025, bringing in 93 employees, and to ARERA's recognition of the biennial bonuses (2022–2023) for the technical and contractual quality targets achieved.

For the second consecutive year, capital expenditure – partly driven by the National Recovery and Resilience Plan (PNRR) – reached € 267 million, equivalent to over € 122 per inhabitant served, exceeding the sector benchmark.

As a result of the growth in investment, gross financial debt stands at 522 million, with a net financial position of 388 million and an improvement in the debt-to-equity ratio to 0.47.

The contractual covenants are being fully complied with; indeed, the company's operational and financial strength has also been positively assessed by Standard & Poor's, which has confirmed its overall 'BBB+' rating and its *'a'* stand-alone credit profile.

With the second edition of our Sustainability Report, we are reinforcing our commitment to understanding and ensuring transparency regarding the role that SMAT plays for the local area, communities and the environment.

For SMAT, sustainability goes hand in hand with the responsibility to ensure the long-term quality, safety and availability of water resources through investment in environmental protection, infrastructure resilience, innovation and transparency.

The year 2025 has clearly confirmed that, for an Integrated Water Services operator, it is no longer sufficient to react to changes: it is necessary to anticipate their effects. SMAT is therefore strengthening an increasingly proactive approach, focused on prevention, planning and the ability to respond to a constantly evolving scenario.

From an environmental perspective, climate risk has been progressively integrated into infrastructure design and management. Investments have continued to enhance the resilience of the water system, upgrade networks and reduce water losses – including through digitalisation tools – as well as to carry out strategic projects such as the Valle Orco Aqueduct. At the same time, monitoring of water quality and emerging pollutants has been further strengthened through monitoring programmes, plant-related interventions, research activities and institutional collaboration.

On the energy front, progress was made on the energy efficiency programme, the development of renewable energy sources, the increase in self-generation, and the recovery of materials and energy, alongside the achievement of ISO 50001 certification.

On the social and organisational front, we have continued to invest in people, their wellbeing and skills development, with a particular focus on digital innovation, artificial intelligence and cybersecurity.

In terms of governance, 2025 saw a further strengthening of internal controls and oversight processes, accompanied by the ongoing involvement of stakeholders, including in the analysis of double materiality. The 2025–2029 Sustainability Plan forms part of this approach; it has been developed in line with the Business Plan and translates the strategy into measurable objectives, actions and indicators.

Alongside these elements, SMAT's public responsibility remains central, as it is called upon to operate within a multi-stakeholder context that includes users, member local authorities, the local area and the environment. Within this framework, transparency, integrity and the robustness of governance mechanisms are essential prerequisites for ensuring the effective and responsible management of the service. SMAT also continues to contribute actively to key forums at European, national and regional levels, with the aim of helping to shape the sector's policy direction and promoting accurate information on environmental issues that are becoming increasingly relevant and complex.

It is with this awareness that SMAT looks to the future: with the determination to anticipate change, update tools and objectives with flexibility, and ensure — today and in the decades to come — a safe, resilient and sustainable water service.

We conclude with sincere thanks to the people working within the Group for their daily contribution, for the professionalism they demonstrate and for the sense of responsibility that characterises our work.

On behalf of the Board of Directors
The Chairman
Paolo Romano

Governing and supervisory bodies and corporate offices

BOARD OF DIRECTORS

The Board of Directors, appointed by the Ordinary General Meeting in accordance with Articles 2364–2449 of the Italian Civil Code and Article 18 of the Articles of Association, comprises:

- Paolo ROMANO — Chairman
- Armando QUAZZO — Chief Executive Officer
- Monica CERUTTI — Director
- Enzo LAVOLTA — Board Member
- Cristina TUMIATTI — Board Member

BOARD OF STATUTORY AUDITORS – COMMITTEE FOR INTERNAL CONTROL AND AUDIT

The Board of Statutory Auditors, appointed by the Ordinary General Meeting in accordance with Articles 2364–2449 of the Italian Civil Code and Article 18 of the Articles of Association, comprises:

- Davide DI RUSSO — Chair
- Stefania BRANCA — Standing Auditor
- Simone Montanari — Standing Auditor
- Daniela Ballesio — Alternate auditor
- Maurizio CACCIOLA — Alternate auditor

AUDIT FIRM

- Deloitte & Touche S.p.A.

SUSTAINABILITY AUDITOR

- Revi.tor S.r.l.

SUPERVISORY BODY

The Supervisory Body, appointed by the Board of Directors, comprises:

- Umberto BOCCHINO — Chairman
- Cinzia Cassone — Member
- Miriam CAPUTO — Member
- Fulvio GUARINI — Member

OFFICER FOR CORRUPTION PREVENTION AND TRANSPARENCY

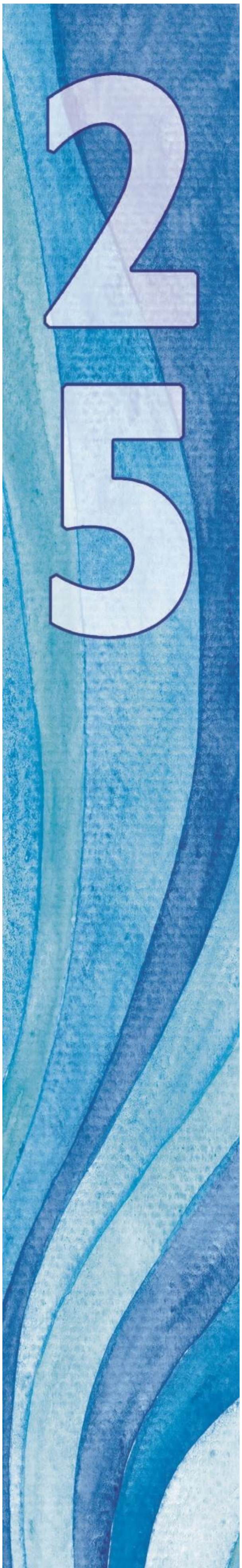
Appointed by the Board of Directors:

- FINO Luisa

DATA PROTECTION OFFICER

Appointed by the Board of Directors:

- Michele GORACCI



REPORT ON MANAGEMENT

A. SUMMARY OF OPERATIONS

A1. Introduction

It should be noted that the management report includes the Sustainability Reporting section, drawn up in accordance with Directive (EU) *2022/2464,* the *'Corporate Sustainability Reporting Directive (CSRD)',* and the European Sustainability Reporting Standards (ESRS), containing the information necessary to understand the activities carried out in relation to sustainability issues and their resulting impacts on the area under management.

The consolidated and separate financial statements of Società Metropolitana Acque Torino S.p.A. (hereinafter also referred to as SMA Torino S.p.A. or SMAT) present the accounting data for the financial year under review compared with those for the previous financial year, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The results are determined by the activities carried out during the financial year in question by the parent company, SMA Torino S.p.A., and its subsidiaries, given that SMA Torino S.p.A. holds direct controlling and associated shareholdings.

At its meeting on 30 January 2026, the Company's Board of Directors resolved to postpone the convening of the Shareholders' Meeting for the approval of the financial statements as at 31 December 2025, making use of the extended period of 180 days from the end of the financial year provided for in Article 2364 of the Civil Code and Article 14(5) of the current Articles of Association.

Please note that in this document, any use of the masculine plural form (e.g. 'the Managers, the users') is to be understood as gender-neutral (unmarked) and is used solely to improve readability.

A2. Summary of the 2025 results in figures

SUMMARY OF RESULTS IN FIGURES *SUMMARY OF RESULTS IN FIGURES*	Balance sheet consolidated 2025	Balance sheet consolidated 2024	Change absolute	Change %	Financial Statement 2025	Financial Statement 2024	Change absolute	Change %
FINANCIAL DATA								
Total Revenue	693,904	628,698	65,206	10.37%	688,992	624,566	64,426	10.32%
EBITDA	195,118	151,678	43,440	28.64%	194,216	151,290	42,926	28.37%
EBITDA/Total Revenue	28.12%	24.13%	3.99 p.p.		28.19%	24.22%	3.97 p.p.	
Operating profit (EBIT)	77,207	46,047	31,160	67.67%	76,338	45,694	30,644	67.06%
Operating profit (EBIT)/Total revenue	11.13%	7.32%	3.81 p.p.		11.08%	7.32%	3.76 p.p.	
Net profit (loss)	50,679	32,671	18,008	55.12%	49,909	32,369	17,540	54.19%
Net profit (loss)/Total revenue	7.30%	5.20%	2.1 p.p.		7.24%	5.18%	2.06 p.p.	
BALANCE SHEET DATA								
Net fixed assets	1,370,529	1,207,483	163,046	13.50%	1,370,232	1,207,213	163,019	13.50%
Equity	832,200	787,562	44,638	5.67%	829,571	785,718	43,853	5.58%
Gross financial debt	(521,262)	(455,964)	(65,298)	14.32%	(521,859)	(456,596)	(65,263)	14.29%
Net financial position	(386,576)	(378,378)	(8,198)	2.17%	(387,937)	(380,536)	(7,401)	1.94%
OTHER DATA								
Investments	266,675	267,156	(481)	-0.18%	266,615	267,136	(521)	-0.20%
Depreciation and amortisation	101,397	92,286	9,111	9.87%	101,364	92,251	9,113	9.88%
WORKFORCE[1]	1,214	1,094	120	10.97%	1,182	1,063	119	11.19%

SMAT GROUP: *SUMMARY OF RESULTS IN FIGURES*	Balance sheet consolidated 2025	Balance sheet consolidated 2024	Change absolute	Financial Statement 2025	Financial Statement 2024	Change absolute
FINANCIAL AND ASSET INDICATORS						
Gross financial debt/Equity	0.63	0.58	0.05	0.63	0.58	0.05
Gross financial debt/EBITDA	2.67	3.01	(0.34)	2.69	3.02	(0.33)
EBIT/Financial expenses[2]	14.43	14.31	0.12	14.40	14.32	0.08
ROI	4.24%	2.87%	1.37 p.p.	4.20%	2.85%	1.35 p.p.
ROE	6.09%	4.15%	1.94 p.p.	6.02%	4.12%	1.9 p.p.
ROS	18.10%	12.24%	5.86 p.p.	17.90%	12.15%	5.75 p.p.
Net financial position/Equity ≤1	0.46	0.48	(0.02)	0.47	0.48	(0.01)
Net financial position/EBITDA (EBIT[3] + Depreciation and amortisation) ≤5	2.16	2.74	(0.58)	2.18	2.76	(0.58)
Gross financial debt/EBITDA (EBIT[3] s + Depreciation and amortisation) ≤4.5	2.92	3.30	(0.38)	2.94	3.31	(0.37)
EBIT ([3] + Depreciation and amortisation)/Net financial charges > 5[4]	34.22	(1,628.69)	1,662.91	34.58	(627.79)	662.37
Net fixed assets/Gross financial debt ≥ 1.30	2.62	2.64	(0.02)	2.62	2.63	(0.01)

[1] Including temporary agency work contracts and secondment contracts, and net of long-term leave of absence, of which one executive on leave of absence, pursuant to Article 15 of the National Collective Labour Agreement for Executives of Public Utility Companies, 16 October 2019

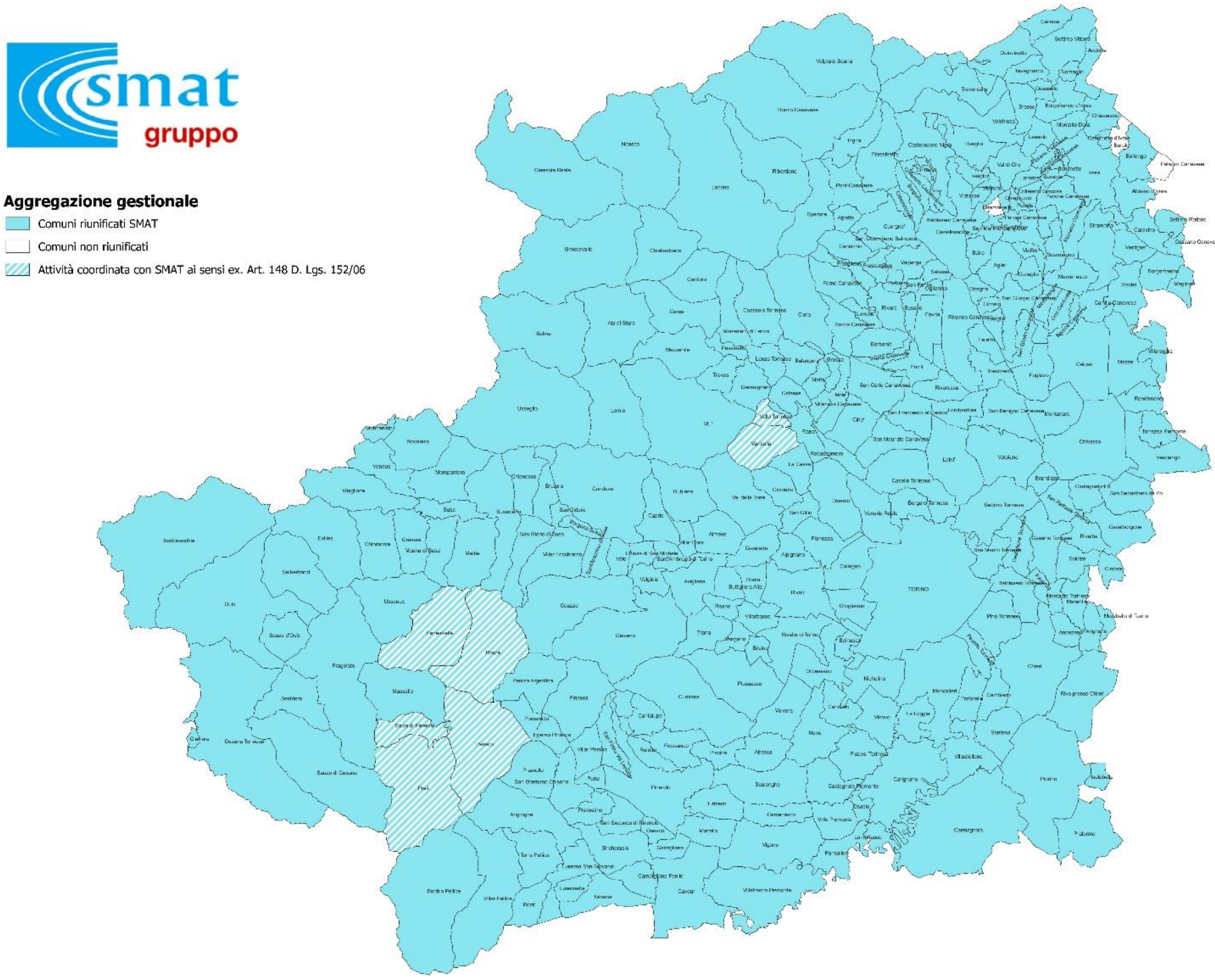
[2] Excluding impairment losses on financial assets

[3] EBITDA or MOL, defined in accordance with the contractual provisions as EBIT plus depreciation and amortisation

[4] In the 2024 financial year, the ratio of Gross Operating Margin to Net Financial Expenses is negative, as the difference between financial expenses and financial income results in a negative arithmetic sign, given that income exceeds expenses; therefore, the covenant is met

A3. Key technical data and operational area

During the financial year, your company provided water services to 294 municipalities, including wastewater treatment services in the municipality of Burolo (a non-member).



Municipalities served as at 31 December 2025: 294	Potable water treatment plants: 110
Served population: 2,188,352 [5]	Self-produced energy: 72,002 MWh
Surface area: 6,414 km²	Aqueduct network length: 13,617 km
% of ATO3 resident population served: 99.8	Sewerage network length: 10,479 km
Aqueduct users: 398,775	Wastewater treatment plants: 377
Invoiced water: 164 million m³	Treated wastewater: 339 million m³

Taking into account the volume estimates for the financial year, a volume of approximately 164 million cubic metres of drinking water was billed, supplied to a total of around 400,000 customers, 85 per cent of whom were domestic users.

Average per capita domestic consumption stood at 159 l/person/day.

Water production capacity was utilised against a general backdrop of virtually no service disruptions.

[5] Source: ISTAT as at 31 December 2023

The urban wastewater treatment plants managed directly, broken down by capacity, are as follows:

Plants with potential < 2,000 A.E.	n	324
Plants with A.E. 2,000 ≤ A.E. < 10,000	n	32
Plants 10,000 ≤ A.E. < 100,000	n	18
Plants with 100,000 ≤ A.E. < 2,000,000	n	2
Plants with more than 2,000,000 p.e.	n	1
TOTAL	n	377

As regards wastewater treatment plants, 339 million cubic metres were treated in 2025, of which 2.7% represented the volume of industrial effluent, and 23,213 tonnes of sludge (dry matter) were produced.

A4. General description of activities

The year 2025 marks the 26th financial year of operations for the parent company SMAT S.p.A., which continued to manage the Integrated Water Service within the Turin Optimal Territorial Area 3 ("ATO3 Torinese"), coordinating the Group's activities and defining its strategic objectives up to 2033.

The financial year was marked by the acquisition of the business unit relating to the Integrated Water Service from Acea Pinerolese Industriale S.p.A. with effect from 1 April 2025, bringing 93 employees on board. This transaction contributed to the completion of the consolidation process begun 25 years ago, enabling further efficiency gains in management through economies of scale and the planning of structural interventions designed to meet the needs of the local area.

The financial results for the financial year, with an EBITDA of € 194.22 million, exceed the forecasts set out in the PI 4.0, which stood at approximately € 128.81 million (see paragraph *F15*). This result is driven both by the rise in *'Revenue'* – due to higher invoiced volumes and the tariff update for the 2024–2029 period, approved by ARERA Resolution No. 569/2024/R/IDR of 17 December 2024, as well as from higher revenues relating to the recognition of service quality bonuses for the two-year period 2022–2023, and from the modest increase in operating costs due to economies of scale and the acquisition of the Pinerolo area business unit.

The Parent Company's investments amount to 266,615 thousand euros, corresponding to 122 euros per inhabitant (in line with the Investment Plan approved in the aforementioned tariff adjustment) and include the acquisition of the business unit from Acea Pinerolese Industriale.

These results are further supported by the financial data, which ensured compliance with the contractual covenants, leaving a substantial safety margin.

A5. The service agreement for the Turin Area

Following the management reorganisation of Area 3 (Turin), the service is provided by your company pursuant to the following documents:

- the contract *entitled 'Service Agreement for the Management of the Integrated Water Service in Optimal Territorial Area No. 3 "Torinese"',* initialled on 1 October 2004 in accordance with Resolution No. 173 adopted by the Turin Area 3 Conference on 27 May 2004;
- supplementary agreement initialled on 2 October 2009 to incorporate the periodic review of the 2008–2023 Area Plan, approved by Resolution No. 349 of the Area Authority Conference on 27 March 2009;
- the agreement initialled with ACEA Pinerolese Industriale S.p.A. on 28 December 2007, implementing, with effect from 1 July 2007, the provisions of Resolution No. 282 adopted by the Turin Area 3 Conference on 14 June 2007, which confirmed the designation of SMAT S.p.A. as the Sole Operator of the Integrated Water Service in the Turin Optimal Area and of ACEA as the protected operator operating within its traditional catchment area, revised by the parties on 20 November 2015;
- Resolution 598 of 29 April 2016, by which ATO3 approved the updated Area Plan (2016–2033), reaffirmed the decision to opt for *in-house* management and confirmed SMAT S.p.A. as the area operator until 31 December 2033, a period deemed appropriate to ensure the economic and financial sustainability of the investments provided for in the Plan;
- the supplementary act to the service agreement, which also aims to bring the service agreement into line with the model agreement approved by the AEEGSI (now ARERA) by Resolution No. 656/2015/R/IDR of 23 December 2015, as presented to the Shareholders' Meeting of 14 October 2016, was initialled on 8 August 2016 by SMAT S.p.A. and ATO3;
- the amendment to the Supplementary Act to the Agreement was approved on 6 December 2018 by the Shareholders' Meeting in order to incorporate the biennial update of the tariff provisions for the years

2018–2019 and the development of the economic and financial plan for the period 2018–2033, approved by ATO 3 by Resolution No. 692 of 26 June 2018;

- the Supplementary Act to the Agreement was initialled on 27 June and 11 July 2019 by SMAT S.p.A. and ATO respectively, in order to incorporate the update to the economic and financial plan, approved by ATO 3 by Resolution No. 720 of 9 April 2019;
- the Supplementary Act to the agreement was initialled on 17 February and 23 February 2021 by SMAT S.p.A. and ATO3 respectively, in order to incorporate the update to the economic and financial plan, approved by ATO 3 by Resolution No. 774 of 10 December 2020;
- the Supplementary Agreement to the contract was initialled on 2 February and 3 February 2023 by SMAT S.p.A. and ATO3 respectively, in order to incorporate the update to the economic and financial plan, approved by ATO3 by Resolution No. 825 of 3 November 2022;
- the Supplementary Act to the agreement was initialled on 6 December 2024 and 16 December 2024 respectively by SMAT S.p.A. and ATO 3, in order to incorporate the update to the economic and financial plan, approved by ATO 3 by Resolution No. 16 of 24 October 2024.

A6. The Area Plan and the Programme of Measures

On 21 December 2015, ATO 3 Turin, by Resolution No. 587, updated the Area Plan for the period 2016–2033, setting out total investments to be made amounting to € 1,534,138,724, and forwarded it to the Regional Executive and the Regulatory Authority for Energy, Networks and the Environment (ARERA) for the necessary formalities.

On 29 April 2016, by Resolution No. 598, Area Authority No. 3 approved the updated Area Plan (for the period 2016–2033), which incorporates the amendments made during the Strategic Environmental Assessment.

By Resolutions No. 692 of 26 June 2018 and No. 720 of 9 April 2019, Area Authority No. 3 approved the biennial update of the tariff proposal for the years 2018–2019, the development of the Economic and Financial Plan for the period 2018–2033, and the Programme of Measures (PdI) containing the objectives set out in the Area Plan as well as those relating to Technical Quality.

On 23 July 2020, by Resolution No. 759, Area Authority No. 3 approved the 2020–2023 Programme of Measures and the 2020–2027 Strategic Works Plan pursuant to ARERA Resolution No. 580/2019/R/IDR of 27 December 2019, confirmed by Resolution No. 796 of 16 December 2021.

On 3 November 2022, by Resolution No. 825, Area Authority No. 3 approved the 2022–2023 Programme of Measures and the 2022–2027 Strategic Works Plan pursuant to ARERA Resolution No. 639/2021/R/IDR of 30 December 2021 for the update of the tariff proposal for the years 2022–2023.

Most recently, the Area Authority approved, by Resolution No. 16 of 24 October 2024, the 2024–2029 Programme of Measures and the 2024–2035 Strategic Works Plan in accordance with ARERA Resolution No. 639/2023/R/IDR of 28 December 2023, for the update of the tariff proposal for the years 2024–2029.

A7. Applied research and development

The Research Centre’s mission is to develop and transfer advanced solutions for water treatment, wastewater treatment and the management of water networks, helping to improve resilience to climate change and reduce the environmental impact of the water service as a whole. The SMAT Research Centre carries out its activities with the aim of ensuring an increasingly efficient, innovative and sustainable water service. Applied research is a strategic pillar for tackling emerging challenges in the sector, anticipating regulatory and technological developments, improving the quality of services offered and operational efficiency, strengthening competitiveness and generating innovation.

Looking ahead to 2025, the SMAT Research Centre has:

- 24 ongoing research projects;
- 10 new projects launched;
- 8 completed projects;
- 10 projects funded through European, national or regional programmes;
- 3 new collaboration and confidentiality agreements have been signed with public and private bodies;
- The Research Centre collaborated with 145 academic and industrial partners.

The Research Evaluation Committee, chaired by the President of SMAT and comprising the Chief Executive Officer, the Director General, the Head of Laboratories and Water Quality and the Head of the Research Centre, is responsible for defining the general research guidelines and approving individual project proposals aimed at achieving the Research Centre's strategic objectives. The Committee carries out at least one annual review of the progress and updating of the research programme, through dedicated meetings with Research Centre staff.

The Head of the Research Centre leads the implementation of the research programme and the coordination of projects, defining and implementing the Research Centre's strategy. She oversees institutional relations, manages internal and external communication regarding activities, and ensures effective governance of collaborations with academia, industry, public bodies and stakeholders. She also fosters structured interaction between the Research Centre, the company's operational departments, the local area, utilities and the relevant scientific and technological community.

Researchers, operating in accordance with the strategic guidelines defined by the Research Evaluation Committee and in line with the regulatory framework, operational challenges and funding opportunities, propose, develop and coordinate individual research projects. They are responsible for managing both the scientific and organisational aspects, ensuring that every initiative makes a concrete contribution to innovation and the optimisation of business processes.

Applied research projects emerge from an evaluation process that takes into account economic, social and environmental implications and impacts, and topics may be proposed by any department within the company, thanks to close collaboration between researchers and operational staff. This synergistic approach has become one of the Research Centre's strengths, enabling the identification and development of projects in line with SMAT's strategic objectives.

The research team, characterised by a multidisciplinary approach, combines expertise in engineering, chemistry, microbiology, modelling, data analysis, climate science and physics, alongside cross-cutting project management skills, working synergistically to ensure the effective implementation of the research programme and the maximisation of its operational benefits.

This structure reinforces the Research Centre's role as a hub of innovation, accelerating the transfer of knowledge and solutions to address the company's management challenges, whilst also promoting strategic partnerships for the development of new technologies and participation in national and international consortia to access research funding, thereby creating a collaborative ecosystem capable of generating value for the water sector.

A8. International projects

In the 2025 financial year, as part of *the "EU-WOP Programme"* funding scheme *managed by UN-Habitat's "Global Water Operators' Partnership Alliance" (GWOPA)*, SMAT submitted three project proposals.

The first project proposal, with the acronym SO-WOP 2 – *"Supporting OWSSB and WATCO (India) in Upgrading Capacities in Wastewater and Fecal Sludge* Management" – proposes the delivery of training and technical assistance, with the aim of increasing the efficiency of water and sludge treatment and reuse facilities, to improve hygiene standards in the state of Odisha in India.

SO-WOP 2 was submitted in partnership with the Odisha Water Supply and Sewerage Board (OWSSB) and the Water Corporation of Odisha (WATCO) – Indian utilities – WaterLinks (a Philippine NGO) and Hydroaid. The project will run for four years and has been approved for funding by the United Nations.

The second project proposal, SAM-WOP – *"Supporting Arba Minch in upgrading capacities in Non-Revenue Water reduction, Financial Management and* Sanitation" – aims to provide training and technical and economic-financial assistance to the water utility in the city of Arba Minch, Ethiopia. SAM-WOP was submitted in partnership with AMTWSSE (the local water operator), Acquedotto Pugliese, Hydroaid and the University of Arba Minch. The project will run for four years and is currently under evaluation for funding approval.

Finally, the third project proposal, WOP4B *"Water Operators Partnership for* Blantyre", proposed to facilitate the development and exchange of expertise on water losses, financial management and sanitation services with water operators in the city of Blantyre, Malawi. WOP4B was submitted in partnership with the Blantyre Water Board (a local utility), WaterLinks and Hydroaid, but was not approved for funding.

Work continues on the *"NRW Reduction Strategic Plan for Gambella, Semera and* Asosa" project through consultancy services aimed at developing and updating the business plan for water and sewerage services, as well as implementing a strategic plan to reduce water losses in the cities of Gambella, Semera and Asosa in Ethiopia.

The aim of the project is to develop a reduction strategy (mapping of network infrastructure, meter reading and measurement practices, preliminary water balance, NRW assessment, financial and operational assessment, etc.) and to develop/update the business plans of the three water utilities for the next 5–10 years. The project also includes a training and capacity-building component on NRW and financial management.

In the 2025 financial year, as part of international cooperation initiatives, technical visits by foreign delegations to SMAT facilities continued. As part of a training project, an Iraqi delegation – comprising technical managers from the wastewater treatment sector of the Municipality of Baghdad – visited the SMAT Wastewater Treatment Plant in Collegno.

A9. European projects

At European level, SMAT has launched new project proposals and concluded its activities relating to projects funded under the Horizon 2020 programme.

Under the call *"MISS-2022-OCEAN-01-03 Mediterranean Sea basin lighthouse – Actions to prevent, minimise and remediate chemical pollution"*, SMAT was awarded the iMERMAID project: *"Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and decontamination from Chemical Pollution*".

In its capacity as an end-user, SMAT installed a pilot plant at the Brandizzo wastewater treatment works in spring 2025 to test and validate two technologies: an electrochemical sensor designed to monitor Cd, Cu, Pb and Zn, developed by the University of Florence, and a treatment system for the removal of Al, Cu and Zn, developed by the Finnish partner Weeefiner using 4D Scavenger technology. At the same time, activities to raise awareness among young people about the responsible use of chemicals continued.

As part of the Marie Skłodowska-Curie Actions (MSCA) Doctoral Networks, SMAT – as an associated partner – was awarded the IN2AQUAS project*, 'INtegrated Approach TO secure water QUAlity by exploiting Sustainable processes',* funded for doctoral programmes in various areas of research and innovation, carried out through partnerships between universities, research institutes, businesses and other socio-economic actors from various European and non-European countries.

The IN2AQUAS project involves 15 PhD students enrolled in the doctoral programme and organises seven events to be held in various Italian and international cities, offering students a broad and interdisciplinary education. SMAT, which is participating in the project as an associate partner, will host four PhD students at its laboratories, where it will make its state-of-the-art equipment available to enable specific analytical investigations to be carried out and to provide 'on-the-job' training. During 2025, two PhD students undertook placements, conducting research into PFAS and pesticides in raw water and wastewater as part of their respective research projects.

The CLIMAX PO project*, 'Climate Adaptation for the Po River Basin District',* is a strategic integrated LIFE project involving 25 partners, including public bodies, competent authorities, research institutes, managing bodies and technical organisations operating at various levels of local government. One of the key elements of CLIMAX PO concerns the strengthening of adaptation governance, understood as the capacity to coordinate, in a structured manner, institutional levels, technical expertise and various stakeholders around shared priorities for climate resilience.

In this context, 2025 marked the end of the first three-year phase of work, during which a model for ongoing dialogue was established through the creation of district and regional Stakeholder Boards (Piedmont, Lombardy, Emilia-Romagna), with advisory, informational and supportive roles in relation to project activities. These forums have helped to structure stakeholder engagement, gather useful input for defining priorities and strengthen the region's institutional and technical capacity on adaptation issues.

SMAT is participating in this project both within the 'cross-cutting' work packages on adaptation governance and stakeholder engagement, and within the technical work packages dedicated to strengthening the resilience of urban drainage networks, making the know-how of its Research Centre available to the partnership, on the topics of forecasting extreme rainfall events, monitoring, and defining intervention strategies for risk reduction.

SMAT is participating, through its Research Centre, in the MEDUSSE project, which has been selected for funding under the European COST-ACTION programme – a programme that funds interdisciplinary research and innovation networks – and aims to enhance the production, availability, distribution and application of climate forecasts and climate services by creating a network of researchers and users.

The project's objective is to ensure that climate knowledge and information meet the operational needs of managers and decision-makers, supporting the adoption of policies and plans adapted to climate challenges. MEDUSSE aims to build a European network of experts on climate variability and predictability (MedFOR), on seasonal and decadal climate forecasts (useful for operational applications, such as estimating expected snow depths near mountain reservoirs) and on climate services. The project, organised into three Working Groups (WG1: Climate Variability and Predictability, WG2: Climate Forecasting, WG3: Climate Services), will facilitate a continuous flow of information, expertise and knowledge between researchers, stakeholders and end-users.

The SMAT Research Centre is actively involved in WG3 on climate services, with a view to providing a harmonised identification of the target socio-economic areas and specific fields of application for seasonal and decadal climate forecasts, the most appropriate indicators, approaches and methodologies, as well as the effective use of these forecasts in decision-making.

Approved for funding under the Horizon Europe programme in 2024, 2025 saw the project's activities get properly underway – Advanced QUAlity MOnitoring system of water in urbaN areas – which aims to ensure safe drinking water, improve wastewater treatment (including for reuse), protect urban bathing waters and restore aquatic ecosystems. Thanks to integrated data and innovative monitoring systems, AQUAMON helps to enhance the quality and resilience of water resources in Europe. The project plans to test and validate the technologies in five European cities: London, Paris, Lviv, Limassol and Turin. SMAT, in addition to being responsible for implementing the Turin pilot, acts as coordinator for all five use cases.

In the 2025 financial year, the activities of the BioEnProH2O project were concluded *"Bioenergy, Products and Water (Output) extracted and co-valorised from primary and residual matrices and resources (Input) using integrated sustainable solutions based on circular and granular supply chains for macro- and* micro-communities", funded by the European Union through PNRR funds, as part of the MUR (Ministry of Universities and Research) cascade calls for *proposals*.

A10. SMA Torino S.p.A.'s participation in national and international associations

Throughout 2025, SMAT continued to play an active role within numerous sectoral associations and networks operating at local, national and European levels. This presence confirms the company's commitment to contributing directly to the main forums for discussion and strategic analysis concerning the integrated water service.

This involvement spanned technical, managerial, administrative and governance areas, strengthening SMAT's position within the sector's most significant networks.

Listed below are the collaborations considered to be of greatest strategic importance for the company's operations (M – Global, E – European, N – National, L – Local).

L – Confservizi Piemonte e Valle d'Aosta

An association representing, at a multi-regional level, companies operating in local public services – including water, energy, gas, environmental sanitation and local public transport – in the regions of Piedmont and Valle d'Aosta.
In 2025, SMAT confirmed its participation with two members on the Executive Committee, whilst also retaining key roles such as the coordination of the water sector and the role of lead for technological innovation.

L - Piedmont Utility Alliance

A network of wholly publicly-owned companies established in 2016, bringing together 18 in-house operators active in the water, environmental and energy sectors across the Piedmont region. Its members provide essential services to over 3.5 million citizens, representing approximately 80% of the regional population.
In 2025, SMAT continued its participation in the Network's Joint Management Committee through its designated spokesperson and coordinated the thematic working groups.

N - REF Ricerche

An independent research and consultancy centre specialising in local public services, with a particular focus on the water sector.
Throughout 2025, SMAT continued to take part in the activities of the REF think tank, contributing to analytical work, publications and in-depth studies on key environmental and water-related issues.

N - SPRING – Sustainable Processes and Resources for Innovation and National Growth

A non-profit association committed to promoting the circular bioeconomy in Italy through the involvement of industrial and academic networks.

In 2025, SMAT confirmed its representation on the association's Executive Board, appointing a representative for the water sector. SPRING brings together over 200 member organisations.

N – Utilitalia

A national federation bringing together more than 450 operators active in the water, energy, environment and gas sectors, which collectively provide water services to around 80% of the Italian population.
In 2025, SMAT maintained an active role in the Federation's governing bodies, the Executive Committee and numerous thematic committees, including PFAS, Drinking Water, Wastewater, Regulation, In-house, SMEs and Innovation.

E - Aqua Publica Europea (APE)

An association based in Brussels that brings together public water service operators from 14 European countries, comprising a total of around 70 companies and serving over 80 million customers.
In 2025, SMAT continued to be represented on the APE Board of Directors, actively participating in working groups and playing a coordinating role in the Innovation & Research and Sewage Sludge Groups.

E – EurEau

The European Federation of National Water Services Associations, representing 37 organisations from 34 countries.
In 2025, SMAT took part in the federation's activities through Utilitalia, contributing in particular to the work of the Drinking Water Commission and to the process of developing European policies for the sector.

E – The European House Ambrosetti

A think tank active since 1965 in the study of national and international economic scenarios.
In 2025, SMAT reaffirmed its role as a founding member of the Community Valore Acqua, a multi-stakeholder platform dedicated to the management of water resources as a strategic factor for competitiveness and development.

E - Water Europe

A European technology platform promoted by the European Commission, established in Belgium, committed to promoting sustainable and integrated water management through research and innovation.
Throughout 2025, SMAT participated in the platform's initiatives through its Research Centre and remained active within the Vision Leadership Teams, which are responsible for defining Water Europe's strategic direction.

E - European Benchmarking Cooperation (EBC)

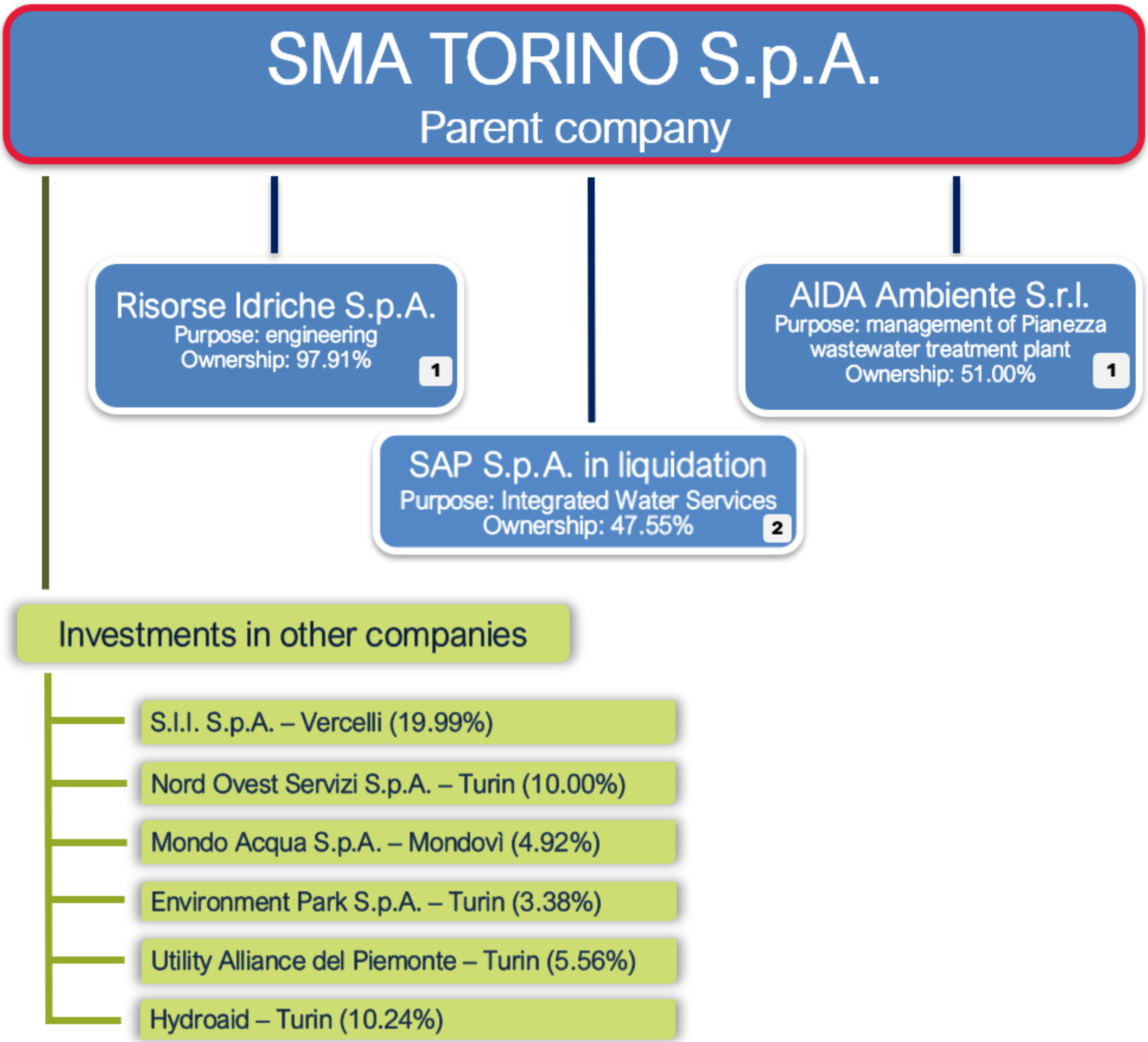
A European non-profit foundation specialising in the international benchmarking of water services, established to support operators in their efforts towards continuous improvement, innovation and greater transparency.
In 2025, SMAT continued its participation in the benchmarking programme, now in its eighteenth edition, with the aim of comparing its performance and sharing best practices within the sector.
Following the organisation of the Workshop in 2024, SMAT reaffirmed its commitment in 2025 as well, achieving 'Silver' certification – a recognition awarded to utilities that operate collaboratively and synergistically with other operators in the sector.

M – International Water Association (IWA)

A London-based non-governmental organisation that brings together experts and practitioners from the water sector worldwide, promoting the dissemination of best practices for the sustainable management of water resources.
In 2025, SMAT took part in the international initiatives and activities promoted by the association.

B. COMPOSITION OF THE SMAT GROUP

B1. The SMAT Group as at 31 December 2025



Background colour key:

- Companies included in the consolidation area*
- Companies not included in the consolidation area

*Consolidation methodology:

1. Full consolidation
2. Valuation of shareholdings according to net worth method

B2. Parent company SMA Torino S.p.A.

The share capital at the end of the 2025 financial year amounts to € 345,533,761.65, fully paid up and registered with the Turin Companies Register in accordance with the law, and is represented by 5,352,963 ordinary shares with a nominal value of € 64.55 each.

According to the Shareholders' Register, updated as at the balance sheet date, the City of Turin holds 3,231,679 shares directly and, indirectly, through its subsidiary Finanziaria Città di Torino Holding S.r.l., 169,331 shares, totalling 63.54% of the share capital.

There are 492,959 treasury shares, representing 9.21% of the share capital, held by the parent company itself, which acquired them in accordance with Article 2357 of the Italian Civil Code.

The remaining 1,458,994 shares (representing 27.26% of the share capital, amounting to € 94,178,062.70) are held by 294 other shareholders, of whom 292 are local authorities.

B3. Treasury shares and shareholdings in parent companies

As at 31 December 2025, the number of treasury shares held by the parent company SMAT S.p.A. amounted to 492,959 shares (representing 9.21% of the share capital, with a total nominal value of € 31,820,503.45), to which the corresponding negative equity reserve of € 32,992,953.10 relates.

The available reserves in the 2025 financial statements, following the share buy-back transactions of previous years, have been almost entirely exhausted.

Within the SMAT Group, the subsidiaries do not hold any shareholdings in the parent company.

B4. Subsidiaries and associated companies included in the scope of consolidation

SUBSIDIARIES:

- RISORSE IDRICHE S.p.A. of Turin

  The Company operates primarily in the engineering sector relating to the Integrated Water Service and received, by way of a transfer from the Parent Company with effect from 1 January 2005, the business unit relating to design services, with the specific aim of maximising the systematic approach, quality, organisational efficiency, flexibility and standardisation of design in the technological development of the Integrated Water Service (SII), with particular reference to the regional water infrastructure linked to the Area Plan.

  As at 31 December 2025, 97.91% of the share capital, amounting to € 412,768.72, is held by the parent company SMA Torino S.p.A.

  The subsidiary's activities were focused on the parent company, SMAT S.p.A., for which it carried out almost all of the design and works management contracts received.

  The 2025 financial year closed with an operating profit of € 659,871 and a net profit of € 516,544, driven by activities related to the PNRR.

  Consequently, the subsidiary's equity stood at € 1,311,181 at the end of 2025.

  The subsidiary Risorse Idriche S.p.A. has been consolidated using the full consolidation method since the 2004 financial year.

- AIDA AMBIENTE S.r.l. of Pianezza

  On 1 August 2008, the Parent Company subscribed to 51% of the share capital, corresponding to € 100,000, of the company AIDA Ambiente S.r.l., incorporated on the same date, with the remaining portion having been subscribed by Azienda Intercomunale Difesa Ambiente A.I.D.A..

  The company, operating systematically and as a single entity within the group alongside the parent company and therefore subject to the latter's management and coordination pursuant to Articles 2359 and 2497 of the Italian Civil Code, has as its corporate purpose the management of a segment of the integrated water cycle managed by the Parent Company as the Sole Area Operator, as well as the management of liquid waste as defined by current regulations.

  The subsidiary's operational performance in the 2025 financial year resulted in an Operating Profit of € 16,582 and a positive Net Profit of € 5,968.

  Consequently, the subsidiary's equity stood at € 905,859 at the end of 2025.

  The aforementioned company has been consolidated using the full consolidation method since the 2009 financial year. For details of the reunification process, please refer to paragraph G2.

COMPANIES SUBJECT TO JOINT CONTROL (ASSOCIATES):

- **SAP S.p.A. in liquidation (since 1 June 2021) of Turin**

  Acque Potabili S.p.A. in liquidation is associated with SMAT through a joint holding in IRETI S.p.A. of 47.546%, representing 3,429,125 shares.

  The Extraordinary General Meeting of Acque Potabili S.p.A. held on 29 April 2021 resolved to wind up the company early pursuant to Article 2484(1)(6) of the Italian Civil Code, with the consequent placing of the company into liquidation. This resolution was registered with the Turin Companies Register on 31 May 2021. With effect from that date, the resolution to wind up Acque Potabili took full effect.

  The Ordinary General Meeting of Shareholders of SAP S.p.A. in liquidation, held on 29 April 2026, approved the financial statements for the period 1 January 2025 to 31 December 2025 (the fifth interim liquidation financial statements), which closed with a profit of 433 thousand euros. At the end of 2025, equity stood at 17,800 thousand euros (IAS/IFRS standards), compared with equity of 17,511 thousand euros as at 31 December 2024.

  The investment in Acque Potabili S.p.A. in liquidation has been valued, for the purposes of the consolidated financial statements as at 31 December 2025, using the equity method, as the conditions for joint control with IRETI are met. It is classified as an investment in jointly controlled associates.

  In the consolidated financial statements, the value of the investment stood at 8,463 thousand euros (8,326 thousand euros as at 31 December 2024); in the company's financial statements, this value remained unchanged at 7,807 thousand euros and is supported by the impairment test carried out by an independent external professional, who used the equity method as the company is in liquidation.

B5. Equity investments in other companies

- **SII S.p.A. of Vercelli**

  A 19.99% shareholding in Servizio Idrico Integrato del Biellese e Vercellese S.p.A. of Vercelli (Share capital: 131 thousand euros – cost and carrying amount: 1,300,102 euros). The company is also partly owned by municipalities in Area 2 (Vercelli) and, as its purpose is to manage water services within the territory of its member municipalities, it offers significant potential for synergies with other local public bodies aligned with BCU S.p.A., which has been entrusted with the management of the Integrated Water Service in ATO 2 (Biella, Casale and Vercelli).

- **NOS S.p.A. of Turin**

  A 10% stake in Nord Ovest Servizi S.p.A. of Turin (share capital: 7,800 thousand euros – cost and carrying amount: 1,750,000 euros). The company is also partly owned by IRETI S.p.A. and Amiat S.p.A. *"Nord Ovest Servizi S.p.A."* manages the 45% stake held in *"Asti Servizi Pubblici S.p.A."*, acquired following a public tender by the temporary consortium formed by the same shareholders of Nord Ovest Servizi.

- **Mondo Acqua S.p.A. of Mondovì**

  A 4.92% stake in Mondo Acqua S.p.A. of Mondovì (share capital: 1,100 thousand euros – cost and carrying amount: 18,204 euros), a company with a majority of local public capital, held by the municipalities of Mondovì, Briaglia, Villanova Mondovì, Roccaforte Mondovì and Vicoforte. The company's corporate purpose is the management of water services within the territory of the member municipalities.

- **Environment Park S.p.A. of Turin**

  A 3.38% stake in Environment Park S.p.A., Turin (Share capital: 11,407 thousand euros – cost: 463,565 euros and book value: 385,440 euros). The company is also partly owned by public bodies and local service and financial companies, and its purpose is to manage the environmental technology park dedicated to research aimed at sustainable development.

- **Galatea S.c.a.r.l., Alessandria**

  A 0.50% stake in Galatea S.c.a.r.l., a cooperative in Alessandria (Share capital: 10 thousand euros – cost and book value: 51 euros), currently being divested, whose purpose is the construction and operation of the wastewater treatment plant for the Municipality of S. Stefano Belbo (CN).

- **APS S.p.A. in Liquidation (now in Insolvency) of Palermo**

  The company Acque Potabili Siciliane S.p.A. (APS) was incorporated on 27 February 2007 with an initial share capital of € 5,000,000, in which SMAT S.p.A. and Mediterranea delle Acque S.p.A. each held a 9.83% stake. The company was incorporated following the award of the tender organised by ATO 1 of Palermo for the provision of the Integrated Water Service across the 81 municipalities of the Province of Palermo (excluding the Municipality of Palermo).

  The investment in Acque Potabili Siciliane S.p.A. had already, in previous financial years, been subject to a full write-down, a provision for potential liabilities of 650 thousand euros, and the full write-off of all receivables due.

- **Utility Alliance del Piemonte**

  A 5.56% stake in Utility Alliance del Piemonte, based in Turin (equity capital of € 95,000 as at the balance sheet date – cost and carrying amount € 5,000). This network of wholly publicly-owned companies with in-house contracts was established by a notarial deed dated 19 July 2016 between 11 Piedmontese water companies, which signed a specific *'network agreement'* aimed at enhancing their competitive capacity through the joint representation of their interests vis-à-vis institutional and associative stakeholders and within decision-making processes.

  By notarial deed dated 21 May 2019, the business network adopted the new name *'Utility Alliance del Piemonte'*, thereby expanding its scope of operations to include not only the water sector (Water Alliance) but also the energy sector (Energy Alliance) and environmental protection (Environment Alliance), whilst also opening up the possibility for wholly publicly-owned companies that manage public services and share the network's objectives to join the network.

  By notarial deed dated 14 May 2025, the Network Agreement was renewed; it remains valid until 31 December 2027 and provides for tacit renewal every three years.

  The number of *'network members',* as at the date of these financial statements, stands at 18.

- **Hydroaid – International School of Water for Development**

  A 10.24% stake in Hydroaid – International School of Water for Development, based in Turin (endowment fund € 15,000 – cost and book value of SMAT S.p.A.'s stake € 30,000), is held by permanent members from the public and private sectors (the Piedmont Region, the City of Turin, Compagnia di San Paolo, Turin Chamber of Commerce, Hydrodata S.p.A. as well as SMAT) who support the organisation's institutional activities and actively contribute to the implementation of various initiatives and projects.

C. FINANCIAL PERFORMANCE OF THE SMAT GROUP

Amounts in thousands of euros	*Balance sheet consolidated 2025*	*Balance sheet consolidated 2024*	*Change Absolute*	*Change %*	*Financial Statement 2025*	*Financial Statement 2024*	*Change Absolute*	*Change %*
Revenue	426,471	376,260	50,211	13.34%	426,470	376,007	50,463	13.42%
Revenue from design and construction activities	241,343	227,080	14,263	6.28%	241,343	227,080	14,263	6.28%
Other operating revenue	26,090	25,357	733	2.89%	21,179	21,478	(299)	-1.39%
Total Revenue	**693,904**	**628,698**	**65,206**	**10.37%**	**688,992**	**624,566**	**64,426**	**10.32%**
Consumption of raw materials and consumables	(21,569)	(20,031)	(1,538)	7.68%	(21,426)	(19,822)	(1,604)	8.09
Costs for services and use of assets	(135,312)	(142,331)	7,019	-4.93%	(133,873)	(141,116)	7,243	-5.13%
Staff costs	(77,463)	(66,088)	(11,375)	17.21%	(75,266)	(64,122)	(11,144)	17.38%
Other operating expenses	(29,690)	(26,841)	(2,849)	10.61%	(29,459)	(26,487)	(2,972)	11.22%
Costs for design and construction activities	(234,752)	(221,729)	(13,023)	5.87%	(234,752)	(221,729)	(13,023)	5.87%
Total operating costs	**(498,786)**	**(477,020)**	**(21,766)**	**4.56%**	**(494,776)**	**(473,276)**	**(21,500)**	**4.54%**
EBITDA	**195,118**	**151,678**	**43,440**	**28.64%**	**194,216**	**151,290**	**42,926**	**28.37%**
Depreciation, provisions and write-downs	(117,912)	(105,631)	(12,281)	11.63%	(117,879)	(105,596)	(12,283)	11.63%
Operating profit	**77,207**	**46,047**	**31,160**	**67.67%**	**76,338**	**45,694**	**30,644**	**67.06%**
Total financial management	**(5,082)**	**237**	**(5,319)**	**over 100%**	**(5,139)**	**220**	**(5,359)**	**over 100%**
Profit before tax	**72,124**	**46,284**	**25,840**	**55.83%**	**71,198**	**45,913**	**25,285**	**55.07%**
Tax	(21,445)	(13,613)	(7,832)	57.53%	(21,290)	(13,545)	(7,745)	57.18
Net profit/(loss) for the year	**50,679**	**32,671**	**18,008**	**55.12%**	**49,909**	**32,369**	**17,540**	**54.19%**
Of which:								
Attributable to minority shareholders	13	39						
Attributable to the shareholders of the parent company	50,666	32,632						

The 13.42% growth in *'Revenue'* is attributable, as regards billing revenue, to the implementation of the tariff increase and to the rise in consumption linked to the installation of *'smart* metering' meters, which has made a greater volume of meter reading data available for billing purposes, as well as to the reduction in negative FoNI tariff components. The award of service quality bonuses for the two-year period 2022–2023, as provided for by ARERA in Resolution No. 225/2025/R/idr of 27 May 2025 for technical quality and Resolution No. 277/2025/R/idr of 26 April 2025 for contractual quality, totalling 7,087 thousand euros, contributed significantly to this increase.

This positive financial change was mitigated by the recording of credit notes issued to customers who had detected water leaks in private systems, in accordance with the provisions of ARERA Resolution No. 609/2021; a provision was also made to the provision for risks and charges in order to recognise on an accrual basis the effect arising from the credit notes to be issued.

Revenue from water supply, sewerage and wastewater treatment services is shown net of the 50% tariff reduction for municipal and provincial utilities used for public purposes, totalling 7,625 thousand euros borne by SMAT.

The decrease in *'Other operating* revenue' of -1.39% is attributable to lower contingent assets and the reversal of liabilities, as well as a smaller adjustment to the provision for risks; these effects were offset by higher capital grants for the release of PNRR grants relating to the Digitalisation Project and the FoNI component included in the tariff adjustment.

In general, when comparing costs with last year, account must be taken of the acquisition of the business unit relating to the integrated water service from ACEA Pinerolese Industriale S.p.A., consisting of the infrastructure and plant for managing the service and the employment contracts relating to staff, which implies a different breakdown of costs by nature compared with the previous allocation of service costs relating to the remuneration paid as the operational management entity.

The 8.09% increase in *"Costs of raw materials and consumables"* is due to higher costs for materials used in routine and non-routine maintenance, and an increase in expenditure on fuel and lubricants, partly resulting from the acquisition of Acea's integrated water services business unit, which was partially offset by lower usage of chemical materials.

The decrease of 5.13 per cent in *"Costs for services and use* of assets" is mainly attributable to lower costs for services provided by SOGs, in particular relating to the acquisition of the Acea business unit. There was an increase in the cost of electricity despite the reduction in the average green tariff, due to higher consumption attributable to activities in the Pinerolo area.

"Staff costs" rose by 17.38%, mainly due to the recruitment of 93 former Acea employees and pay rises linked to the renewal of the National Collective Labour Agreement (C.C.N.L.).

'Other operating expenses' rose by 11.22% compared with 2024; the main factors behind this change relate to the increase in contributions to mountain communities and in contingent liabilities and write-downs of assets, relating to the decommissioning of old-generation meters replaced by smart meters, as well as the provision for risks, which includes the penalties imposed by ARERA under the aforementioned resolution.

The item *"Depreciation, provisions and write-downs"* rose by 11.63% as a result of higher depreciation recorded in relation to works that came into service, as well as assets acquired from Acea Pinerolese and the increase in the provision for bad debts made on the basis of the "expected losses" model.

Overall, financial performance shows a negative change, driven by lower interest on arrears from customers following the sale of receivables and a simultaneous increase in finance costs.

The rise in financial charges is mainly attributable to interest expense on borrowings arising from the bond issue, the BPER loan and the new EIB loan, partially offset by a reduction in interest on repaid borrowings and short-term positions.

D. INVESTMENTS BY SMA TORINO S.P.A. AND THE SMAT GROUP

The following table sets out the technical investments of the Parent Company and its subsidiaries during the reporting period:

Investments			
Investments SMAT S.p.A.			
Tangible fixed assets		€	24,865,261
Intangible fixed assets		€	3,983,680
Assets under concession		€	237,766,363
	Total investments by SMAT S.p.A.	**€**	**266,615,304**
Investments AIDA Ambiente			
Tangible fixed assets		€	19,579
Intangible fixed assets		€	0
	Total investments in AIDA Ambiente	**€**	**19,579**
Investments Risorse Idriche			
Tangible fixed assets		€	37,734
Intangible fixed assets		€	2,264
	Total investments Risorse Idriche	**€**	**39,998**
	Total SMAT Group investments	**€**	**266,674,881**

D1. Progress report on major infrastructure projects and PNRR funding

Valle Orco Water Supply Scheme – PNRR M2C4-I4.1_A2-8

This is the largest and most extensive of the major infrastructure projects envisaged in SMAT S.p.A.'s Business Plan for recent years.

It will address the current water shortages – both in terms of quantity and quality – in the areas around Ivrea, Calusio and Canavese. The aqueduct will utilise water from the Ceresole, Telessio and Angel reservoirs, situated at high altitude in the Gran Paradiso National Park and currently used by Iren Energia solely for hydroelectric power generation.

The infrastructure comprises 140 kilometres of pipework, including supply and distribution networks, which will serve, directly and indirectly, over 50 municipalities, from Rivarolo to Cuorgnè and from Castellamonte to Ivrea, covering a catchment area of over 120,000 inhabitants.

During 2018, the entire project underwent an assessment by the Ministry of the Environment to determine whether it was subject to an Environmental Impact Assessment (EIA), and on 6 February 2019, it was confirmed that the project was not subject to an EIA. Following a tender process, the design contracts for the water treatment plant and the pipelines were awarded.

In June 2019, an agreement was signed between the Region, ATO3, SMAT and IREN Energia for the use of the water resource for drinking water purposes.

In December 2022, the detailed design was approved with a total budget of € 279,341,000, and the call for tenders for the award of the works, divided into three lots, was issued. In 2023, the tender process was completed and the new budget for the works, net of tender discounts, amounted to € 234,971,770.13.

Work commenced on 4 November 2023 with a visit to the construction site in Locana, in the hamlet of Praie, by national and local authorities. Seventy per cent of the water treatment plant is underground; the design was specifically conceived to minimise the impact of above-ground structures, which is why the visible parts are clad in stone and the roofs are covered with slate.

The infrastructure represents an effective technical solution to counter the effects of climate change across a vast area and to ensure an adequate supply of high-quality water to the residents of the municipalities of Canavese and Eporediese, even during periods of severe drought. The contract for the works was awarded well in adva s to the schedule approved by the Ministry of Infrastructure, enabling work to commence swiftly; it is due to be completed by November 2025, ensuring an increasingly efficient service.

As at 31 December 2024, the progress of the works was recorded under 'works in progress' at approximately € 129 million, and on 25 October a rock tunnel was opened in Sparone.

By MIMS Decree No. 517, the project as a whole was approved for funding under *'Investments in primary water infrastructure for the security of water* supply' within Investment 4.1, Mission 2, Component C4 of the National Recovery and Resilience Plan (PNRR) for an amount of € 93,000,000.00, in addition to € 36,352,813.24 approved for funding under the *"Fund for the launch of urgent* works" out of a total investment of € 186 million.

By means of a 'Letter of Commitment' dated 22 June 2022, the agreement allocating resources for the implementation of the project was finalised between SMAT, acting as the implementing body, and the MIMS – Directorate-General for Dams and Water Infrastructure, acting as the responsible authority.

Article 4 of the aforementioned binding agreement sets out the advance payment granted, amounting to € 27,900,000.00, equal to 30 per cent of the amount eligible for PNRR funding, which was received by SMAT on 23 August 2022.

In accordance with the provisions of Article 26(7) of the 'Aiuti' Decree (Decree-Law 50/2022), the Fund for the Commencement of Urgent Works was established by Prime Ministerial Decree of 28 July 2022 (Official Gazette of 12 September 2022): On 10 October, SMAT submitted an online application for access to the Fund, requesting that SMAT be granted funding for the increase in expenditure, calculated by applying the adjustments to the fees based on the costs incurred in the final designs, totalling € 36,352,813.24.

By Decree of the Ministry of Economy and Finance of 18 November 2022 (Official Gazette No. 278 of 28 November 2022), the project as a whole was approved for funding under the Fund for the Commencement of Urgent Works for the same amount.

On 12 March 2025, following the settlement of the first claim for reimbursement submitted in June 2024, the General Directorate for Dams and Water Infrastructure of the Ministry of Infrastructure and Transport (MIT) received a payment of over 51 million euros.

Total payments made as at 31 December 2025 amount to over € 167 million.

Completion of the works is scheduled by 30 June 2026.

On 28 March 2026, the project was inaugurated; for further details, please refer to paragraph G5.

Digitalisation Project – PNRR M2C4-I4.2

The project aims to digitise and monitor the distribution network across all the municipalities served, with the aim of reducing water losses, using artificial intelligence algorithms.

The overall scope of the project comprises a distribution network of 12,842 km and a total of 2,321 km of service pipes, 617 remotely controlled plants, 169 SMAT water monitoring points, 1,431 storage tanks, 207 pumping stations and 89 water treatment plants.

The engineering approach to be adopted will not only reduce network losses but also optimise all design and operational aspects, thereby significantly improving the overall quality of the Integrated Water Service for the benefit of users and the service's economic sustainability, whilst ensuring tangible and measurable results in line with regulatory indicators.

The project involved the creation of a dedicated telecommunications network through the installation of remote-reading meters and sensors specifically designed for the active monitoring of network leaks, and includes:

- the surveying of water networks and their representation using GIS to facilitate infrastructure asset management;
- the installation of smart devices to measure consumer usage, flow rates, pressures, water levels in reservoirs and other parameters that may be critical to the quality of the service provided;
- hydraulic modelling of the network;
- the installation of pressure control valves to reduce leaks;
- the division of networks into zones and active leak detection;
- pre-localisation of leaks using both traditional and innovative methods;
- the identification of network sections requiring replacement or rehabilitation, aided by the hydraulic model and decision-support tools;

- smart metering tools for measuring water consumption by users.

The total cost of the project, amounting to € 66,123,570.00, is funded by the European Union – Next Generation EU, via the Ministry of Infrastructure and Transport (MIT), to the tune of € 50,000,000.00.

By Ministerial Decree No. 594 of 24 August 2022, the Directorate-General for Dams and Infrastructure of the Ministry of Sustainable Infrastructure and Mobility (now the Ministry of Infrastructure and Transport) approved funding for the project proposed by Area Authority No. 3 'Turin' entitled 'Digital transformation of the management of water supply systems in ATO3 Turin and reduction of water losses' (project code M2C4-I4.2-072), under Measure M2C4 of the National Recovery and Resilience Plan – Investment 4.2 *'Reduction of losses in water distribution networks, including the digitisation and monitoring of networks'*, for which SMAT is the Implementing Body.

Through a Deed of Obligation with the Ministry of Sustainable Infrastructure and Mobility, signed on 21 October 2022 by the Beneficiary (Area Authority No. 3 "Turin") and the Implementing Body (SMAT S.p.A.), the allocation of resources relating to the above-mentioned project was finalised.

On 19 April 2023, the ATO 3 Area Authority transferred the first advance payment of 5 million euros received from the Ministry; on 9 October 2024, a further advance payment of 10 million euros was transferred; and finally, on 29 April 2025, the first reimbursement claim of over 20 million euros was received.

The total districting of 5,050.57 km of the water supply network was completed by 31 December 2025.

The total payments made by 31 December 2025 amounted to over 42 million euros.

Valperga Wastewater Treatment Plant – PNRR M2C4-I4.4 (Programme 4133)

The project involves the refurbishment of the wastewater treatment plant, which entails upgrading it from secondary to tertiary treatment.

The facility, situated in the municipality of Valperga, serves the towns of Cuorgné, Valperga, Borgiallo, Chiesanuova and other neighbouring municipalities.

The system is designed in accordance with energy-saving guidelines, utilises low-energy-consumption technologies and is partly powered by a renewable energy self-generation system.

The project is eligible for European Union funding under Measure M2C4, Investment 4.4 'Sewerage and Wastewater Treatment', from the Ministry of the Environment and Energy Security, pursuant to Ministerial Decree No. 262 of 9 August 2023, within the framework of the resources allocated to Investment 4.4 *'Investments in Sewerage and Wastewater* Treatment', Mission 2 '*Green Revolution and Ecological* Transition', Component 4 *'Protection of the Territory and Water* Resources', for an amount requested by the ATO3 Turin Area Governing Body of 11.680 million euros.

On 5 August 2024, an advance payment of € 3.5 million was received, and on 23 November 2025, the first reimbursement claim of over € 7 million was received.

As at 31 December 2025, the progress of the works amounted to approximately € 10,900,000.00.

The project was completed on 26 December 2025.

Susa Valley Aqueduct (Project 2118)

The Susa Valley Aqueduct, the design and construction of which took around ten years, is a project designed to resolve the water-related issues – both in terms of quality and quantity – that occasionally affected the inhabitants of the Susa Valley; it is a concrete response to the effects of climate change that are impacting, and will increasingly impact, water availability.

The diversion is constructed at the outlet of an existing hydroelectric power station and enables the water from the reservoir of the existing Rochemolles dam to be used as drinking water. The project essentially consists of a water treatment plant for making water drinkable, located in the municipality of Bardonecchia within the historic buildings of the compressor station, which was originally built to support the excavation of the Frejus railway tunnel in the early 20th century; these buildings later housed an Enel hydroelectric power station. A supply pipeline runs from Bardonecchia along the valley for 70 km; along its route, it is interrupted by three regulating reservoirs, each housing a hydroelectric power station to ensure the multi-purpose use of the water resource.

Along the route, several diversions have been created, complete with dispatch chambers, to ensure a secure supply to the municipalities in the valley via a network of connection pipelines totalling over 40 km in length: as of 2023, 21 municipalities have already been connected, and the plan is to connect up to a total of 31 municipalities in the coming years.

Between 2018 and 2021, the main pipeline for the Bardonecchia–Casellette section was completed, divided into lots: Lot I Casellette–Bussoleno, Lot II Bussoleno–Salbertrand, and Lot IV Salbertrand–Bardonecchia. The civil engineering works for the three intermediate pressure-reducing reservoirs were carried out as part of Lot III and completed in 2017. During 2021 and 2022, the three hydroelectric power stations were built within the three reservoirs and brought into operation.

The contracts for the construction of the connecting pipelines to the first municipalities were referred to as 'completion works': Lot I, Section 1; Lot I, Section 2; Lot II, Section 3; Lot IV, Section 4; and Lot IV, Section 5, which were completed between 2020 and 2023. One completion lot was dedicated to the construction of the railway crossings, as these were complex in terms of construction, technical aspects and, above all, regulatory approvals.

Lot V represents the culmination and commissioning of the entire project, as it involves the construction of the water treatment plant, the distribution network to the municipality of Bardonecchia, and the hydraulic and electrical infrastructure for all distribution networks and line break-out chambers.

In 2019, the water treatment plant came into operation, initially serving only the municipality of Bardonecchia during its first few months.

In November 2020, the works for the supply and installation of the hydroelectric equipment for the power station (Lot VI) were completed. During 2020, all the main pipelines, including the railway crossings and the distribution pipelines, became operational.

In 2021, a tender was launched for the supply of hydroelectric turbines.

In 2022, the installation of the generating units and auxiliary electromechanical equipment was completed at the three hydroelectric power stations planned to harness the energy from the head along the '*Valle Aqueduct* System' line in the Susa Valley, in the municipalities of Salbertrand, Chiomonte and Gravere.

During 2022 and 2023, another major project, approximately 6 km long, was completed and finally brought into operation to connect the municipalities of Rivoli and Rosta.

Connections – either direct or via interconnection – to the municipalities of Chiomonte, Mompantero, San Giorio, Bruzolo, Villar Focchiardo, Vaie, Buttigliera, Alpignano, Val della Torre and San Gillio are currently being designed.

Finally, in the summer of 2025, a secondary intake was constructed on the Rochemolles stream.

Mediano Collector – Idropolitana

This impressive structure is a collector with a diameter of 3.2 metres, constructed at a depth of 20 metres, running beneath the entire urban area of Turin from south to north over a total length of more than 14 km.

The new structure (project 3186) is strategic not only as a backup to the existing inter-municipal collector – which has been in operation for over 40 years and can therefore be temporarily taken out of service for necessary extraordinary maintenance work – but also for its role in regulating stormwater flows and thus mitigating the effects of climate change; it will thus allow for a better distribution over time of the hydraulic load entering the Castiglione T.se treatment plant, contributing significantly to improving the performance and efficiency of the treatment processes.

The original budget for the project is set out in the Strategic Works Plan at 146 million euros. During 2018, SMAT drew up the advanced preliminary design and subsequently published the invitation to tender for the integrated design and construction contract. In 2019, following an analysis of the tenders received, the evaluation committee selected the successful consortium comprising the companies Itinera and Ghella, united within the project-specific consortium COLMETO S.c.a.r.l..

On 8 November 2020, COLMETO S.c.a.r.l. submitted the complete, revised final design.

By Decision No. 134 of 15 June 2021 issued by the Director-General, the Turin Area 3 Authority approved the final design, revision 3 (subject to any additional requirements from the relevant authorities to be incorporated into the detailed design).

The design provides for the works to be carried out entirely within the territory of the Municipality of Turin, with the aim of improving the management of rainwater collected by the combined sewer systems of 20 municipalities in the south-western part of the Metropolitan City, as well as the first flush rainwater from the stormwater network of the Municipality of Turin. In this way, the project sets out to:

- to anticipate the challenges posed by climate change, with its alternating periods of drought and particularly rainy spells, with future generations in mind,
- to increase the reliability of the overall sewerage system,

- contribute to environmental decontamination.

On 15 November 2022, COLMETO S.c.a.r.l. submitted the final design (Rev. 3), approved by SMAT S.p.A. on 3 April 2023 with specific requirements, which is characterised by a particular focus on safety throughout all stages of the works. To ensure the highest possible level of safety for the personnel involved, a pre-construction war-relic clearance operation was carried out along the entire route to rule out the possibility of encountering unexploded ordnance during future excavation work, and the safety equipment provided has also been enhanced.

Partial handover of the works took place on 4 May 2023, and the contractual timeframe for completion is 1,458 days; the project is divided into two phases. The first phase involves the construction of the new sewer in the section from Parco Colonnetti to Piazzale Ceirano, with a connection to the existing infrastructure. In this section, the pipeline will be constructed using the microtunnelling technique. The second phase involves the construction of the new collector in the section from Piazzale Ceirano to Parco dell'Arrivore. In this section, the pipeline will be constructed using a Tunnel Boring Machine, commonly known as a *'mole'*.

The works will last four years and will involve a total workforce of 1,800 workers.

The cost of the works amounts to over 122 million euros and will be revised as the project progresses in accordance with the contractually agreed price adjustment mechanism. Work continued until the launch of the TBM on 4 December 2024. Starting from the shaft built on Strada dell'Arrivore, the mole will excavate a section of the tunnel to a depth of 20 metres for approximately 10 km, extending as far as Piazzale Ceirano.

In 2025, 1,500 metres of the main tunnel were completed, along with ancillary works in the Turin South area.

Revamping of the Po drinking water treatment plant

The final design was completed in 2018 and approved by the ATO in January 2019.

On 21 September 2020, the contract was awarded for the integrated tender covering the detailed design and modernisation works for the facilities relating to the Po1, Po2 and Po3 drinking water treatment plants, which form part of the Po-La Loggia plant complex serving the City of Turin's drinking water network.

In 2022, the development of the detailed design was completed and the contract for the detailed design of the section of the supply pipeline to the Valsalice reservoir was awarded.

At the end of 2023, following design reviews carried out by a qualified firm, the Board of Directors acknowledged that the detailed design submitted by the consortium was not suitable for construction and initiated proceedings to terminate the contract.

On 1 July 2025, following a settlement agreement, the contract was terminated by mutual consent.

SMAT drew up the PFTE, in collaboration with its subsidiary Risorse Idriche S.p.A. and with the support of the SMAT Research Centre; this was approved by Board of Directors' Resolution No. 3.1 of 1 August 2025.

Thermal oxidation plant

This is a plant valued at over 85 million euros (project 14396), designed for the energy recovery of sewage sludge produced by SMAT's treatment plants through the generation of thermal and electrical energy.

The plant will eliminate the need to transport the sludge produced, thereby reducing the environmental impact caused by its transport; it will enable the reduction of odour-causing emissions, avoiding the need to store the sludge in open areas of the yard; and it will facilitate the energy recovery of the sludge through the generation of electrical and thermal energy, which will be used to power the industrial complex at the Castiglione T.se site. During 2021, the conceptual design and the preliminary technical and economic feasibility study were developed.

The final design was developed during 2022.

In March 2024, the authorisation process (PAUR) was initiated in preparation for the construction of the plant at the existing Castiglione Torinese wastewater treatment works. The construction of the new project will not involve any land take, either in terms of floor area or volume, as it will be built on the site of the building that currently houses the obsolete sludge filter-pressing stage; nor will it involve any water consumption, as it will use only reused water.

The construction of the thermal oxidiser, authorised for a treatment capacity of 50,500 t/a of sludge at 38.7% dry matter, will significantly reduce the quantities of waste to be disposed of, which will consist mainly of fly ash (approximately 7,000 t/a) and PSR – Residual Soda Products (1,100 t/a).

During the PAUR Services Conference, the authorities defined a number of environmental measures (compensatory works) within the municipalities of Settimo T.se, Castiglione T.se, San Mauro T.se and Gassino T.se, associated with the future plant dedicated to the thermal oxidation of sewage sludge. The single regional authorisation process saw the final Services Conference take place in September 2025, with requests for further clarification on project documents submitted in December 2025. The authorisation process was concluded in March 2026 with the issue of the Integrated Environmental Authorisation (AIA) for the construction of the facility.

Engineering services relating to the drafting of the Feasibility Document for Design Alternatives (DOCFAP). Implementation of synergistic measures to meet the water requirements of the Lanzo Valley and the Metropolitan City of Turin, including the construction of a multi-purpose reservoir in the Lanzo Valley

The Ministry of Infrastructure and Transport – Directorate-General for State Building, Housing Policies, Urban Regeneration and Special Interventions, by Directorate-General Decree No. 10083 of 12 April 2023, approved the proposal submitted by the Po River Basin Authority for funding relating to the preparation of the feasibility study for three strategic water infrastructure projects, including the technical and economic feasibility study for the project (Prog.15317) *"Implementation of synergistic measures to meet the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the construction of a multi-purpose reservoir in the Lanzo* Valley" (CUP F73F22000290003), for which SMAT is the implementing body.

Funding for the above project, with a total value of € 1,680,000, is granted from the resources allocated by Ministerial Decree No. 215/2021, as part of *the "Fund for the feasibility design of priority infrastructure and settlements for the country's development – District River Basin Authorities and SEZ* Areas', established within the Ministry of Infrastructure and Transport (Ministerial Decree No. 259/22 and Directorate-General Decree No. 19056/22).

On 1 July 2023, the new Public Contracts Code, as set out in Legislative Decree No. 31 of 31 March 2023, No. 36, which provides for a much more detailed scope for the Technical and Economic Feasibility Study (PFTE), which essentially becomes a final design and requires that its preparation be preceded by the Feasibility Document for Design Alternatives (DOCFAP) and the Design Guidance Document (DIP).

The estimated total cost of preparing the technical and economic feasibility study for the project is € 2,400,000, of which € 1,680,000 is covered by state funding and € 720,000 by co-financing from the Implementing Body.

SMAT has drawn up the requirements framework for the project in accordance with Article 1 of Annex I.7 to Legislative Decree 36/2023.

In view of the above, it became necessary to proceed as a matter of priority with the award of the contract for the drafting of the DOCFAP, financed by an advance on SMAT's co-financing share and drawn up in accordance with the requirements set out by the Contracting Authority.

The contract for the engineering services was finalised in the early months of 2024 and the first draft of the document was delivered at the end of the year.

In 2025, a series of revisions were carried out to refine the DOCFAP, through regular meetings with the institutional working group (GdL) comprising ADBPO, the Piedmont Region and ATO3.

On 25 November 2025, the working group gave its final approval to the DOCFAP, thereby enabling its approval at the 9th SMAT Board of Directors' meeting on 28 November 2025.

The series of additions to the document requested by the working group meant that the deadlines set out in the funding scheme previously indicated by the MIT were exceeded. The MIT itself, in a communication dated 28 October 2025, suggested that the entire project be submitted to the PNIISSI via a specific resolution of the Piedmont Regional Council.

The project was divided into six lots and submitted to the PNIISSI in January 2026, with total funding requested under the plan amounting to € 849,660,000. Specifically, the Regional Council Resolution identified Lot No. 1, 'PFTE and public consultation', as a priority, with a total requested amount of € 10,000,000.

At the same time as the application to the PNISSI, the project was removed from the previous MIT funding scheme (Fund for the feasibility design of priority infrastructure and settlements for the country's development – Ministerial Decree 259/2022 and Directorate-General Decree No. 19056/22), as per a notification received from ADBPO on 18 February 2026.

D2. Projects funded under the 2014–2020 FSC Operational Programme

Bardonecchia – Structural works on the water supply network for the hamlets of Gleise, Rochas and Cianfuran (Programme 7580) – intervention line 86_34-A-3.

The project currently under construction involves the abstraction of water for drinking purposes to supply the hamlets of Gleise, Rochas and Cianfuran in the municipality of Bardonecchia from a spring located in the same municipality, in the hamlet of Rochemolles, as well as the construction of a water main approximately 8 km long along both unpaved and tarmac roads to connect this hamlet to the main collector.

The total cost of the project amounts to € 1,241,504.79, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 210,000.00, and co-financed with € 1,031,504.79 by SMAT S.p.A.

Cesana – Renovation of water supply networks in the Sagnalonga and Bercia areas – Water supply from the Solomiac and Fenils springs (Project 1236-9226) – works package 88_36-A-3.

The project to upgrade the water supply network in the municipality of Cesana in the localities of Sagnalonga, Colle Bercia, Solomiac and Fenils involved restoring the water mains to efficient working order by replacing sections of the existing water supply network and renewing the service connections. The works were carried out in a mountainous area.

The total cost of the works amounts to € 678,562.06, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 278,000.00, and co-financed with € 400,562.06 by SMAT S.p.A..

Chieri Fontaneto – Fontaneto Wastewater Treatment Plant – Modification of the treatment process aimed at improving nutrient removal (project 11317) – action line 60_8-FD-3.

The upgrade works at the 'Chieri Fontaneto' wastewater treatment plant involved the upgrading of the water treatment line and the sludge treatment line, the refurbishment of the initial lift station, the installation of a new fine screen, the modernisation of the grit removal section, and the creation of two nitro/denitro treatment lines.

The total cost of the works amounts to € 3,864,150.27, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 792,150.81, and co-financed with € 3,071,999.46 by SMAT S.p.A..

Front – Water Supply Network – Replacement of the pipeline to the hamlet of Grange (project 7353) – intervention line 87_35-A-3.

The upgrading works currently nearing completion on the water supply network of the Municipality of Front in the localities of Vauda Inferiore and Front involve improving the water supply system by replacing the DN 100 pipeline in the hamlet of Grange.

The total cost of the works currently under way amounts to € 911,765.00, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 364,000.00, and co-financed with € 547,765.00 by SMAT S.p.A..

Oulx – Gad Hamlet Wastewater Treatment Plant – Modification of the treatment process aimed at improving nutrient removal efficiency (project 4711) – intervention line 59_7-FD-3.

The project to upgrade the wastewater treatment plant located in Gad, in the municipality of Oulx, serves the municipalities of Oulx (concentric, Beaulard, Savoulx, Signols, San Marco and Gad) and Sauze d'Oulx. It involves upgrading the treatment plant to cope with the projected increase in incoming hydraulic and pollutant load, as well as to ensure compliance with the plant's effluent limits.

The total cost of the work currently under construction amounts to € 4,460,000.00, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 600,000.00, and co-financed with € 3,860,000.00 by SMAT S.p.A..

Pinerolo – Renovation of the water mains in Via dell'Acquedotto, Via Novarea, Via Saluzzo, Via Turati and Via Di Vittorio (project 1068) – intervention line 89_37-A-3.

The works carried out on the water network of the Municipality of Pinerolo involved the renewal of the water network and its upscaling to accommodate the urban growth of recent years. The project involved the laying of pipes along certain sections of Via dell'Acquedotto, Via Novarea, Via Saluzzo, Via Turati and Via Di Vittorio.

The total cost of the works amounts to € 1,589,581.11, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 435,227.31, and co-financed with € 1,154,353.80 by SMAT S.p.A.

Pinerolo – Porte Wastewater Treatment Plant (project 2875) – intervention line 62_10-FD-3.

The project to upgrade and expand the Pinerolo wastewater treatment plant involves converting the biological section of the biodisc treatment line to an activated sludge process, constructing a new biological treatment line, optimising the pre-treatment processes, the sludge treatment line and the ancillary buildings necessary for the plant's operation, and finally expanding the final sedimentation section, all with the aim of ensuring the adaptation and upgrading of the treatment scheme at the Pinerolo-Porte plant serving the Chisone and Germanasca valleys, increasing the treatment capacity from 75,000 p.e. to 100,000 p.e..

The total cost of the project, which is nearing completion, amounts to € 10,306,617.70, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 3,350,000.00, and co-financed with € 6,956,617.70 by SMAT S.p.A..

Rosta – Wastewater treatment plant upgrade (project 11732) – intervention line 61_9-FD-3.

The works carried out on the Rosta wastewater treatment plant involved upgrading the pre-treatment processes, the biological treatment section and the disinfection section, with the aim of making the plant's treatment capacity more efficient and effective, as well as accommodating the increased hydraulic loads resulting from the new connection of a local industrial facility.

The total cost of the works amounts to € 3,335,804.24, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 1,622,868.76, and co-financed with € 1,712,935.48 by SMAT S.p.A.; the final instalment of the funding was received on 8 May 2025.

Vinovo – Water Supply Network – Renovation of the water supply network in Via Sestriere from Via Stupinigi to Via Sotti (Programme 9924) – works package 90_38-A-3.

The works carried out on the water network of the Municipality of Vinovo in Via Sestriere, from Via Stupinigi to Via Sotti, involved restoring the water mains to efficient operating conditions through the replacement of a section of pipework totalling approximately 1.4 km in length, including the various changes in direction along the route.

The total cost of the works amounts to € 417,624.99, financed by the FSC Funds under the 2014–2020 Cohesion Policy, via the Ministry of the Environment and Energy Security (MASE), amounting to € 167,050.00, and co-financed with € 250,574.99 by SMAT S.p.A.

E. FINANCIAL MANAGEMENT OF SMA TORINO S.P.A. AND THE SMAT GROUP

	Amounts in thousands of euros	Consolidated as at 31 December 2025	Consolidated as at 31 December 2024	Financial statements as at 31 December 2025	Financial statements as at 31 December 2024
A.	Cash	37	40	36	40
B.	Other cash and cash equivalents	134,649	77,545	133,886	76,020
C.	Securities held for trading	0	0	0	0
D.	**Cash and cash equivalents (A) + (B) + (C)**	**134,685**	**77,586**	**133,922**	**76,060**
E.	Current financial receivables	0	0	0	0
F.	Current bank borrowings	(3,851)	(32,774)	(3,851)	(32,773)
G.	Current portion of non-current debt	(24,580)	(5,556)	(24,580)	(5,556)
H.	Other current financial liabilities	(1,796)	(1,520)	(2,394)	(2,156)
I.	**Current financial debt (F)+(G)+(H)**	**(30,227)**	**(39,850)**	**(30,826)**	**(40,485)**
J.	**Net current financial debt (D) + (E) + (I)**	**104,458**	**37,736**	**103,097**	**35,575**
K.	Non-current bank borrowings	(399,250)	(323,819)	(399,250)	(323,819)
L.	Bonds issued	(89,728)	(89,669)	(89,728)	(89,669)
M.	Other non-current liabilities	(2,057)	(2,626)	(2,056)	(2,622)
N.	**Non-current financial debt (K) + (L) + (M)**	**(491,034)**	**(416,114)**	**(491,033)**	**(416,111)**
O.	**Net financial position (J) + (N)**	**(386,576)**	**(378,378)**	**(387,937)**	**(380,536)**

The Parent Company's net financial position as at 31 December 2025 stood at -387,937 thousand euros, compared with -380,536 thousand euros as at 31 December 2024. This change is primarily attributable to the disbursement by the European Investment Bank (EIB) on 15 December of 100,000 thousands of euros relating to the first tranche subscribed in October, as part of the total loan of 200,000 thousands of euros to support the Area-Specific Intervention Programme for the three-year period 2025–2027, the repayment of current bank debts relating to short-term loans amounting to 29,000 thousands of euro and the principal amounts of loans totalling 5,556 thousands of euro, the change in the amortised cost of loans, the reduction in liabilities for leased assets, and the increase in liquidity resulting in part from the receipt of PNRR funds.

The Parent Company's gross financial debt as at 31 December 2025, totalling 521,859 thousand euros, comprises 30,826 thousand euros of debt falling due within the next financial year and 491,033 thousand euros falling due beyond the next financial year. For further details, please refer to the Notes to the Financial Statements of the Parent Company, SMAT S.p.A..

With regard to the Parent Company's current net financial debt as at 31 December 2025, the balance stands at 103,097 thousand euros, compared with 35,575 thousand euros in the previous financial year. This change is primarily due to the reduction in current financial liabilities and includes the short-term portion of loans in accordance with the agreed repayment schedules, accrued financial expenses and the short-term portion of liabilities for leased assets.

The situation for the Group is broadly similar, with the net financial position as at 31 December 2025 amounting to –386,576 thousand euros, compared with –378,378 thousand euros in the previous financial year.

The difference compared with the parent company's results is mainly attributable to the cash position of the subsidiary AIDA Ambiente.

FINANCIAL RISKS

The financial risks to which the Group's operations are exposed, and any hedging measures identified, are discussed below.

Liquidity risk

Financial activities are managed predominantly separately by each Group company, with independent management of cash flows and bank current accounts used for collection and payment transactions, as well as the negotiation of lending and borrowing terms with the banking system. From the 2015 financial year onwards, a cash-pooling system was implemented between the Parent Company and its subsidiary Risorse Idriche S.p.A. in order to optimise the management of liquidity and the associated financial costs, thereby further integrating the Parent Company's control.

The Parent Company continuously monitors the financial position in order to strike a balance – including through the optimisation of working capital management – between maintaining funding and ensuring financial flexibility, whilst generally avoiding recourse to short-term bank credit facilities, overdrafts and bridge loans.

Guarantees and debt covenants

The composition and terms of the loans are set out in detail in the Notes to the Financial Statements under 'Financial Liabilities'.

As at 31 December 2025, the financial position of the Group and the Company is characterised by loans containing clauses, in line with international practice, which impose certain restrictions.

These include a commitment not to grant any future lenders a charge over any of its assets (negative pledge) and a commitment to treat the obligations assumed on a pari passu basis with all other present and future obligations.

Financial *covenants* are in place, as set out in more detail in the Notes to the consolidated financial statements and the company's financial statements; should even one of the aforementioned parameters be breached, the lenders are entitled to terminate the agreement, including early termination.

Interest rate risk

The Group is exposed to the risk of rising interest rates arising from its financial debt. This risk varies depending on the structure of its debt, which comprises both variable-rate and fixed-rate debt; as at 31 December 2025, 35% of medium- to long-term loans are variable-rate and 65% are fixed-rate.

The Parent Company has adopted a strategy of limiting, as far as possible, its exposure to the risk of rising interest rates through preferential access to loans granted by the European Investment Bank, securing medium- to long-term fixed-rate loans in euros, given their duration and rates below market standards.

Foreign exchange risk

The Group is not exposed to foreign exchange risk and, as at 31 December 2025, consequently holds no derivative financial instruments to hedge against foreign exchange risk.

New Code on Corporate Crisis and Insolvency.

Pursuant to Article 26(5) of Legislative Decree 175/2016, SMAT S.p.A. is not required to apply Article 6(2) of the same decree.

The Board of Directors has assessed the adequacy of the organisational, administrative and accounting structures pursuant to Article 2086 of the Civil Code, on the basis of the measures set out in Article 3 of the Code on Corporate Crisis and Insolvency (Legislative Decree No. 14 of 12 January 2019, as amended), which are suitable for the timely detection of a state of crisis in order to take the necessary measures to address it without delay.

An analysis of the warning indicators suggests, with reasonable certainty, the absence of any indicator of a state of crisis.

Rating

On 26 June 2015, Standard & Poor's assigned the Company a *'BBB'* rating.

Subsequently, Standard & Poor's issues a Rating Action each year following a review.

On 12 December 2025, the agency confirmed the rating (Issuer Credit Rating and Senior Unsecured) at 'BBB+' and the outlook *as* 'stable', with a stand-alone credit profile of *'a'*.

OTHER RISKS

Cyber risks

Cyber risks are defined as the set of internal and external threats that may compromise business continuity or cause third-party damages arising from civil liability in the event of the loss or disclosure of sensitive data. They relate to potential events involving the loss of confidentiality, integrity or availability of data or information, which could result in negative impacts on the organisation, individuals, operations or other organisations.

From an internal perspective, operational cyber risks are closely linked to the company's activities, which involve managing network infrastructure and plant, including via remote control, as well as operational, accounting and billing management systems. Issues relating to the monitoring and data acquisition of physical systems could cause plant downtime and collateral damage, which could be severe. A failure of the billing systems could also lead to delays in issuing bills and collecting payments, as well as damage to the company's reputation.

Based on (cyber) risk assessments conducted in accordance with methodologies, regulations and guidelines, the company's *'cyber* posture' has been defined, and a process has been launched to strengthen the defences of the company's infrastructure and information, starting with the definition of specific behavioural and operational policies.

To mitigate the identified risks, specific measures have been put in place, such as redundancies, highly reliable systems and appropriate emergency procedures, which are periodically subjected to simulations to ensure their effectiveness.

Targeted projects have been carried out to increase resilience to external attacks, reduce attack surfaces and enhance the protection of infrastructure and data/information.

These measures have led to the strengthening of external defences through firewall systems and email protection, the implementation of redundancy in data protection systems, network segregation and the encryption of communications, the restriction of access permissions, the protection of company devices, and the strengthening of authentication processes through multi-factor systems. These security and protection systems have been integrated with a security information and event management (SIEM) tool designed to correlate detected events in order to identify potential security threats. The management of the associated alerts is entrusted to a security operations team responsible for continuous monitoring, response and prevention of threats by coordinating IT security technologies.

Ongoing training and raising user awareness of residual risks, including through cross-functional activities, complete the scope of activities carried out to address potential corporate attack surfaces. Continuous assessments and audits have been implemented to keep defences up to date and ensure that the tolerated residual risk remains limited.

During 2025, SMAT confirmed its ISO 27001 certification in *the 'Design, management and maintenance of IT infrastructure in the management of services, projects, applications and information security. Provision of technical and systems support services and maintenance of IT equipment for other corporate departments',* guaranteeing that information security within the company is properly managed in accordance with a universally recognised standard. During the year, a programme of ongoing training in cybersecurity was launched for the entire workforce, with the aim of increasing awareness and organisational resilience, and a tool for managing privileged access was adopted to reduce the potential risks associated with access by IT suppliers to SMAT's infrastructure.

A process was also established to review the company's authorisation profiles in order to confirm the minimum privileges strictly necessary to carry out one's duties, thereby preventing the accumulation of permissions, limiting the damage caused by any compromised accounts or accidental human error, and reducing the attack surface.

Risks from climate change

As described in detail in the Sustainability Report, the Parent Company has conducted an assessment of risks related to climate change, which include risks arising from the transition to a low-emission economy (transition risks) and physical risks that may result from extreme weather and climate events (acute risks) or from medium- to long-term changes (chronic risks), whilst also assessing the impacts in relation to the relevant taxonomic activities.

Following the results of the first phase of the analysis, however, no risks were identified which, in terms of their probability of occurrence within the timeframe of the business plan, would necessitate the impairment of the Group's assets. Reassurance from an economic perspective regarding the impact of climate risks stems from the fact that SMAT operates in a regulated sector which provides for the residual economic value of the infrastructure built to be recognised at the end of the concession, thereby shielding it from the risk of fluctuations in demand.

F. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 20 25

F1. Tariff update for 2024–2029 (MTI-4)

ARERA Resolution No. 639 of 28 December 2023 approved the water tariff methodology for the fourth regulatory period (MTI-4).

Following the participatory process with EGATO, on 24 October 2024, by Resolution No. 16, the Turin Area Authority No. 3 Turin approved the 2024–2029 Programme of Measures and the 2024–2035 Strategic Works Plan, as well as the update to the tariff proposal for the years 2024–2029.

Following its preliminary assessment, ARERA, by Resolution No. 659/2024/R/IDR of 17 December 2024, approved the update to the tariff provisions for the integrated water service for the years 2024–2029.

The tariffs approved for the 2025 financial year have increased by 9.8 per cent compared with 2024 and correspond to the notification from the Area Authority received on 23 December 2024 and supplemented on 20 February2025 regarding the tariff for the collection and treatment of industrial effluent authorised for discharge into the public sewerage system, as set out in Title 4 of Annex A to the TICSI.

Resolution No. 582/2025/R/IDR approved the criteria for the first biennial update of the tariff provisions for the integrated water service, in accordance with the MTI-4 tariff method for the fourth regulatory period, following the initiation of proceedings by Resolution 426/2025/R/IDR and consultation document 471/2025/R/IDR.

It should be noted that, for households experiencing financial hardship, given the continuing adverse economic climate, the supplementary bonus has been confirmed as provided for in Resolution 897/2017/R/IDR of 21 December 2017. ARERA Resolution No. 355/2025/R/RIF amended the provisions governing the granting of the social bonus.

Based on the information made available by Acquirente Unico in 2025, over 116,000 applications were processed, totalling more than 7.8 million euros, of which over 68% had been paid out by 31 December 2025. Furthermore, at the request of local authorities, given the high social value represented by municipal and provincial utilities – including, amongst other things, school complexes, canteens and public drinking fountains, the 50 per cent reduction in the Integrated Water Service tariff for these users is confirmed for the year 2025 as well, so that they may continue to provide the aforementioned services and are also encouraged to invest and devote greater attention and resources to environmental policies, the protection of the local area and the regeneration of degraded areas. The resulting shortfall in tariff revenue will not be offset by an adjustment to the water service tariff.

From 2013, the AEEGSI (now ARERA) introduced the first equalisation tariff component, applied as a surcharge on water, sewerage and wastewater treatment charges, to be paid into the Fund for Energy and Environmental Services (CSEA).

To date, the equalisation components established are as follows:

Objective	Component	cents/ m³	Reference	Effective date	Notes
water level earthquake victims	UI1	0.6	Article 24 of Resolution 6/2013 Article 11 of Resolution 267/2023	2014 (0.4) 2023 (0.6)	(effective from 1 July 2023)
promotion SII quality	UI2	0.9	Article 9 of Resolution 918/2017	2018	
social water allowance	UI3	1.79	Article 10 of Resolution 918/2017 Article 12 of Resolution 639/2021	2018 (0.5) 2022 (1.79)	Prior to 2020, only on water supply charges From 2020 on the three services
water works guarantee fund	UI4	0.0	Article 30 of Resolution 580/2019 Decree 239/2023	2020 (0.4) 2023 (0.0)	(effective from 1 July 2023)
improvement in SII quality	QI	0.3 0.0	Resolution 437/2021 Resolution 569/2024	2020 2024	(for consumption from 1 January 2020 to 31 December 2023) (effective from 01/01/2024)

F2. Update to the technical quality regulation (RQTI) and incentives achieved

During 2025, the technical quality framework for the integrated water service, as set out in Resolution No. 917/2017/R/IDR, continued to be updated through Resolution No. 425/2025/R/IDR, which initiated the procedure, and Resolution No. 581/2025/R/IDR of 23 December 2025, which defined the measures to finalise the technical quality regulation in line with the revision introduced by Resolution No. 637/2023/R/IDR ( ). With effect from 1 January 2026, the resolution set out new deadlines for data submission, the introduction of pool-based verification of EGAs, the circumstances for exclusion from the incentive mechanism, and certain clarifications regarding the calculation of macro-indicators.

In the same year, ARERA, by Resolution No. 181/2025/R/IDR, approved the methodological note concerning the findings of the investigations into the results of the 2022–2023 two-year assessment period; subsequently, by Resolution No. 225/2025/R/IDR, it reported the final results arising from the application of the incentive mechanism for technical quality regulation for the years 2022–2023.

Overall, for achieving the targets set by ARERA, SMAT received a bonus of over 6.6 million euros and incurred penalties of 419 thousand euros.

F3. Update to the contractual quality framework (RQSII) and bonuses received

Resolution 579/2025/R/IDR updated the rules on contractual quality, taking into account developments in the relevant legislative and regulatory framework and, whilst respecting the specific characteristics of the water sector, in coordination with other regulated sectors, following the initiation of proceedings under Resolution 424/2025/R/IDR.

ARERA Resolution No. 277/2025/R/IDR published the final results of the application of the incentive mechanism for the regulation of contractual quality in the integrated water service for the years 2022–2023. Overall, for achieving the targets set by ARERA, SMAT received a bonus of approximately 451 thousand euros.

F4. Measures to reduce arrears

On 16 July 2019, ARERA issued Resolution 311/2019/R/IDR (REMSI) to tackle arrears in the integrated water service, regulating, with effect from 1 January 2020, the conditions for the restriction, suspension and disconnection of supply to resident domestic customers in arrears, other than vulnerable customers; the procedures for managing and reducing arrears in the case of block-of-flats customers; and the arrangements for payment by instalments and for notifying customers, to be adopted even in the event of arrears. ARERA subsequently amended and supplemented these provisions following legislative changes through Resolution No. 547/2019/R/idr of 17 December 2019, Resolution No. 186/2020/R/idr and Resolution No. 221/2020/R/idr of 16 June 2020.

From October 2021, specific *'Regulations governing debt recovery procedures relating to SII* bills' were formalised and forwarded to ATO3 Torinese.

To better protect residents of blocks of flats from unwittingly incurring arrears, the company has amended the regulations governing debt recovery procedures. Until now, in fact, residents only became aware of potential debts owed by the block of flats when SMAT, having exhausted all recovery procedures, notified them of the suspension of the service.

Thanks to the amendment approved by the Board of Directors in November 2024, in the case of block of flats utilities, once the debt exceeds 10,000 euros, SMAT will deliver a notice to the letterboxes of individual flat owners containing information on the arrears status and advance notice of the imminent recovery measures provided for by the regulatory authority ARERA.

In this way, the company aims to assist residents by making them aware of the current issues, thereby avoiding a situation where the only point of contact is the building's acting administrator, who may not have informed the residents of the debt situation.

This new method of communication will also help residents avoid accumulating significant amounts of outstanding debt. Regular payment for the service ensures that residents do not find themselves having to face excessively high and unforeseen bills.

With regard to receivables accrued up to 31 December 2019, on 14 March 2025 a contract was formalised for the non-recourse assignment of these receivables, with a nominal value of approximately 51 million euros, which have been fully written off.

This transaction enables the company to focus its debt recovery efforts on more recent receivables, thereby optimising costs. In this regard, on 15 September 2025, two 'post-REMSI' debt recovery management contracts were formalised with two specialist debt recovery companies, providing for a series of activities aimed at recovering the receivables, including personal data searches and rectifications, out-of-court and court proceedings, as well as ARERA settlements. The two contracts provide, respectively, for Lot 1: the management of the recovery of debts accrued or due from 1 January 2020 to 31 December 2024; and for Lot 2: the management of the recovery of debts accrued or due from 1 January 2025 onwards.

F5. Communications to indirect customers

To reach its customers more comprehensively, SMAT has prepared a communication aimed at so-called indirect customers, namely those who use the service via a block of flats' account and receive information only indirectly from the block of flats' administrator. The company has asked building managers to help distribute an information leaflet on the integrated water service, aimed at raising awareness of consumption among the users to whom the service belongs. The leaflet explains where to find data on water quality standards and the tariff structure, and summarises the amounts invoiced to the relevant block of flats. SMAT has also asked the managers to provide the number of household members for each residential unit and to indicate any non-domestic uses, to ensure a more accurate application of the tariff structure. From 2024 onwards, again via the property managers, indirect users were asked to provide information regarding the composition of their household and to indicate their consent to be contacted directly by the Company in future. From 2025, this same communication was extended to condominium users.

F6. European Investment Bank financing

The European Investment Bank (EIB) has approved a total loan of 200 million euros for the implementation of a project relating to an investment plan whose total funding requirement is estimated at 400 million euros for the period 2025–2027.

The project is supported by the European Union under the InvestEU Fund.

All components of the project comply with the indicative eligibility criteria set out in the Green Loan Principles and the Bank's environmental sustainability criteria; therefore, the financing falls within the *'green'* category.

A first tranche of € 100 million was drawn down on 15 October 2025 and the amount was disbursed on 15 December 2025.

F7. Financial ratings

On 12 December 2025, the Agency confirmed the ratings (Issuer Credit Rating and Senior Unsecured) at "BBB+" and the outlook *as* "stable", with a stand-alone credit profile of *"a*".

F8. Legality rating

The Italian Competition Authority has confirmed SMAT's compliance rating with the maximum score of ★★★.

F9. Price revisions in contracts

During the financial year, the process of implementing Legislative Decree No. 36 of 31 March 2023 (hereinafter, the Code) continued. This introduced a comprehensive overhaul of the regulations governing public procurement, with particular emphasis on the principles of results, legality, transparency, competition, the digitalisation of procedures and environmental sustainability.

In particular, following the entry into force of Legislative Decree No. 209 of 31 December 2024 (hereinafter the 'Amendment'), containing supplementary and corrective provisions to Legislative Decree 36/2023, numerous amendments were introduced to the Code with the aim of simplifying the procedures for the award and execution of contracts, accelerating investment and strengthening operational certainty for contracting authorities and economic operators.

The amendments have concerned, amongst other things, the further digitalisation of the contract lifecycle, the wider use of BIM, the protection of fair remuneration in design tenders, the extension of the application of social clauses, the introduction of measures to encourage the participation of SMEs, and the extension to contracts in 'special sectors' of certain provisions previously applicable only to ordinary sectors (including Articles 106 and 117 on guarantees, Article 116 on acceptance testing, and Article 125 on advance payments).

The Amending Act has also introduced significant changes to the rules on price adjustments set out in Article 60 of the Code, with the aim of standardising the mechanisms for adjusting fees in public procurement contracts.

In particular, more precise criteria have been defined for the activation of price adjustment clauses, reinforcing the reference to official ISTAT indices and other parameters identified by the legislation.

Annex II.2-bis has also been introduced, which sets out in detail the procedures for applying the relevant contractual clauses, taking into account the nature of the contract, the sector and the available indices, and specifies the procedures for paying the price adjustment, including in the event of subcontracting.

The price adjustment referred to in the aforementioned Article 60 is triggered upon the occurrence of specific objective conditions that result in a variation in the cost of the works – whether an increase or a decrease – exceeding 3 per cent of the total amount, and applies to 90 per cent of the value exceeding the 3 per cent variation applied to the works to be carried out.

As regards services and supplies, the variation in cost must correspond to 5 per cent of the total value, and the adjustment applies to 80 per cent of the value exceeding the 5 per cent variation applied to the services to be performed.

To cover the additional costs resulting from the price revision, contracting authorities may draw upon:

- up to 50 per cent, from the resources set aside for contingencies within the project's budget and from the resources allocated to the project itself;
- from sums arising from tender discounts, provided no other use has been specified for them;
- from any residual sums available from other projects falling within the remit of the same contracting authority, provided that acceptance tests have already been carried out or certificates of satisfactory completion have already been issued for those other projects.

This regulatory change is intended to ensure greater stability in contractual relationships and continuity in the execution of public contracts, in a context characterised by persistent volatility in energy and raw material costs.

In light of the above, it therefore became necessary, on 3 April 2025, to amend the Company's 'Procurement' Procedure, updating and aligning the workflow and information relating to procurement management and the assessment of suppliers necessary for the conduct of the company's activities with the Code and the regulatory changes introduced by the Amendment.

F10. Staff

During the 2025 financial year, human resources management was conducted in line with the guidelines set out in the Industrial Plan 4.0, with particular attention paid to skills development, generational renewal and organisational consolidation.

In this context, the total number of new recruits amounted to 165, comprising the acquisition of 93 staff following the transfer of a business unit from Acea Pinerolese Industriale, the permanent appointment of 30 staff previously employed on temporary contracts, and 36 new appointments linked to staff turnover at the end of 2024 and in 2025, one recruitment of staff previously seconded from Acquedotto Generale Valli di Lanzo, and five new appointments aimed at strengthening specialist activities, with particular reference to the management of micropollutants (including PFAS) and Water Safety Plans.

The process of strengthening the workforce has highlighted a growing focus on generational renewal and diversity: 22 per cent of new recruits were under 30, whilst 21 per cent of new staff were women. At the same time, 13 of the 14 fixed-term contracts initiated as part of projects funded by the PNRR – relating to the digitalisation and monitoring of the water network across the 290 municipalities of the Turin ATO3 – were converted to permanent contracts, confirming the company's commitment to stabilising employment relationships and making the most of the skills acquired.

The total number of staff leaving the company stood at 24, of whom 6 resigned voluntarily, resulting in a largely positive net employment figure. The average age of staff stood at 47, although there was a gradual rejuvenation of the workforce thanks to an increase in the proportion of staff under 30.

From a qualitative perspective, significant progress has been made in terms of gender balance, with women accounting for 45 per cent of managerial positions and 27 per cent of other roles of responsibility, compared with an overall share of 24 per cent of the total workforce.

Employment stability is also high, with 98.6 per cent of staff on permanent contracts and 97.8 per cent working full-time; it should also be noted that in 99 per cent of apprenticeship contracts, the termination clause was not exercised at the end of the training period.

In terms of qualifications, 17% of staff hold a degree or postgraduate qualification and 57% hold a sixth-form certificate, figures which have increased compared with previous financial years.

Particular attention was paid to health and safety in the workplace. During 2025, a total of 1,017 medical examinations were carried out, including periodic, pre-employment and job-change examinations, in addition to 58 examinations requested by staff, 270 alcohol and drug tests in accordance with the State-Regions Agreements, 635 specialist consultations and 22 return-to-work assessments following prolonged absences. It should be noted that no cases of occupational diseases were recorded during the year. There were a total of 30 accidents, with an incidence rate of 2.5% and a severity index of 0.55, confirming that the situation remains at a low level and under control.

The absenteeism rate due to unplanned health-related events stood at 4.32 per cent.

In terms of skills development, a total of 28,522 hours of training were delivered in 2025, of which 13,368 were dedicated to occupational health and safety, reflecting the company's commitment to maintaining high operational and regulatory standards.

Finally, as part of welfare and work-life balance policies, 56 internal transfers were carried out across sites, roles or departments, with a view to balancing organisational and personal needs.

There were 248 active remote working arrangements, with a take-up rate of 53 per cent of the days potentially available for such arrangements. There was also an increase in the take-up of parental leave, particularly by fathers, and significant focus on so-called 'care work', with 54 per cent of the hours available being used to care for family members in serious health conditions.

Overall, the data confirm a positive trend in human resources management, focused on organisational sustainability, innovation and the development of human capital.

F11. Certifications and initiatives to promote a culture of gender equality

During 2025, SMAT further consolidated its position as an organisation committed to the quality of the working environment and the sustainable development of human capital, continuing the recognition and certification processes already initiated in previous financial years.

In particular, the Company renewed its 'Top Employer Italy' certification for 2025, having first obtained it in 2022; this marks the fourth consecutive year of recognition, confirming the soundness and consistency of its human resources management policies and practices. This recognition has also been further confirmed for the year 2026, placing SMAT amongst the leading Italian organisations distinguished by the quality of their working conditions, welfare schemes, professional development pathways, investment in training and focus on organisational wellbeing.

At the same time, as part of its structured programme of cultural and organisational development, the Company has continued to implement diversity, equity and inclusion policies, building on the initiatives launched through the "SMATallaPARI" project. In this context, in October 2025, the Gender Equality Certification was confirmed in accordance with the UNI/PdR 125:2022 standard, following the monitoring and verification activities required by the management system adopted.

The approach adopted is based on the conviction that valuing differences is a strategic factor for the organisation's growth and translates into the promotion of an inclusive working environment, in which every individual can fully realise their potential, under conditions of equity and equal opportunities. In line with the work already underway, training and awareness-raising initiatives for staff continued throughout the year, as did the activities of the Steering Committee, which is responsible for overseeing the objectives set out in the three-year strategic plan.

The implementation of the gender equality management system continued to involve the collection and monitoring of specific indicators across the six areas set out in the relevant framework – culture and strategy, governance, HR processes, growth opportunities and the inclusion of women, pay equity, parental support and work-life balance – enabling the organisation to assess progress made, identify areas for improvement and promote targeted measures.

Overall, the results achieved in 2025 confirm the effectiveness of the approach adopted and the establishment of an organisational model focused on social sustainability, people's wellbeing and the promotion of diversity as a lever for creating value in the medium to long term.

F.12 Water Points: new payment system

To facilitate the purchase of sparkling water from Water Points, SMAT has set up a payment system, which has been in operation since 1 April 2024, designed to overcome the issues caused by the obsolescence of the digital payment system previously in use.

SMAT card readers now allow users to collect chilled sparkling water using new prepaid cards purchased directly from the SMAT portal at the following link: cardpuntiacqua.smatorino.it; instructions on how to use the system are available on the website on the Water Points page at https://www.smatorino.it/punti-acqua/. The new card costs 10 euros and includes 200 dispenses of chilled sparkling water, each 1.5 litres, at a price of 0.05 euro cents.

At SMAT Water Points, the supply of chilled tap water remains free of charge.

As at the balance sheet date, there are 230 Water Points operational under the new payment system.

F13. PFAS Information Campaign

During 2025, SMAT continued its monitoring of perfluoroalkyl and polyfluoroalkyl substances (PFAS) with consistency and commitment, reaffirming its ongoing focus on water quality and the protection of public health (for further information, please refer to paragraph ESRS S4-4 *'PFAS monitoring in drinking water'* in the section on Sustainability Reporting).

In line with the approach already adopted in previous years, SMAT has maintained an active dialogue with all stakeholders concerned with this issue, including the scientific community, national and international institutions, and the general public. This ongoing dialogue is a key element in ensuring a shared and informed approach to managing this issue, which represents one of the most complex environmental and health challenges at a global level.

In this context, the Company has taken part in numerous events, both of a public awareness nature and of a technical-scientific nature, with the aim of contributing to the dissemination of knowledge, reducing public anxiety and misunderstanding, and providing continuous updates on regulatory and technological developments.

Among the most significant events in which SMAT has taken part are:

- *Biennale Democrazia*, Turin, 28 March 2025: SMAT helped organise and took part in the debate 'PFAS-contaminated water', a forum for discussion and reflection on the presence of PFAS in Piedmont's water bodies.
- March 2025: *SMAT called on the Metropolitan City to limit the presence of PFAS in industrial effluents discharged into the public sewerage system*, with a view to protecting surface watercourses, as PFAS are particularly resistant to purification processes, including those used in urban wastewater treatment plants. It is therefore essential to take action at source, by eliminating or significantly reducing PFAS directly within production cycles, in order to prevent their discharge into the public sewerage system.
- *Transparency and monitoring of PFAS in drinking water*, Turin, 29 May 2025: a briefing session was held with the City of Turin's Sixth Permanent Council Committee to outline the current state of drinking water quality in Turin, with a specific focus on the results of monitoring activities for perfluoroalkyl and polyfluoroalkyl substances,
- *Water quality, integrated monitoring and PFAS in the Susa Valley*, Bussoleno, 8 July 2025: an in-depth meeting was organised on the quality of drinking water supplied in the Susa Valley, aimed at providing an up-to-date overview of the results of monitoring activities regarding the presence of PFAS in the municipalities of the Mountain Communities.
- *'Focus on PFAS' Conference: 'Eternal Pollutants' – a comparison between Italy and Switzerland*, Lugano, 30 September 2025: SMAT took part with a presentation entitled 'PFAS in water: current challenges and regulatory developments', in which the results of monitoring campaigns carried out on drinking water and wastewater in the areas under its management were presented.

F14. Legislative Decree No. 175 of 19 August 2016 (Madia)

Pursuant to Article 26(5), the decree does not apply to publicly owned companies that have issued financial instruments, other than shares, listed on regulated markets.

F15. The Industry 4.0 Business Plan

The Shareholders' Meeting of 26 June 2020 approved the Business Plan 4.0 (2020–2024 with projections to 2033) adopted by the Board of Directors on 26 February 2020, prior to the onset of the health emergency.

Focus on deviations from the Business Plan 4.0

The variances between the year-end financial statements and the results forecast in the Business Plan for the year 2025 can be summarised by examining the following key economic and financial indicators of the company:

SMAT: SUMMARY OF RESULTS IN FIGURES	Financial Statements as at 31 December 2025	Business Plan 4.0 2025	Change Absolute	Change %
FINANCIAL DATA				
Total Revenue	688,992	410,570	278,422	67.81%
Gross operating profit	194,216	128,810	65,406	50.78%
Operating profit (EBIT)	76,338	50,170	26,168	52.16%
Net profit (loss)	49,909	30,700	19,209	62.57%
BALANCE SHEET DATA				
Net fixed assets	1,370,232	1,012,714	357,518	35.30%
Equity	829,571	801,918	27,653	3.45%
Gross financial debt	(521,859)	(375,607)	(146,252)	38.94%
Net financial position	(387,937)	(224,569)	(163,368)	72.75%
OTHER DATA				
Investments	266,615	72,300	194,315	268.76%
Depreciation and amortisation	101,364	75,540	25,824	34.19%
WORKFORCE	1,182	1,076	106	9.85%
FINANCIAL AND BALANCE SHEET RATIOS				
Gross financial debt/Equity	0.63	0.47	0.16	
Gross financial debt/EBITDA	2.69	2.92	(0.23)	
EBITDA/Financial expenses	14.40	10.43	3.97	
ROI	4.20%	3.59%	0.61 p.p.	
ROE	6.02%	3.83%	2.19 p.p.	
ROS	17.90%	14.87%	3.03 p.p.	
Net financial position/Equity ≤1	0.47	0.28	0.19	
Net financial position/EBITDA (EBIT + depreciation and amortisation) ≤5	2.18	1.79	0.39	
Gross financial debt/EBITDA (EBIT + depreciation and amortisation) ≤4.5	2.94	2.99	(0.05)	
EBITDA (EBIT + Depreciation and Amortisation)/ Net financial expenses >5	34.58	15.07	19.51	
Net fixed assets/Gross financial debt ≥ 1.30	2.62	2.68	(0.06)	

Amounts in thousands of euros	Balance sheet for the year 2024	PI 4.0 2025	Change Absolute	Change %
Revenue	426,470	337,310	89,160	26.43%
Revenue from design and construction activities	241,343	65,790	175,553	266.84%
Other operating revenue	21,179	7,470	13,709	183.52%
Total revenue	688,992	410,570	278,422	67.81%
Consumption of raw materials and consumables	(21,426)	(13,610)	(7,816)	57.43%
Costs for services and use of assets	(133,873)	(119,430)	(14,443)	12.09%
Staff costs	(75,266)	(64,100)	(11,166)	17.42%
Other operating expenses	(29,459)	(20,830)	(8,629)	41.43%
Costs for design and construction activities	(234,752)	(63,790)	(170,962)	268.01%
Total operating costs	(494,776)	(281,760)	(213,016)	75.60%
Gross Operating Margin	194,216	128,810	65,406	50.78%
Depreciation, provisions and write-downs	(117,879)	(78,640)	(39,239)	49.90%
Operating profit	76,338	50,170	26,168	52.16%
Total financial results	(5,139)	(8,340)	3,201	-38.38%
Profit before tax	71,198	41,830	29,368	70.21%
Tax	(21,290)	(11,130)	(10,160)	91.28%
Net profit/(loss) for the year	49,909	30,700	19,209	62.57%

Despite the pre-existing factors linked to the emergency period, compounded by the international geopolitical crisis which triggered a surge in the prices of energy commodities, raw materials and services— , which have reached exceptionally high levels—the 2025 financial year shows excellent results, representing a marked improvement on the 2025 forecasts set out in the Industrial Plan 4.0.

Investment has accelerated to carry out targeted works on local infrastructure which, in view of the related objectives, have been included amongst the projects funded by the PNRR.

It should be noted that the acquisition of the business unit relating to the integrated water service from ACEA Pinerolese Industriale S.p.A. – comprising the infrastructure and facilities for managing the service, as well as the employment contracts relating to staff – entails a different cost structure.

The deviations from the forecasts in the Business Plan 4.0 stem in particular from:

- ✓ Revenue, comprising Tariff Revenue and Other Revenue, which increased overall.

  Tariff revenue shows a change driven by a reduction in average billed volumes of approximately -14.7 million cubic metres (162.1 million cubic metres compared with 176.8 million cubic metres), offset by tariff updates implemented over the years, most recently the update to the tariff provisions for the integrated water service for the years 2024–2029.

  With regard to Other revenue, the increase stems in particular from the sale of energy products and revenue from industrial water supply and miscellaneous sources, offset by a reduction in revenue due to provisions for risks and charges, work carried out for third parties, waste disposal and treatment, and ancillary revenue from users;
- ✓ Revenue from design and construction activities (as well as the related costs), the variation in which is a consequence of higher investments made, as well as the breakdown between assets held under concession and owned assets;
- ✓ Other operating revenue increased mainly due to the effect of grants for the current financial year, essentially deriving from the incentive for biomethane production, the feed-in tariff for photovoltaic energy, the release of grants for plant assets relating to higher allocations, including those relating to PNRR grants, and the FoNI components included in the 2024–2029 tariff framework;
- ✓ Consumption of raw materials and consumables, the change in which is a consequence of the significant increase in the prices of maintenance materials and chemicals, as well as in relation to the acquisition of the ACEA business unit;
- ✓ Costs for services and use of assets, the increase in which is mainly attributable to electricity costs, which rose from 35 to 50 million euros as a result of the rise in the average green tariff following the energy crisis and the increase in consumption justified by the acquisition of the ACEA business unit – which absorbs the optimisations carried out by the plants managed by SMAT – as well as to costs for industrial services (including third-party management services, services for work carried out on behalf of third parties, outsourcing and gas utilities);
- ✓ Staff costs are rising due to the difference in headcount as at 31 December 2025 compared with the 4.0 Business Plan, attributable mainly to the acquisition of 93 employees from ACEA and the recruitment of staff dedicated to the National Recovery and Resilience Plan (PNRR), as well as to increases resulting from the National Collective Labour Agreement renewed in 2022 and 2025, offset by lower costs resulting from a higher number of staff departures in previous financial years and participation in expansion contracts;
- ✓ Other operating expenses are rising, in particular due to contributions to Mountain Communities;
- ✓ Depreciation, amortisation and write-downs increased overall. The significant rise in depreciation and amortisation, amounting to 25,824 thousand euros (101,364 thousand euros compared with 75,540 thousand euros), is attributable to the greater number of projects completed in previous financial years, and to the new assets in use at the end of 2025, including those relating to the acquisition of the ACEA business unit. The increase in bad debt write-downs, amounting to € 13,415 thousand (€ 16,515 thousand compared with € 3,100 thousand), is due to the application of IFRS 9, which takes into account expected losses based on available information;
- ✓ Financial performance has improved compared with the P.I. 4.0 due to interest on cash and late-payment interest from customers.

In conclusion, there was a marked improvement in EBITDA (+50.78%), demonstrating the effectiveness and efficiency of management, which enabled the projected operating profit to be improved by over 19.2 million euro.

The financial and balance sheet indicators show figures that confirm the Company's solidity, and likewise, the covenants imposed by existing loans are all being met.

F16. Acquisition of the ACEA business unit

The Turin ATO3, by Resolution No. 828 of 3 November 2022, took note of the document *"Addendum to the Executive Agreement for the Operational Management of the Integrated Water* Service", signed between SMAT and ACEA P.I. S.p.A. on 23 September 2021, which, in addition to the operational reorganisation with effect from 1 January 2022, provided, with a view to capitalising on the management expertise acquired, for the establishment of a NewCo controlled by SMAT and in which ACEA holds a minority stake, to which the operational management of the Pinerolo area would be entrusted, in compliance with regulatory constraints, until the expiry of SMAT's concession for the management of the area, and therefore until 31 December 2033.

At its meeting on 29 November 2023, the Board of Directors approved the corporate transaction to establish a new company –NewCo– in which SMAT S.p.A. holds a 51 per cent stake and Acea Pinerolese Industriale S.p.A. a 49 per cent stake, to be entrusted with the operational management of the integrated water service within the Pinerolo area managed by ACEA; A similar resolution was adopted by the governing body of Acea Pinerolese Industriale S.p.A.

The transaction as a whole was also agreed with the City of Turin and with ATO 3 Torinese.

The establishment of the NewCo was subsequently approved by the municipalities that are shareholders of ACEA, which forwarded the relevant council resolutions to the Piedmont Regional Control Section of the Court of Auditors and to the Italian Competition and Market Authority in accordance with Article 5(3) of Legislative Decree 175/2016.

The Regional Audit Section for Piedmont of the Court of Auditors, in response to a notification from one of the member municipalities of ACEA Pinerolese Industriale S.p.A., in Resolution No. 19/2024/SRCPIE/PASP of 12 February 2024, identified obstacles to the establishment of the NewCo – a company 51% owned by SMAT and 49% by ACEA – to which the management of the integrated water service in the Pinerolo area was to be entrusted.

Following subsequent discussions between SMAT, ACEA and ATO 3, partly with a view to identifying other possible alternative solutions, ATO 3 Torinese concluded that the only viable course of action was for ACEA to transfer the business unit relating to the integrated water service to SMAT.

To this end, ATO 3, by Presidential Decree No. 6 of 30 April 2024, ordered a further technical extension of ACEA Pinerolese's safeguarded management until 31 December 2024, with a view to finalising the transfer of the business unit relating to the integrated water service to SMAT S.p.A., the sole operator entrusted with that service for ATO 3 in Turin.

On 31 January 2025, the certified valuation report was received, drawn up at the request of the parties to assess the value of the assets constituting the business unit being transferred, based on a balance sheet as at 30 June 2024.

Given that the service contract between the parties identifies ACEA as the protected operating operator and not as the 'outgoing operator', the valuation criteria used by the valuer balance the various applicable regulations (Article 152(2) of Legislative Decree 152/06; Article 19(2) of Legislative Decree 2001/22; MTI-4), and the certified report stated a value for the business unit of € 16,116,513.66.

The business unit comprises, as a single, continuous entity, all employment contracts relating to staff employed in the business, together with the associated liabilities, including severance pay (TFR), amounting to 93 employment contracts, as detailed in the expert report, in addition to one managerial position.

In this regard, the procedure under Article 47 of Law 428/90, as amended, was successfully completed, with the signing of the minutes on 13 December 2024 relating to the 93 employees and on 30 December 2024 for the managerial position.

On 18 March 2025, the Board of Directors of SMAT approved the corporate transaction to acquire the business unit with effect from 1 April 2025.

By notarial deed dated 1 April 2025, the sale agreement was signed and an advance payment of € 14,000,000.00 was made, with the balance to be paid 90 days from the date on which the price is finally determined.

At the same time as the completion of the deed of sale, the following were signed:

- ✓ a service agreement for the use of ACEA resources not dedicated solely to the integrated water service, in order to guarantee the following services: warehouse management, front-office counter, IT support, call centre – emergency response, health and safety officer (RSPP) support, quality and environment, validation of meter readings and activities preparatory to billing, administration, energy assistance, tender and procurement management, human resources, general and property services and those relating to vehicles, totalling 30.5 Full-Time Equivalents (FTEs) and an estimated fee of approximately 2 million for the first year.

The contract provides for an annual review of the overall activities, taking into account the availability of staff at the time, as well as a 5 per cent annual efficiency improvement target for the activities carried out, achieved through a reduction in FTEs;

- ✓ a lease agreement for the rented premises, with an annual rent for the three buildings amounting to 100,000 euros, based on market valuations carried out jointly by the parties.

Given that the valuation of the sale price was based on the value of the assets as at 30 June 2024, the consideration was definitively determined by a sworn valuation report in November 2025, amounting to 14,874,268.81, based on the actual value of the balance sheet items as at 31 March 2025. The adjustment amount was settled in December 2025, at the same time as the signing of the deed of sale.

Fixed assets	15,471,007.04
Current assets	550,928.19
Total assets	**16,021,935.23**
Provision for severance pay and other staff accruals	1,147,666.42
Total liabilities	**1,147,666.42**
Total value as at 31 March 2025	**14,874,268.81**

G. SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2025 AND EXPECTED BUSINESS DEVELOPMENTS

G1. Geopolitical tensions and the energy crisis

The geopolitical and trade tensions of recent months – ranging from the outbreak of war in the Middle East to the persistence of other conflicts in various parts of the world – are placing a severe strain on social and economic stability, with repercussions for global energy markets. The duration and extent of the impact on the prices of oil, gas and, consequently, electricity cannot currently be predicted.
The international crisis could lead both to difficulties in sourcing certain materials used in plant maintenance and infrastructure construction, and to a potential further generalised rise in prices, linked, for example, to increases in energy commodity prices on the markets and in transport costs.
The rise in the prices of key energy commodities could lead to a consequent generalised increase in inflation, affecting all goods and services, as well as causing strain on financial markets and the solvency of certain counterparties.
The Group will continue to monitor developments and their impact on its economic and financial performance over the coming months.

G2. Acquisition of AIDA

The PI 4.0 Business Plan, approved by the Ordinary General Meeting of Shareholders on 26 June 2020, provides for the merger of the operating entity Aida Ambiente, which is entrusted, under a service contract, with the management of the inter-municipal wastewater treatment plant in Pianezza. Negotiations have commenced with a view to reintegrating the service into SMAT and the subsequent acquisition of the shareholding, including assets and staff, to be carried out in accordance with the safeguards provided for in Article 2112 of the Civil Code pursuant to Article 173 of Legislative Decree 152/06.

At its meeting on 29 November 2023, the SMAT Board of Directors approved the valuation report for the purchase of the stake held by the AIDA Consortium as at 31 December 2022. Consequently, the Board of Directors of the AIDA Consortium has also prepared the necessary documents to finalise the sale.

The new administration of the Municipality of Pianezza requested that the Consortium review the data in the valuation report, in particular regarding the transfer of certain properties not included in the report itself.

At SMAT's request, the Ordinary General Meeting of Aida Ambiente was held on 10 April 2024, at which it was unanimously resolved *"to approve the process of reintegrating the service provided by Aida Ambiente S.r.l. into SMAT, which involves the acquisition by SMAT S.p.A. of the minority shareholding held by the shareholder Azienda Intercomunale Difesa Ambiente A.I.D.A., incorporating the valuation reports by no later than September 2024*".

This process was reported by many SMAT member municipalities in their annual reports on the periodic rationalisation of public shareholdings (Article 20, paragraphs 1, 2 and 3 of Legislative Decree 175/2016 – Consolidated Law on Publicly Owned Companies – "TUSP").

This decision is consistent with the provisions of Article 4 of the TUSP, which prohibits public bodies from holding shareholdings in companies carrying out activities similar to those already entrusted to other entities in which the same bodies hold shareholdings (so-called 'duplicate companies').

Within this regulatory framework, SMAT is the sole operator of the integrated water service in the Turin area, and the existence of a company such as Aida Ambiente S.r.l. – in which the same public bodies hold a stake and which operates within the same service – is objectively at odds with the principles enshrined in the aforementioned TUSP and reaffirmed by the Court of Auditors, as SMAT is incurring an undue cost (regulatory mark-up, operating costs of corporate bodies, fees for the auditing firm, etc.), arising from the continued existence of the company, which has yet to be rationalised.

The two shareholders of Aida Ambiente S.r.l. have therefore initiated the necessary procedures for the disposal of the stake held by the AIDA Consortium in Aida Ambiente S.r.l., appointing two respective experts to determine the disposal value in accordance with the rules laid down by the Turin ATO3 Area Authority and the Regulatory Authority for Energy, Networks and the Environment (ARERA), who reached a joint determination of the value of the stake held by the AIDA Consortium, amounting to € 401,000.

Following the resignation of the Board of Directors of the AIDA Consortium, the sale was not promptly followed up.

Despite numerous initiatives by SMAT and the directors of Aida Ambiente S.r.l., the reorganisation process did not, however, make any progress during 2025; indeed, at the General Meeting of Shareholders of AIDA Ambiente

S.r.l. on 13 May 2025, the aforementioned consortium company expressed its opposition to proceeding with the transaction.

This deadlock exposes all the members of the AIDA Consortium to significant risks and, in particular, to a breach of the aforementioned provisions of Legislative Decree 175/2016 (with the potential imposition of financial penalties ranging from 5,000 to 500,000 euros) and to the identification of financial loss to the public purse by the Court of Auditors.

SMAT, by registered letter dated 7 January 2026, therefore requested the Board of Directors of Aida Ambiente S.r.l., pursuant to Article 2479 of the Italian Civil Code, as well as Article 9 of the Articles of Association of Aida Ambiente S.r.l., in its capacity as a shareholder holding more than one third of the share capital and in accordance with the resolution passed by the Board of Directors of SMAT on 30 December 2025, to convene an Extraordinary General Meeting of Shareholders of Aida Ambiente S.r.l. with the following item on the agenda: *"Winding up of the company, pursuant to Article 2484 of the Civil Code".*

The Extraordinary General Meeting of Shareholders of Aida Ambiente S.r.l. was therefore convened for 26 February 2026 at 11:00 on first call and, if necessary, on second call for 5 March 2026 at 11:00 to resolve on the following agenda: *"Winding up of the company, pursuant to Article 2484 of the Civil Code, at the request of the shareholder SMAT S.p.A.*"

The Extraordinary General Meeting, held on second call on 5 March 2026, resolved to postpone discussion of the sole item on the agenda in light of the request by the shareholder Consorzio AIDA to defer this resolution, given that – following a meeting between the mayors of the member municipalities of Consorzio AIDA and SMAT – the sale of the shareholding held in AIIDA Ambiente S.r.l. was being assessed with a view to averting the possibility of the company being put into liquidation.

In this regard, the member SMAT reiterated that the primary purpose of acquiring the shareholding held by the member AIDA Consortium is to comply with the legal requirement regarding the unity of management, thereby eliminating the existence of two companies providing the same service, as indeed required by the TUSP and indicated by many local authorities in their annual declaration on the rationalisation of shareholdings submitted to the Court of Auditors and the Ministry of Economy and Finance, and which was deemed the best solution to adopt.

With this in mind, the SMAT shareholder agreed to the request for an adjournment within a reasonable timeframe to allow the Parties to reach a further agreement, whilst keeping the Extraordinary General Meeting open with the same agenda.

Following consultation with the notary recording the proceedings, the Extraordinary General Meeting was adjourned until 24 March 2026, during which the shareholders SMAT and Consorzio AIDA resolved not to proceed with the winding-up of the company and signed a *'Deed of Commitment to the Sale of Shareholdings and the Sale and Purchase of Real* Estate' structured as follows:

- commitment to the transfer of the shareholding: Consorzio AIDA undertakes to sell to Smat S.p.a., which undertakes to purchase, the 49% shareholding in the share capital of Aida Ambiente S.r.l. The sale price shall be determined on the basis of up-to-date, sworn valuations drawn up by independent professionals appointed by the Parties, with reference to the net assets as shown in the latest approved financial statements;
- option to buy or sell real estate: the AIDA Consortium reserves the right to sell to Smat S.p.a., which undertakes to purchase, the real estate and land owned by the Consortium, namely: the office block, the low-rise building and the land adjacent to the wastewater treatment plant and of interest to Smat S.p.a.; The sale price shall be determined on the basis of a specific sworn valuation report drawn up by independent professionals appointed by the Parties;
- Revenue from the treatment of non-hazardous liquid waste: this activity, which falls outside the integrated water service, will be subject to separate accounting, on the basis of which the Gross Operating Profit will be determined annually and, after deduction of tax liabilities, the Net Operating Profit. The Net Operating Profit thus defined shall be divided equally between Smat S.p.a. and the AIDA Consortium. The share due to the AIDA Consortium shall be paid by Smat S.p.a. within 120 days of the date of approval of the financial statements to which the Net Operating Profit relates. The commitment to pay the consideration shall take effect from 1 January 2026 and shall remain in force until 31 December 2030.

The completion of the deed of transfer of the shareholding must take place, subject to the time required for the resolutions of the Municipal Councils of the municipalities belonging to the AIDA Consortium, no later than 30 May 2026.

The Consortium's obligations under the agreement are subject to the condition precedent of the approval of the relevant resolutions by the municipal councils of each member municipality regarding the disposal of the shareholding in Aida Ambiente S.r.l..

Finally, the commitment agreement provides that, should the disposal of the shareholding and/or the sale of the properties not be completed – in particular, should the resolutions of the municipal councils of the member municipalities not authorise the disposal of the shareholding and/or the properties, or should the valuers appointed by the Parties fail to reach a mutually agreed determination of the relevant values – Smat S.p.A. will request the winding-up of Aida Ambiente S.r.l.

In accordance with the Deed of Commitment to the Sale of the Shareholding, the new valuations dated 27 April 2026 prepared by independent professionals are in agreement, and the value of the shareholding corresponds to 49 per cent of Aida Ambiente's net assets, as shown in the latest approved financial statements as at 31 December 2025, namely € 443,871.

As at the date of this report, the sale of the stake held by the Aida Consortium in Aida Ambiente s.r.l. has been approved by the municipal councils of the member municipalities.

G3. Recruitment Programme

The recruitment programme planned for the year 2026 forms part of the significant events that have occurred since the end of the financial year and is consistent with the development strategies outlined for the coming period. This programme is designed to support operational continuity and organisational development, as well as serving as an essential tool for ensuring that skills are progressively adapted to the increasing technical, regulatory and managerial complexities that will characterise the Company's activities.
In this context, the recruitment planned to date amounts to 7 posts, all of which relate to staff turnover requirements, corresponding to an equivalent number of departures, with a view to maintaining current employment levels and safeguarding key skills.
Furthermore, on 20 April 2026, Recruitment Notice No. 1/26 was published, aimed at the permanent recruitment of a further five staff members, also to replace staff who have left or are due to leave. This initiative forms part of a planned and prudent approach to workforce management, aimed at ensuring the timely filling of critical positions and the continuity of business processes.

Overall, the programme outlined confirms a management approach characterised by balance, sustainability and the development of human capital, in line with the Company's strategic and operational objectives.

G4. Launch of the 2026–2027 tariff update

Resolution 582/2025/R/IDR approved the criteria for the first biennial update of the 2026–2027 tariff provisions, to ensure effective coordination with the quality-related adjustments set out in Resolutions 579/2025/R/IDR and 581/2025/R/IDR, postponing the deadline (set at 30 April 2026 by Resolution 639/2023/R/IDR) for the submission of the first biennial update of the tariff proposals to 31 July 2026.

It sets out the quantification of the following parameters:

- inflation rates for the updating of operating costs;
- the deflators for gross fixed capital formation;
- the reference cost for the purposes of calculating the adjustment component of electricity costs.

Furthermore, the Authority has specified:

- the expected inflation rate;
- the parameters for calculating financial and tax charges;
- the criteria for updating the component covering the operating costs of the sector's governing body, with the aim of ensuring coverage of the efficient costs associated with the verification – carried out by a pool of sector governing bodies – of the operator's technical quality data, to be submitted from 2026 onwards;
- the criteria for utilising the Fund for the Promotion of Innovation in the Integrated Water Service for measures to incentivise energy and environmental sustainability. In accordance with the provisions of Decree-Law 153/24, the definition of the integrated water service includes the reuse of wastewater;
- measures relating to specific aspects aimed at further improving the efficiency of endogenous operating costs through the reclassification, within the relevant operating cost components, of the portion of recurring charges linked to systematic changes that occurred in previous regulatory periods (also with a view to the social sustainability of the tariff, whilst maintaining support measures for new management aggregation processes);

- the need to include, within social expenditure, the costs relating to the payment of the social water bonus to indirect users (in particular, the associated postal and banking charges).

G5. Inauguration of the Orco Valley Aqueduct

Following on from the results achieved in Val Susa, the Valle Orco Aqueduct was inaugurated on 28 March 2026. The project will supply the local municipalities with water from the Gran Paradiso dams, replicating a model which, whilst fully respecting ecosystem balances, ensures integrated management of the resource for energy, irrigation, industrial and drinking water purposes.
The project, unveiled in November 2023, was completed in just twenty-nine months – a significant achievement that demonstrates SMAT's operational efficiency in addressing the region's infrastructure challenges.
The infrastructure, one of the most significant projects included in SMAT's Business Plan, involved the construction of the intake structure at Bardonetto, a large water treatment plant with a capacity of 800 l/sec, a storage reservoir at Locana, in the hamlet of Praie, and a distribution network totalling 140 kilometres in length, which interconnects with the networks of 50 municipalities, serving a catchment area of 130,000 inhabitants. This project represents the pinnacle of SMAT's planning and design capabilities and demonstrates the need to strengthen the resilience of the water supply by prioritising the use of water from high-mountain reservoirs in the Gran Paradiso National Park for drinking water. The challenges posed by climate change and the increasingly stringent environmental standards set by European regulations necessitate the consolidation of industrial entities capable of financially and systematically supporting such significant investments for local communities. This was a highly challenging task that SMAT has proven itself capable of tackling and bringing to a successful conclusion.
The SMAT project *'Resilient Water Supply Systems for Water Security: the Susa and Orco valleys model'* has been officially included in the prestigious collection 'Good Practices in Local Areas 2025/2026', compiled by the Italian Alliance for Sustainable Development.

G6. In-house management

The Council of State, in Judgment No. 1805/2026, dismissed the appeal lodged by a number of municipalities in the Piedmont region (Fenestrelle, Perrero, Prali, Roure, Salza di Pinerolo, Varisella, Vallo Torinese), which will no longer be able to continue the autonomous management of the integrated water service, in accordance with the principle of unified management for optimal territorial areas.

G7. Evolution of management and organisational structures – Business Plan 5.0

SMAT is called upon to navigate a changing and particularly complex regulatory and legislative framework: from the fourth regulatory method (MTI-4) to developments in European legislation, ranging from the Waste Water Directive to provisions on the reuse of water and sewage sludge within a circular economy framework; from energy efficiency to the removal of emerging pollutants; and from the detection of network leaks to enhancing the region's water resilience.

The task facing SMAT is demanding and requires a significant level of investment, which must be deemed compatible by the 'Turin' Area Authority with the operator's economic and financial stability and, at the same time, with the economic and social sustainability of the tariff. The ability to balance the need to finance major investments with maintaining the affordability of the service for citizens is crucial to ensuring the plan's success and the social cohesion of the region.

In light of these considerations, SMAT approved the Business Plan 5.0 at the Board of Directors' meeting on 30 April 2026, and the programme to present it to the member municipalities has been launched.

The Plan represents a dynamic tool that enables the organisation to rise to the challenge of change facing society as a whole, which takes the form of technological evolution driven by the digitalisation of networks and facilities, the completion and implementation of strategic projects, the application of new legislative and regulatory requirements, and compliance with recent quality standards designed to protect drinking water supplied to citizens and returned to the environment following treatment, in line with the objectives set out in the ministerial funding under the PNRR.

The Business Plan also provides for significant social initiatives, such as a 50% tariff reduction for municipal and provincial utilities used for public purposes, the establishment of Water Points across the metropolitan area, and the implementation of awareness campaigns on the correct use of water resources.

H. ORGANISATIONAL MODEL, SUPERVISORY BODY, ANTI-CORRUPTION AND TRANSPARENCY

H1. The Supervisory Body

As early as 2003, SMAT appointed the Supervisory Body (OdV), adopted the Organisation, Management and Control Model (MOG) required by Legislative Decree 231/2001 and approved its Code of Ethics. Initially a single-member body, the OdV became a collegial body in 2011. The current SB was appointed by the Board of Directors on 13 July 2023, and its term of office runs until the approval of the 2025 financial statements.

The MOG for the prevention of administrative offences, together with the Code of Ethics and other elements of corporate governance (statutory audit, internal auditing, quality certification, laboratory accreditation, health and safety at work certification, and environmental certification), an effective tool for raising awareness and exercising control over all those acting on behalf of SMAT, ensuring that, in the performance of their duties, they adopt conduct inspired by the ethics of responsibility and in compliance with legal provisions.

The Company's Code of Ethics is based on the conviction that the behaviour of senior management must reflect a genuine, shared approach that supports the proper functioning and development of the Company. Indeed, the most important assurance for shareholders and other stakeholders stems from the integrity and ethical values of the people working within the organisation and of those who manage, monitor and oversee it. The Code of Ethics (last updated on 5 May 2022) is available on the company website www.smatorino.it. It is provided to new recruits as part of the Welcome Pack and via the onboarding portal, and was distributed to Board Members, Statutory Auditors, Executives, Middle Managers and Department Heads when the latest update to Model 231 was issued.

External collaborators and partners are also involved in this prevention process: purchase contracts and orders include a specific requirement for acceptance of and commitment to applying the ethical principles contained in the Code.

The latest update to the MOG dates from 22 May 2025, following the introduction of new predicate offences relating to the disruption of the freedom of tendering procedures and the disruption of the freedom of the contractor selection process. Following this update, the Model was distributed to the Board of Directors, the Board of Statutory Auditors and to senior managers, middle managers and department heads. A further update to the MOG is currently underway following regulatory changes relating to the 231 framework, particularly with regard to the entry into force of Decree-Law No. 116 of 6 August 2025 *the "Terra dei Fuochi Decree"*, converted into Law No. 147 of 3 October 2025, which has tightened the penalties for unlawful activities relating to waste and, with regard to the administrative liability of legal entities, has amended Article 25-undecies of Legislative Decree 231/01 – Environmental Offences, by increasing the penalties for offences already covered, extending the scope of disqualification orders in the event of an organisation being convicted of certain environmental offences under Article 25-undecies, and adding new predicate offences in relation to certain cases.

With regard to training, following the update of the Management Organisation Manual (MOG), training was provided in May 2025 to all SMAT senior managers, with particular reference to the latest regulatory developments.

Following the acquisition of the ACEA Pinerolese business unit in June 2025, the Supervisory Board and the Compliance Officer delivered a course on Legislative Decree 231 and whistleblowing to all former ACEA Pinerolese employees.

In December 2025, an e-learning training programme was launched on the administrative liability of organisations under Legislative Decree 231/01 and anti-corruption measures under Law 190/12, available for asynchronous study until June 2026.

The General Section of the Model is available on the company website. The *'training* snippets', designed to explain the key concepts of Decree 231/2001 and to raise employees' awareness of how to report irregularities or offences, are permanently available on the staff portal.

H2. Anti-Corruption and Transparency

In compliance with Law 190/2012 (prevention of corruption) and Legislative Decree 33/2013 (transparency), the Board of Directors, at its meeting on 13 July 2023, appointed the Head of Corruption Prevention and Transparency (RPCT) with effect until the approval of the 2025 financial statements.

With regard to the protection system for individuals reporting irregularities, the procedure for reporting offences – whistleblowing – complies with Legislative Decree 24/2023, which stipulates that the preferred method for reporting offences is via an online platform, the address of which is available to all employees on the company website,

, as is the procedure for handling reports; this information is also communicated to suppliers and contractors at the time of placing an order or assigning a task.

The Single Regulation governing the right of access to administrative documents and the right of access to documents, data and information is published on the company website and has been circulated to all employees via a specific internal service order.

On 31 January 2025, the Board of Directors approved the 2025–2027 Three-Year Plan for Corruption Prevention and Transparency, which was subsequently published and circulated to the executives and heads of the relevant departments. The *'Transparent Company'* section of the company website continues to be updated and developed on an ongoing basis. In 2025, general training was provided to all employees on the prevention of corruption and the whistleblowing channel, alongside specialist training for managers, as detailed in paragraph H1. At the same time, short training modules on administrative liability under Legislative Decree 231/2001 and Law 190/2012, aimed at all employees, are permanently available on the SMAT employee portal and on the onboarding portal for new recruits. The RPCT and the support team took part in specialist training sessions. Each year, the RPCT and the Supervisory Body analyse any reports or incidents that may relate to risks of corruption or administrative offences. Should they find such matters to be relevant, they initiate the necessary procedures.

H3. Privacy – GDPR

In implementation of the European General Data Protection Regulation 679/2016 (GDPR), the Board of Directors has appointed its own Data Protection Officer.

SMAT has established its own organisational privacy framework, within which the privacy functions responsible for data processing (Legal and IT) have been identified.

The data controller, SMAT SpA, ensures that the requirements laid down by the legislation are regularly updated, including the updating of the record of processing activities pursuant to Article 30 of the Regulation, risk assessments and data processing notices.

H4. Certification of the integrated Quality – Environment – Occupational Health and Safety management system

Since 2020, the company has implemented an Integrated Management System (IMS) in accordance with the most rigorous international standards, which ensures constant monitoring and promotes continuous improvement in processes, environmental and energy sustainability, health and safety at work, food safety and the promotion of gender equality.

The IMS comprises the following certifications:

- ISO 9001 – Quality Management System;
- ISO 14001 – Environmental Management System;
- ISO 45001 – Occupational Health and Safety Management System;
- ISO 50001 – Energy Management System.

Please note that ISO 50001 certification was obtained in October 2025.

These certifications involve the continuous monitoring of the system's compliance through internal audits carried out by the company's QSA department, as well as annual surveillance by the Certification Body.

During the financial year, no work-related fatalities attributable to SMAT were recorded; furthermore, there were no claims relating to occupational diseases or cases of workplace bullying involving employees registered on the single employment register.

H5. Certification of the sustainability of biofuels and bioliquids

This certification, confirmed in 2025, relates to the production of biomethane from biogas obtained through the anaerobic digestion of sewage sludge at the Castiglione Torinese site, in accordance with the Decree of 7 August 2024 – National Certification System for the Sustainability of Biofuels and Bioliquids.

H6. SMAT Laboratory Accreditation to ISO 17025:2018

This accreditation was first obtained in 2000 and serves as a benchmark for water quality control, which is essential for the protection of public health.

SMAT's laboratories, accredited by ACCREDIA in accordance with the UNI CEI EN ISO/IEC 17025:2018 standard (Accreditation No. *00278*), guarantee the reliability and quality of the chemical and microbiological analyses carried out on water intended for human consumption, wastewater and sewage sludge/waste.

H7. ISO 22000 Food Safety Management System

This certification applies to the SMAT Water Points installed within the Metropolitan City of Turin. Achieved in 2017, it is confirmed annually following internal and external audits.

H8. ISO 27001 Information Security Certification

Achieved in 2024, this certification demonstrates the high level of protection afforded to company data and the information processed by SMAT. In an increasingly digital environment, this accreditation guarantees customers and stakeholders the highest levels of security and reliability in the management of sensitive information.

H9. UNI/PdR 125 Gender Equality Certification

In 2024, SMAT obtained this certification, which attests to its commitment to diversity, gender equality and equal opportunities in the workplace. Promoting an inclusive and respectful environment is a strategic priority for the company, which places the well-being and professional development of its people at the heart of its operations.

H10. ISO 17025 Accreditation for the Hydraulic Measurements and Meter Testing Laboratory

By achieving accreditation (no. 0304T) in 2021, SMAT's Hydraulic Measurements and Meter Testing Laboratory has demonstrated its competence and precision in the calibration of water meters. This accreditation attests to the reliability of hydraulic measurements, which are essential for ensuring transparent and accurate management of water consumption.

H11. List of the SMAT Group's secondary offices

The parent company, SMAT S.p.A., and the other subsidiaries carry out their activities at their respective registered offices and relevant local operational units; there are no secondary offices as defined under Article 2299 of the Italian Civil Code.

I. TRANSACTIONS WITH RELATED PARTIES

With regard to transactions carried out with related parties, as defined in Article 2428, paragraph 2, point 2 of the Italian Civil Code, the main transactions that the parent company SMAT S.p.A. has carried out with such parties are set out below.

I1. Relations with the City of Turin

In relation to the City of Turin, in connection with the shareholding (held directly and indirectly) of 63.54%, the following relationships existed at the balance sheet date, arising from transactions carried out on normal market terms:

	Receivables	Liabilities	Costs	Revenue
CITY OF TURIN	1,310,758	703,569	1,794,785	5,255,899

With regard to the breakdown of receivables from the City of Turin, the most significant items relate to the provision of the Integrated Water Service (invoices to be issued for approximately 1,161 thousand euros, net of credit notes issued for approximately 3 thousand euros) as well as various works and services (invoices to be issued for approximately 87 thousand euros and issued for approximately 51 thousand euros).

With regard to the breakdown of payables to the City of Turin, the item consists mainly of the 2025 instalments of local authority fees (second half of 2025) approved by the Turin Area Authority No. 3 for the financial year ending, amounting to a total of approximately 704 thousand euro.

The changes in amounts receivable from and payable to the City of Turin result from mutual payments made on the agreed due dates.

Revenue is reported net of the amount of 4,468 thousand euros relating to the 50% tariff reduction provided for public utilities, applied in 2025.

I2. Transactions with subsidiaries and associated companies

As at the balance sheet date, the following transactions existed with Group companies to be considered subsidiaries and/or associated companies pursuant to Article 2359 of the Italian Civil Code, arising from transactions carried out on normal market terms or from specific or general agreements governing the exchange of *services* between the parties:

	Receivables	Liabilities	Costs	Revenue
RISORSE IDRICHE S.p.A.	123,625	3,352,880	5,089,873	346,377
AIDA AMBIENTE S.r.l.	63,674	376,929	1,443,974	222,872
SAP S.p.A. IN LIQUIDATION	20,000	16,380	0	40,002
Totals	**207,299**	**3,746,189**	**6,533,847**	**609,251**

MAIN ACRONYMS USED IN THIS DOCUMENT

- AC: Corrective actions
- CEO: Chief Executive Officer
- AI Act: European Regulation on Artificial Intelligence
- AIA: Integrated Environmental Authorisations
- ANAC: National Anti-Corruption Authority
- APRE: Partnership Agreement for Advanced Research
- ARERA: Regulatory Authority for Energy, Networks and the Environment
- ARPAE: Regional Agency for Prevention, the Environment and Energy
- ATO3: Turin Area Authority 3
- AUA: Single Environmental Authorisations
- BIO: Biodiversity and Ecosystems (Protection and Restoration of Biodiversity)
- BoD: Board of Directors
- CAM: Minimum Environmental Criteria
- CapEx: Capital Expenditure
- CCA: Climate Change Adaptation
- CCIRC: Committee for Internal Control and Audit
- CCM: Climate Change Mitigation
- CCNL: National Collective Labour Agreement
- CE: Circular Economy (transition to a circular economy)
- CMCC: Euro-Mediterranean Centre on Climate Change
- CSDDD: Corporate Sustainability Due Diligence Directive
- CSE: Safety Coordinators during the Execution Phase
- DPO: Data Protection Officer
- DNSH: Do Not Significant Harm
- DRU: Human Resources Department
- DURC: Single Document of Social Security Compliance
- DVR: Risk Assessment Document
- EFRAG: European Financial Reporting Advisory Group
- ESG: Environment, Social, Governance
- ESRS: European Sustainability Reporting Standard or single European standard
- Eureau: European Union of National Associations of Water Services
- FY: Fiscal Year
- GHG: Greenhouse gases
- GDPR: General Data Protection Regulation
- GIS: Geographic Information System
- GO: Guarantee of Origin
- AI: Artificial Intelligence
- AGI: Generative Artificial Intelligence
- IPCC: Intergovernmental Panel on Climate Change
- IRO: Impacts, Risks and Opportunities
- ITP: Technical and Professional Competence
- JRC: Joint Research Centre
- KPI: Key Performance Indicator
- LIS: Italian Sign Language
- MOG: Organisation, Management and Control Model

- **NbS**: Nature-based Solutions
- **NFR**: Not Financially Relevant
- **NC**: Non-conformity
- **ODL**: Work Order
- **OdV**: Supervisory Body
- **OpEx**: Operational Expenditures (operating costs)
- **PACC**: Climate Change Adaptation Plan
- **PdM**: Improvement Plans
- **PFAS**: Per- and polyfluoroalkyl substances
- **PGDEI**: Policy on Gender Equality, Diversity, Equity and Inclusion
- **PACC**: Climate Change Adaptation Plan
- **PNRR**: National Recovery and Resilience Plan
- **POS**: Operational Safety Plan
- **PPC**: Pollution Prevention and Control
- **PTPCT**: Three-Year Plan for Corruption Prevention and Transparency
- **QSA**: Quality, Safety and Environment Service
- **WEEE:** Waste Electrical and Electronic Equipment
- **RENTRI**: National Electronic Register for Waste Traceability
- **RLSA**: Workers' Representatives for Safety and the Environment
- **RPCT**: Head of Corruption Prevention and Transparency
- **RQSA**: Quality, Safety and Environment Manager
- **RGERIF**: Head of the Waste Management Service
- **RQTI**: Technical Quality Control
- **RSU**: Unified Trade Union Representation
- **RUP**: Sole Project Manager
- **SDGs**: Sustainable Development Goals
- **SGI**: Integrated Management System
- **SII**: Integrated Water Service
- **SNAC**: National Climate Change Adaptation Strategy
- **SOG**: Operational Management Entities
- **SPP**: Health and Safety Service
- **SRACC**: Regional Climate Change Adaptation Strategy
- **SSL**: Health and Safety at Work
- **Sustainability WG**: Sustainability Working Group
- **WSP:** Water Safety Plans
- **WTR**: Water and Marine Resources (sustainable use and protection of water and marine resources)

ESRS 2 – GENERAL DISCLOSURE

[ESRS 2 BP-1] GENERAL CRITERIA FOR THE PREPARATION OF SUSTAINABILITY REPORTING

This Sustainability Report has been prepared for the second time **in accordance with the requirements of the European Sustainability Reporting Standard (ESRS)**, issued by the European Financial Reporting Advisory Group (EFRAG). It covers the financial year 2025 (01.01.2025 – 31.12.2025) and has been **prepared on a consolidated basis**. It includes the parent company SMAT Torino S.p.A. (hereinafter also referred to as the Parent Company, SMAT S.p.A., SMA Torino S.p.A.) and its subsidiaries AIDA Ambiente S.r.l. and Risorse Idriche S.p.A., in line with the scope of the Consolidated Financial Statements. For the purposes of this Sustainability Report, unless otherwise specified, the term "SMAT" is used to refer to the SMAT Group as a whole, comprising the Parent Company and its subsidiaries. Where information, data or descriptions relate exclusively to the Parent Company, the term "SMAT Parent Company or Parent Company" is used instead.
In analysing impacts, risks and opportunities, **the Group's activities throughout its value chain**, both upstream and downstream, **have been taken into account**. Various operational areas of the Group have been actively involved in the process of gathering data and information for this Sustainability Report.
In its Management Report, SMAT provides an overview of the main capital expenditures (CapEx) relating to major projects. For other projects, however, specific details regarding CapEx and operating costs (OpEx) are not disclosed to protect confidentiality.

[ESRS 2 BP-2] DISCLOSURE RELATING TO SPECIFIC CIRCUMSTANCES

The primary objective of this Report is to present **the policies, actions, objectives and metrics** adopted to manage the impacts, risks and opportunities (IROs) identified in the double materiality analysis.

Time horizons

In accordance with ESRS 1 and for the purposes of reporting, the SMAT Group considers the following time horizons: the reporting period of this document, namely 2025 (**short term**), the period between 2026 and 2030 (**medium term**) and the period after 2030 (**long term**).

Sources of uncertainty in estimates and results

This Report includes metrics estimated based on indirect sources, which may entail a certain degree of uncertainty. In particular:

- **Greenhouse gas emissions**: measurements are derived from indirect data. In accordance with ISO/TR 14069:2017, the Group has assessed the level of uncertainty associated with each emission source using the method proposed by the GHG Protocol, classifying the level of accuracy according to the specified thresholds: <5% (very good), 5–15% (good), 15–30% (sufficient), >30% (low). The lowest level of accuracy was recorded for Scope 1, due to the high variability in the parameters used to estimate:
    - sequestration by green areas (Category 1.5);
    - emissions from the wastewater treatment process (Category 1.3), influenced by the uncertainty of the IPCC coefficients.

  Overall, the relative uncertainty regarding the Group's total emissions stands at 18%, corresponding to a 'sufficient' level of accuracy.

Changes and reporting errors in previous periods

In this Sustainability Report, few changes have been made to data relating to the 2024 financial year, published in the previous edition, following internal audits and methodological refinements. The main changes are set out below.

- **E1 – Climate Change; Scope 2 location-based emissions (2024)**: following a correction in the calculation, both the absolute figure (from 91,946 to 68,207 tCO_2eq) and the emissions intensity (from 0.61 to 0.55 $tCO_2eq/k€$) have been updated.
- **E2 – Pollution – wastewater quality control indicators (2024)**: in the section on monitoring activities and treated water quality, the previously published figures (66 parameters/1,000 m³ and 106 parameters/1,000 inhabitants) included quality control tests and analysis carried out on behalf of third parties. Following a review of the scope, these components have been excluded, resulting in the values being updated to 49 and 78 respectively.
- **S1 – Own workforce; average gross salary by gender (2024)**: the figure has been updated following a review of the calculation methods, resulting in a correction of the men's value from € 16.70 to € 15.52 and in a redefinition of the pay gap in favour of women.

- **S1 – In-house workforce; ISO 45001 certification coverage (2024)**: the percentage of employees covered, previously stated as 100% at Group level, has been updated to approximately 98%, excluding the non-certified company Risorse Idriche.
- **S4 – Consumers and End Users; activated carbon recycling rate (2024)**: the figure has been recalculated by broadening the scope of analysis and changed from 98% to 84%.

Application of transitional provisions in accordance with Appendix C of the ESRS
In accordance with the Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025, the Group is making use of the transitional provisions (*phase-in*) for **ESRS** disclosure **E1 – Climate Change, DR E1-9**, relating to the expected financial impacts from physical risks, transition risks and climate-related opportunities. For2025 only qualitative information will be presented.

Information required by other regulations
Regarding disclosures required by other regulations, SMAT has incorporated **the disclosure pursuant to Article 8 of Regulation (EU) 2020/852** of the European Parliament and of the Council (Taxonomy Regulation).
In accordance with the provisions of section 8.2 of ESRS 1, the Group will include in this document entity-specific disclosures, in line with the sector-specific provisions issued by the Regulatory Authority for Energy, Networks and the Environment (ARERA). These additions aim to ensure transparent and consistent disclosure that is fully aligned with the relevant regulatory framework for Integrated Water Service (SII) operators. SMAT will include its performance against technical and contractual service quality indicators, in accordance with the principles of comparability, verifiability and comprehensibility.
The Integrated Water Service is, in fact, regulated at three levels – European, national and local – with the aim of ensuring the sustainable, efficient and high-quality management of water resources.
At national level, the **sector regulator is ARERA**, which defines and updates rules on tariffs, contractual quality and technical quality of the service. Key references include:

- **Contractual quality (RQSII) (Resolution 655/2015/R/idr and subsequent updates)**: a set of standards, obligations and indicators defined by ARERA to govern the relationship between the operator and end Users, with the aim of guaranteeing minimum and uniform service levels throughout the country.
- **Technical quality (RQTI) (Resolution 917/2017/R/idr and subsequent updates)**: a regulatory framework that defines objectives, indicators and incentive mechanisms to improve the technical and infrastructural performance of the service.
- **Water Tariff Methodology for the fourth regulatory period (2024–2029) (Resolution 639/2023/R/idr):** this confirms the framework already in use and extends the planning horizon for investments, with the aim of reducing disparities in service provision between geographical areas.

In 2025, ARERA:

- consolidated the regulatory framework for the Integrated Water Service (SII), approving the criteria for the first biennial update of the tariff provisions for the integrated water service, in accordance with the tariff methodology for the fourth regulatory period (Resolution 582/2025/R/idr);
- strengthened the system of reporting obligations and data quality through Resolution 579/2025/R/idr updating contractual quality standards and Resolution 581/2025/R/idr concerning measures to complete the regulation of technical quality.

ARERA General Standards	RQTI Indicator
M0 – Water Resilience	M0a – Water resilience at integrated water service management level (ratio of consumption by the Integrated Water Service to water availability) M0b – Water resilience at a higher level (ratio of consumption for all uses, including non-potable uses, to the territory's total water availability)
M1 – Water losses	M1a – Linear water losses [m³/km/day] M1b – Water losses as a percentage [%]
M2 – Service interruptions	Service interruptions [hours]
M3 – Quality of supplied water	M3a – Incidence of "water unfit for consumption" notices [%] M3b – Rate of non-compliant samples [%] M3c – Rate of non-compliant parameters [%]
M4 – Adequacy of the sewerage system	M4a – Frequency of flooding and/or sewer overflows (n/100 km) M4b – Regulatory compliance of storm water outlets (% non-compliant) M4c – Inspection of storm water overflows (% not inspected)
M5 – Disposal of sludge in landfill	Disposal of sludge in landfill [%]
M6 – Quality of treated water	Percentage of samples exceeding limits in discharged effluent [%]

SMAT's technical performance according to ARERA macro-indicator classes

ARERA macro-indicators	SMAT 2024	SMAT 2025[6]	Italy 2024[7]
M0 – Water resilience	C	C	-
M1 – Water losses	C	C	C
M2 – Service interruptions	B	B	E
M3 – Quality of the water supplied	C	B	C
M4 – Adequacy of the sewerage system	A	A	E
M5 – Disposal of sludge in landfill	A	A	A
M6 – Quality of treated water	B	B	D

Inclusion by reference

The table below sets out the disclosure requirements, or the relevant information, included by reference, as they are already available in other chapters/sections of the Management Report.

Disclosure	Reference in the Management Report
ESRS 2 GOV-1 – Role of the administrative, management and supervisory bodies	B. Composition of the SMAT Group
ESRS 2 SBM-1 Strategy, business model and value chain	A3. Key technical data and operational area
ESRS E1-3 – Actions and resources relating to climate change policies	D1. Progress on Major Infrastructure Projects and PNRR Funding
ESRS E3-2 – Actions and resources relating to water and marine resources	D1. Progress on major infrastructure projects and PNRR funding

[ESRS 2 GOV-1] ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Composition and diversity

SMA Torino S.p.A. has a **traditional governance structure,** under which the **Board of Directors (BoD)** acts as the administrative body and the **Board of Statutory Auditors** as the supervisory body. **The Shareholders' Meeting,** on the other hand, acts as the governing body to which both the BoD s and the Board of Statutory Auditors report. As at 31 December 2025, the BoD comprises five members, two holding executive positions (40%) and three being non-executive (60%). Of the BoD members, 60% are independent. Women account for 40%. The Board of Statutory Auditors was appointed on 25th June.

Members of the Board of Directors	Role	Independence
Paolo Romano	Chairman – executive	*Non-independent*
Armando Quazzo	Chief Executive Officer – executive	*Non-independent*
Monica Cerutti	Director – non-executive	*Independent*
Enzo Lavolta	Director – non-executive	*Independent*
Cristina Tumiatti	Director – non-executive	*Independent*

Members of the Board of Statutory Auditors	Position
Davide Di Russo	Chair
Stefania Branca	Standing Auditor
Simone Montanari	Standing Auditor
Daniela Ballesio	Alternate auditor
Maurizio Cacciola	Alternate auditor

The diverse composition and expertise of the BoD enable it to make informed decisions in line with the Group's long-term strategic objectives. The members of the administrative and supervisory bodies possess the necessary expertise to fulfil their roles, having gained experience and knowledge in fields relevant to the Integrated Water Services sector, supported by management and control- skills developed throughout their careers. In particular, the Chairman and the Chief Executive Officer (CEO) have **many years' experience in the sector and hold active roles within leading national and international organisations**.
The Shareholders' Meeting comprises all shareholders who exercise equivalent control over the day-to-day and extraordinary management of SMAT, as it is an in-house company that carries out no less than 80% of its activities on behalf of its shareholders.

[6] The values of the macro-indicators and their respective categories are to be regarded as provisional, as, from 2026 onwards, a review is being carried out by the pool of governing bodies responsible for this sector, as provided for in ARERA Resolution No. 917/2017/R/idr
[7] ARERA, 2025 Annual Report, State of Services

For further information on SMAT's shareholding structure, please refer to the section 'B. Composition of the SMAT Group' in the document.

Roles and responsibilities

The BBoD is responsible for the strategic guidance and supervision of the Group. Its main responsibilities include defining corporate strategies, approving operational plans and programmes, and monitoring management, financial and sustainability performance. Furthermore, the BoD is responsible for updating the company's mission, vision and values, which are based on core principles, including sustainability. These include the continuous development of expertise, reliability, the improvement of the quality of processes and services, technological innovation, the development of human resources and transparent communication. A further task of the BoD is the approval of the draft financial statements, including the Sustainability Report. In relation to this, **it also reviews and approves the double materiality analysis**, which includes relevant Impacts, Risks and Opportunities (IROs), as well as the process for defining them and the objectives of the Sustainability Plan.

The **Board of Statutory Auditors** is responsible for ensuring compliance with the law and the Articles of Association, the adequacy of the organisational, administrative and accounting structure, and the proper management of the company. Its functions include verifying that the accounts are kept in accordance with the rules and that the Annual Financial Statements comply with regulations. This body also serves as the **Internal Control and Audit Committee (CCIRC)**, which oversees the financial reporting process and the statutory audit of the accounts. Furthermore, it monitors the effectiveness of internal control systems, **risk management – including sustainability risks** – and internal audit, helping to ensure transparency and reliability in corporate governance. As part of the reporting process, the Board of Statutory Auditors and the CCIRC (established pursuant to Article 19 of Legislative Decree 39/2010) exercise their supervisory function over the effectiveness and adequacy of the internal control system. Any observations made by the Board of Statutory Auditors are set out in the annual report to the Shareholders' Meeting.

The Shareholders' Meeting, as the Company's highest decision-making body, is responsible for approving the financial statements, appointing and removing members of the BoD and the Board of Statutory Auditors, determining the remuneration of directors and statutory auditors, and resolving on amendments to the Articles of Association and extraordinary transactions, such as capital increases or mergers. Furthermore, the General Meeting may be convened to discuss and resolve other matters relevant to the management and strategic direction of the Company. These responsibilities are set out in the Articles of Association.

Role of Management in the governance processes, controls and procedures for managing IROs

Senior management plays a central role within the governance processes adopted by the SMAT Group to monitor, manage and control the relevant IROs. Senior management, which is responsible for operational management and the implementation of corporate strategies, ensures that the Company's policies and activities are consistent with sustainability issues and capable of responding proactively to regulatory, environmental and market changes.

To support these activities, SMAT has established a **Sustainability Working Group**[8] (Sustainability WG), tasked with coordinating and overseeing the reporting process and monitoring the Sustainability Plan. The Sustainability WG operates in conjunction with the main corporate functions and is led by the Sustainability Coordinator, who ensures methodological consistency, operational continuity and overall alignment. The Sustainability WG manages the activities involved in defining the work plan, updating the materiality analysis, collecting and verifying data, preparing the Sustainability Report and periodically monitoring objectives. Furthermore, the Sustainability WG includes representatives from the key corporate functions involved in managing environmental, social and governance (ESG) issues: Planning, Finance and Control, Laboratories and Water Quality, Quality, Environment and Safety, and the Research Centre. This structure ensures a holistic approach and coordination between the various corporate areas, promoting methodological consistency.

Managers, appointed from within the various company departments, collaborate with the Sustainability WG to ensure the quality, completeness and timeliness of the information falling within their remit. They are also responsible for validating the content and data included in the Sustainability Report and the Sustainability Plan, ensuring their consistency with the company's strategies, policies and performance.

Senior management oversees the entire process, whilst the BoD retains ultimate responsibility for setting direction and exercising control, reviewing the results achieved on an annual basis.

[8] The Sustainability Working Group (or Sustainability WG) was formally established by Service Order (ODS) No. 002 of 13 February 2025.

Capabilities and expertise to oversee sustainability issues

The members of the BoD possess **expertise in corporate ethics and sustainability**, gained through diverse professional backgrounds. Some directors have extensive experience in the integrated water services sector, enabling them to address the main challenges associated with the sustainable management of water resources with a clear understanding. This professional background enables them to effectively oversee ESG issues and the management of IROs. Board members also take part in conferences, events and round-table discussions dedicated to environmental issues, thereby strengthening dialogue with external stakeholders and ensuring they remain up to date with industry trends and regulations.

The Chairman of the BoD plays a leading role in various associations and national and international federations, representing UTILITALIA[9] on Commission 1 'Drinking Water' of Eureau (European Union of National Associations of Water Services) and holding key positions within UTILITALIA itself. He is also the spokesperson for the 'Utility Alliance of Piedmont', a network of public enterprises committed to promoting sustainable practices. The Chief Executive also plays an active role in sector-wide initiatives, including the "Community Valore Acqua per l'Italia" working group promoted by the TEHA Group (The European House – Ambrosetti), with the aim of defining sector-wide strategies for the efficient and responsible management of water resources.

During 2025, with a view to further strengthening expertise in the field of ESG, **members of the BoD and the Board of Statutory Auditors took part in a training programme dedicated** to the main developments in the regulatory and market context regarding sustainability, with particular reference to recent European regulatory developments and their strategic implications for businesses.

In the event of further regulatory updates or significant developments in the sustainability landscape, SMAT will assess the need to organise further targeted training sessions for members of the BoD and the Board of Statutory Auditors.

[ESRS 2 GOV-2] Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them

The BoD is briefed **annually** by the Chief Executive Officer on material impacts, risks and opportunities. The Board of Statutory Auditors, which attends BoD's meetings, also receives appropriate information.

SMAT's Business Plan already takes sustainability issues into account, as they are closely linked to the company's core activities. This is complemented by the Strategic Sustainability Plan (or Sustainability Plan), drawn up in 2025, which sets out in a structured manner the correlation between the company's strategic priorities and the identified IROs, strengthening the integration of economic, environmental and social dimensions into decision-making and planning processes.

The BoD carefully assesses any reports and findings relating to sustainability and risk management identified by the Supervisory Body (OdV) and other supervisory bodies, which are presented on a half-yearly basis. This flow of information helps to ensure that environmental, social and governance factors are managed in an informed manner.

For further information on the IROs, please refer to the list provided in ESRS 2 SBM-3 in this Sustainability Report.

[ESRS 2 GOV-3] Integration of sustainability performance into incentive schemes

In line with the principles of transparency and accountability, SMAT discloses information regarding the integration of sustainability issues into its incentive schemes, with reference to both members of the administrative, management and supervisory bodies and the wider workforce.

SMAT adopts remuneration policies and variable incentive schemes designed to recognise the results achieved, in line with the company's strategic objectives. These schemes also include elements linked to sustainability, understood in environmental, social and governance terms. Variable remuneration takes the form of an annual bonus linked to the achievement of specific objectives, including:

- reducing the environmental footprint (e.g. energy and water consumption);
- the development of innovative environmental projects;
- promoting welfare and social inclusion initiatives;
- the adoption of good governance practices and transparency in decision-making processes.

[9] A federation bringing together companies operating in the public water, environment, electricity and gas sectors, representing them before national and European institutions. It was formed through the merger of Federutility (energy and water services) and Federambiente (environmental services).

ESG metrics are therefore integrated into incentive policies as part of the qualitative and quantitative assessments set out in performance plans. Some indicators are included in the company's annual KPIs, whilst others are monitored as part of sustainability reports.
The proportion of variable remuneration linked to ESG targets can amount to up to 20–30% of the incentive component, varying according to the position held and the level of responsibility. Regarding staff, the reward system adopted by SMAT as part of the 2024–2025 Performance Bonus, governed by the Memorandum of Understanding of 1 August 2024, incorporates various indicators addressing environmental, social and governance issues. In particular, the staff incentive scheme includes the following bonus objectives:

- **Environmental issues**, such as the reduction of water losses (M1), the quality of supplied water (M3) and treated water (M6), the management of flooding and sewerage spills (M4), and the disposal of sludge in landfill sites (M5);
- **Social issues**, including gender equality, equity and inclusion, which form part of the UNI/PdR 125:2022 certification process;
- **Governance issues**, such as information security in accordance with the UNI CEI EN ISO/IEC 27001:2024 standard and the improvement of contractual quality (MC1 and MC2).

Although not formally classified as ESG objectives, these indicators represent key strategic areas from a corporate sustainability perspective and demonstrate an initial level of integration between operational performance and ESG issues. In this context, the Strategic Sustainability Plan helps to strengthen the management and systematisation of these areas, although it is not, at present, directly linked to incentive mechanisms.
The link between environmental and social performance and financial incentives, however, constitutes a potential driver for progress, which can be progressively developed to strengthen the alignment between strategic objectives, ESG performance and remuneration systems, in line with developments in the regulatory framework and ESRS standards.

[ESRS 2 GOV-4] Reporting on due diligence

Following recent developments in the European regulatory framework on sustainability reporting, and in particular the simplification measures introduced in the so-called Omnibus package, the obligations arising from the Corporate Sustainability Due Diligence Directive (CSDDD) do not apply to the Company, given the size-related thresholds set out therein.
Nevertheless, SMAT considers it strategic to continue to manage issues relating to the value chain in a structured manner, with a view to risk prevention, social and environmental responsibility, and alignment with best industry practice. In this context, the Company has adopted a structured procedure for the contractual management of suppliers, which provides for a rigorous **assessment of Technical and Professional Suitability (ITP) in accordance with Legislative Decree 81/2008**. This assessment includes, amongst other things, a check of the Risk Assessment Document (DVR), the Single Document of Social Security Compliance (DURC), certificates relating to staff training and medical fitness, and the absence of disqualification orders.
In addition to these, there are further requirements set out in the tender documents and technical specifications, including **overall regulatory compliance, the adoption of organisational models pursuant to Legislative Decree 231/2001, the possession of environmental and quality certifications and, where applicable, the incorporation of the Minimum Environmental Criteria (CAM**). In the environmental sphere, the Company has also introduced specific requirements aimed at preventing emerging risks, such as those posed by PFAS (per- and polyfluoroalkyl substances), by requiring the use of materials that do not release such compounds when in contact with drinking water or wastewater.
The approach adopted extends to the entire supply chain relating to works, services and supplies, including contractors and subcontractors, and is applied both during the selection phase and throughout the contractual period, through ex ante and ex post documentary checks. Operational oversight is ensured by roles such as the Sole Project Manager (RUP), the Works Management team and safety officers, who use contractual provisions as their primary control mechanism.
During 2025, SMAT also began updating its tender specifications in line with the Amendment to the Public Contracts Code, introducing **social clauses aimed at promoting equal opportunities and employment stability**. These include a commitment to allocate a proportion of new hires to young people and women, the inclusion of UNI/PdR 125 certification as a bonus criterion, and the introduction of clauses ensuring the re-employment of staff during contract changes.

Key elements of the duty of care	Sections in the Report
a) Integrating the duty of care into governance, strategy and the corporate model	*n/a*
b) Involving stakeholders in all key stages of the duty of care	*n/a*
c) Identify and assess adverse impacts	ESRS 2 IRO-1 – Description of the process for identifying and assessing material impacts, risks and opportunities
d) Take action to address adverse impacts	S2-4 – Actions taken to address significant impacts on workers in the value chain and approaches to managing significant risks and realising significant opportunities for workers in the value chain, as well as the effectiveness of such actions S3-4 – Actions addressing material impacts on affected communities and approaches to managing material risks and realising material opportunities for affected communities, as well as the effectiveness of such actions S4-4 – Actions addressing significant impacts on consumers and end-Users, and approaches to mitigating significant risks and realising significant opportunities for consumers and end-Users, as well as the effectiveness of such actions
e) Monitoring the effectiveness of measures and reporting	*n/a*

[ESRS 2 GOV-5] RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The SMAT Group has established a structured internal control system to support the sustainability reporting process, governed by a specific Sustainability Procedure applicable across the entire Group, consistent with the scope of the consolidated financial statements. The system covers the main stages of the process, from the definition of the work plan and the updating of the materiality analysis, through to the collection, validation, review and final approval of the reported information.

Architecture of the internal control system for sustainability reporting

The control framework is based on a clear allocation of roles and responsibilities amongst the various parties involved. The Chief Executive Officer (CEO) and the General Manager issue the organisational mandate for the collection, verification and validation of data; the data managers or officers ensure the accuracy, completeness and consistency of the information within their remit; the data providers handle the operational collection and transmission of supporting evidence; the Sustainability WG coordinates the process and supervises its implementation; the Quality, Safety and Environment (QSA) Unit carries out spot checks; the Board of Statutory Auditors, also in its capacity as the Internal Control Committee (CCIRC), monitors the effectiveness and adequacy of the internal control system, whilst the external audit firm carries out a limited review of the Sustainability Report.

Approach to risk assessment and key mitigation measures

The management of risks associated with sustainability reporting is based on an integrated approach that combines materiality analysis, the involvement of the relevant business units and a system of progressive controls throughout the data collection and validation process. In particular, the periodic updating of the double materiality analysis enables the scope of disclosure to be focused on material issues, whilst the data collection process includes specific controls to reduce the risk of errors, omissions, inconsistencies or loss of comparability over time. The main mitigation measures include: the use of a shared database containing comparative data from the previous financial year; the specification of the nature of the data and the relevant supporting evidence; the reporting of any significant deviations or changes in scope; formal validation of the data by senior managers or data owners; consistency checks and spot checks carried out by the Sustainability WG and the QSA department; the retention and traceability of information; and an external review of the Sustainability Report with a view to *providing limited assurance*.

Integration into business processes and reporting to governance bodies

The internal control system for sustainability reporting is integrated into business processes and is based on the direct involvement of the departments responsible for data collection, validation and monitoring. The system is also aligned with regulatory requirements and the Group's planning and control processes. The findings of the data collection, verification and audit activities are incorporated into the preparation of the Sustainability Report, the EU Taxonomy disclosures and the monitoring of the Sustainability Plan, promoting progressive alignment between reporting, data management and internal decision-making processes.
Regular reporting to the governing bodies takes place throughout the process. The Sustainability Coordinator liaises with the CEO; the latter updates the BoD on the Group's sustainability activities and documents and submits the Sustainability Report to the Board for approval. Any areas for improvement identified during the external audit are shared with the relevant internal stakeholders, including the CEO and the Chairman. At the same time, the Board of Statutory Auditors exercises its supervisory role over the effectiveness of the internal control and system and the independence of the audit firm, reporting any observations in the annual report to the Annual General Meeting.

[ESRS 2 SBM-1] STRATEGY, BUSINESS MODEL AND VALUE CHAIN

The SMAT Group manages the Integrated Water Service – water supply, sewerage and wastewater treatment – in 294 municipalities within ATO3. With a water network spanning 13,617 km, the Group serves a catchment area of 2,188,352 inhabitants, supplying over 160 million m^3 of high-quality water each year. For further information, please refer to the section *'A3. Key technical data and operational area'* in the document.
SMAT's sustainability strategy is deeply intertwined with environmental, social and economic issues, in line with the Sustainable Development Goals of the 2030 Agenda. The Group positions itself as a **key player in the sustainable management of water resources in the Metropolitan City of Turin** and serves as a model at regional and national level, tackling the challenges of climate change with a strategy based on infrastructure resilience, digitalisation and innovation.

SMAT 2029: the sustainability strategy

In 2025, SMAT defined its **Strategic Sustainability Plan**, **'SMAT 2029'**, with the aim of systematically integrating ESG priorities into its business strategy and strengthening the link between corporate objectives and the identified IROs. The Plan therefore represents a re-evaluation of the business model through a sustainability lens, steering the Company's evolution towards an increasingly resilient and efficient system capable of generating long-term value.

The development of the Plan was guided by a structured process involving senior management, the main technical departments and the Sustainability WG, with the support of the Administration, Finance and Control Department. Two thematic working groups were set up, involving over 30 people, enabling the identification of **objectives, KPIs and lines of action** consistent with the company's strategic priorities and the characteristics of the water sector. The process was also supported by a double materiality analysis conducted in accordance with ESRS standards and by an assessment of key regulatory and market trends.

The Plan covers the period **2025–2029**, in line with the company's Business Plan, with some objectives extending to 2030 and 2035. Overall, 'SMAT 2029' comprises 19 strategic objectives and over 60 lines of action, each associated with monitoring KPIs, baselines (i.e. the initial reference value), interim targets, dedicated resources and internal responsibilities.

The Plan is structured around two main pillars:

ENVIRONMENT	SOCIETY AND GOVERNANCE
• Adaptation to climate change • Climate change mitigation • Water management and quality • Circularity and resource use • Research and innovation	• Employment, skills development and diversity • Health and safety for suppliers • Public accountability, transparency and integrity • End Users • Local roots

This structure reflects the inherently sustainable nature of SMAT's operating model, which is closely linked to water resource management and the impacts on the local communities it serves. In this context, the main challenges for the future concern adapting to extreme weather events, preventing water scarcity, maintaining and improving water quality – including in relation to contaminants such as PFAS – and ensuring service continuity amidst growing pressure on infrastructure. The strategic responses identified include investment in resilient infrastructure, the development of energy generation from renewable sources, the reuse of wastewater, and strengthening stakeholder engagement.

Overall, "SMAT 2029" is not a separate plan, but a fully integrated element of the corporate strategy, designed to guide operational decisions and investments towards a sustainable, resilient development model focused on creating shared value.

The 19 objectives of "SMAT 2029"

	Objective	Target	Year Target	Target level and unit of measurement
E1	Climate resilience	*100% of SMAT priority assets covered by adaptation measures*	2029	Relative (%)
	Reducing greenhouse gas emissions	*–2,200 tCO_2eq direct emissions (Scope 1)*	2029	Absolute (*tCO_2eq*)
	Decarbonisation of the value chain	*–3,000 tCO_2eq of indirect emissions (Scope 3)*	2029	Absolute (*tCO_2eq*)
	Renewable energy	*23,000 MWh of electricity generated from renewable sources*	2030	Absolute (MWh)
	CO_2 capture	*27,264 tonnes of CO_2 absorbed*	2029	Absolute (*tCO_2*)
E3	Reducing water losses	*-10% water losses (M1)*	2029	Relative (%)
	Protection of water sources	*95 water abstraction points included in studies to define protection zones*	2030	Absolute (no.)
	Resilience of the water service	*49 new drinking water abstraction works (wells, springs, surface intakes)*	2030	Total (no.)
E5	From waste to resources	*>99% of waste recovered*	2029	Relative (%)
	Recovering treated water	*+10% of treated water allocated for reuse*	2030	Relative (%)
-	Investing in innovation	*Establishment of 3 partnerships on research and innovation in the sector*	2029	Total (no.)
S1	Equity, inclusion and belonging	*Achieve a score of 93 in the UNI/PdR 125:2022 standard*	2028	On/off
	People's wellbeing	*3 programmes to support people's wellbeing*	2029	Absolute (no.)
	Skills development	*25 hours of training per employee*	2029	Total (nr)
S2	Sustainable supply chain	*100% of suppliers qualified against ESG criteria*	2029	Relative (%)
S3	Engaging local schools and communities	*180 initiatives per year*	2029	Total (no.)
S4	Safe, high-quality water	*-6% annual reduction in the rate of non-compliant samples (M3b)*	2029	Relative (%)
	Increase User satisfaction	*User satisfaction >85%*	2029	Relative (%)
G1	Strengthening ethics, transparency and compliance	*Obtaining 37301 certification*	2027	On/off

Business model and value chain

The parent company SMAT generates value for a broad ecosystem of stakeholders through an **essential public service**: the management of the integrated water service. Its services bring tangible benefits to citizens, local authorities, businesses and the local area, ensuring a safe, efficient and sustainable water supply.
SMAT operates under an in-house service provision arrangement, allocating over 95% of its activities – against a minimum requirement of 80% – to its member municipalities, thereby ensuring a comprehensive service in the public interest. This commitment translates into **a value proposition that spans the entire chain**, from water abstraction to its return to the environment, with positive impacts on the environment, people and the economy.
The Group ensures its **Users** a reliable, continuous and high-quality water service, thanks to constant monitoring and adherence to the standards set out in the Water Service Charter. Furthermore, ongoing investments are geared towards the continuous improvement of the technical and contractual quality of the service. This continuity is also guaranteed in emergency situations, reinforcing SMAT's role as a stable pillar for the **local area and the community**.
For **investors**, SMAT represents a solid and sustainability-focused organisation, as demonstrated by its financial results and the transparency of its reporting. The issuance of financial instruments and the awards received for service quality reinforce the company's reliability. Furthermore, the high levels of alignment with the European Taxonomy confirm the commitment to activities consistent with the EU's environmental objectives, making SMAT an attractive prospect for investors focused on ESG criteria.
The table below provides a summary of **the company's value chain**, illustrating the main inputs, key activities, outputs generated and the stakeholders involved in the various stages, with the aim of clearly mapping the value created by SMAT and the parties for whom this value is intended.

Stage	Operational area	Process	Description
Upstream		Services and technologies	Services for meter reading and consumption data management. Technological solutions for water network management, which may include software for data monitoring and analysis
		User Consumption	User consumption (upstream of the sewerage and wastewater treatment service), Wastewater generation
		Procurement of materials and services	Procurement of materials required for the construction and maintenance of water, electricity and heating infrastructure necessary for the operation of the plants.
Operations own	Water supply	Water abstraction	Extraction of water from surface or groundwater sources
		Water treatment	Processes (filtration, disinfection, testing) necessary to ensure the water meets the requirements for consumption
		Supply and storage	Transport of water from abstraction points to storage tanks prior to entry into the distribution network
		Distribution	Water, once made safe for drinking, reaches residents via the water mains network and connections
	Sewerage	Collection of wastewater	Wastewater from buildings (homes, businesses) is collected by the sewerage system and channelled to treatment works
	Wastewater	Treatment	Wastewater is treated at treatment works to meet the required quality standards
		Water returned to the environment	The treated water is discharged back into watercourses
		Water for reuse	Treated and refined water can be reused for internal purposes within the treatment plant, or for external uses such as firefighting, etc.
		Waste management	Disposal of sludge and waste generated by wastewater treatment processes
Downstream		Consumption by end Users	Water consumption by end Users downstream of the water supply service

[ESRS 2 SBM-2] Stakeholders' Interests and Views

The Group maintains an **ongoing dialogue with its stakeholders**, gathering input through dedicated channels and formal and informal discussions. This cross-functional approach involves all company departments, ensuring that different perspectives – both internal and external – are effectively taken into account in decision-making processes and strategic planning.

In the first year of conducting the double materiality analysis, **key functions indirectly reported the needs, expectations and feedback of the stakeholders** with whom each interacts. Furthermore, SMAT involves the Workers' Representatives for Health, Safety and the Environment (RLSA) and the Unified Trade Union Representatives (RSU), whose role is central to identifying the needs and concerns of staff.

In February 2026, **as part of the update to the double materiality analysis, the Group also organised a structured dialogue with external stakeholders** from institutional and regulatory bodies, the financial sector, academia and research, as well as Users' and community representatives and industry associations. In addition to confirming the list of relevant issues, this dialogue enabled the Group to identify the priorities of its stakeholders. In particular, the **central importance of service resilience** emerged strongly, understood in a broad sense as the ability to adapt to increasingly complex climatic, regulatory and operational scenarios that require integrated, long-term planning. The **growing significance of emerging risks linked to pollutants, particularly PFAS and micropollutants**, was also highlighted, not only from an environmental perspective but also in terms of their economic and regulatory implications.

Further points of concern raised by stakeholders included the **social sustainability of tariffs**, with the need to balance growing investment requirements and the affordability of the service, and the **issue of in-house expertise**, identified as a critical enabler for tackling the sector's growing technical and managerial complexity. Alongside these aspects, **the importance of safety** was emphasised, both in terms of protecting public health and water quality throughout the entire supply chain, and with regard to digital resilience and cyber risks, which are increasingly significant for operational continuity.

The discussion also highlighted the **strategic role of communication and transparency in strengthening the trust of Users and stakeholders**, as well as the need for greater oversight of the supply chain, through due diligence and the development of skills throughout the entire supply chain.

Stakeholder Category		SMAT's Involvement	Purpose of involvement
Internal	Member Municipalities	Members' General Meeting, local meetings, operational management in the local area	Alignment of corporate strategy, strategic dialogue
	Employees and partnerships	Internal surveys, company news and internal communication platforms	Adaptation of HR policies, improvement of working conditions and promotion of initiatives based on feedback received
External stake-holders	Banks	Bilateral meetings, ratings	Compliance with contractual obligations and continuity of the relationship
	Public bodies (ATO3 Turin, Piedmont Region, Metropolitan City of Turin, ARPA Piedmont, ASL)	Services Conference, conferences and events open to the public	Relationship between the Authority and the integrated water services operator
	Industry associations (Confservizi Piedmont and Aosta Valley, Utilitalia)	Collaboration and participation in initiatives, conferences and seminars	Common policies for the sector at local and national level
	Universities	Research projects	Development of research projects through the SMAT Research Centre
	Trade union representation	Participation in round-table discussions	Effective management of industrial relations
	Consumer organisations (Federconsumatori Piemonte, etc.), Utility companies	Meetings and consultations, press conferences, cultural events	Ensuring the protection of Users' rights, gathering feedback on the services provided and continuously improving service quality

[ESRS 2 SBM-3] Significant impacts, risks and opportunities and their interaction with the strategy and business model

The material impacts, risks and opportunities stem directly from the Group's business model, which is based on the management of integrated water services. These material impacts, risks and opportunities arise both from direct operational activities and from interactions with third parties along the value chain, such as suppliers, regulatory bodies and end Users.

The 2025 update of the double materiality analysis confirms the main **positive impacts** linked to improving service quality and continuity, to contributing to climate change mitigation through energy efficiency and self-generation from renewable sources, as well as to protecting public health and ecosystems through water monitoring and treatment activities, including the management of emerging and known micropollutants.

Opportunities are mainly focused on energy efficiency, reducing water losses and optimising the use of resources, as well as strengthening policies for human capital development.

Negative impacts and risks persist in relation to pressure on water resources, indirect emissions associated with operational processes, and the potential effects arising from misuse of the network or contamination. Risks linked to climate change (extreme events, water availability), regulatory developments (e.g. standards on micropollutants), as well as operational, reputational and regulatory compliance along the value chain are becoming increasingly significant.

The Group has also updated its assessment of physical and transition risks linked to climate change, which include both acute events and long-term chronic trends.

At the date of preparation, the financial effects associated with IROs are predominantly of a potential nature, and no significant economic or financial impacts are yet evident.

For further information on the analysis, please refer to paragraph ESRS E1 IRO-1 of this Sustainability Report.

The table below, on the other hand, provides a summary of the IROs relevant to the Group, indicating for each one the relevant point in the value chain and the relevant time horizon.

ESRS topics		ESRS Sub-topics	IRO	Description	Value chain	Time horizon
ENVIRONMENT	**E1 Climate change**	Adaptation to climate change	Positive impact	Positive impact on service quality and continuity thanks to the upgrading and optimisation of infrastructure	The entire value chain	Long term
			Risk	Infrastructure damage and costs associated with extreme weather events that affect service continuity	Own operations	Medium term
			Risk	Increased conflict over the use of water resources due to reduced water availability	Upstream and own operations	Long term
			Risk	Risk of a deterioration in the quality of the resource due to reduced dilution of pollutants caused by a decrease in volumes or flow rates, resulting in the need for more expensive treatment.	Own and downstream operations	Long term
		Climate change mitigation	Negative impact	Negative impact on climate change due to greenhouse gas emissions along the value chain	Upstream and own operations	Medium term
			Risk	Costs of adapting treatment systems to comply with energy neutrality regulations	Own operations	Medium term
			Opportunities	Opportunities for energy cost savings through efficiency measures that reduce consumption	Own operations	Medium term

		Energy	Positive impact	Positive impact on climate-changing gas emissions and overall energy consumption thanks to self-generation and energy efficiency measures	Upstream and downstream operations	Medium term
			Opportunities	Energy savings through reduced water losses and process efficiency improvements	Upstream and own operations	Medium term
	E2 Pollution	Water pollution	Negative impact	Potential negative impact from the accidental release of hazardous substances due to possible breakdowns or failures in plant facilities	Own operations	Medium term
			Positive impact	Positive impact on the environment, people and ecosystems resulting from wastewater treatment activities	Own operations	Medium term
			Risk	Risk of process water from human activities being discharged into the sewerage network, necessitating upgrades to treatment processes to ensure regulatory compliance	Upstream operations	Medium term
		Substances of very high concern	Positive impact	Positive impact on the environment and public health thanks to constant monitoring and the treatment of micropollutants present in water	Ownand downstream operations	Long term
			Risk	Increased costs for carrying out any plant upgrades to ensure regulatory compliance and the protection of public health and ecosystems	Own and downstream operations	Medium term
		Microplastics	Positive impact	Positive impact on the environment and human health thanks to the removal of microplastics during the water treatment process (albeit partial)	Own and downstream operations	Long term
		Water abstraction[10]	Negative impact	Negative impact resulting from the use of water resources	Downstream operations	Medium term
			Risk	Costs relating to the unavailability of water resources due to climate change, pollution and ongoing works	Upstream and own operations	Long term
	E5 Circular economy	Resource outflows associated with products and services/Waste	Positive impact	Positive impact on circularity through the recovery and reuse of waste (e.g. sewage sludge)	Own and downstream operations	Medium term
			Opportunities	Economic valorisation of sewage sludge as a resource, through recovery and treatment activities aimed at producing other reusable products	In-house operations	Medium term
SOCIAL	S1 In-house workforce	Work-life balance	Positive impact	Positive impact on employee motivation, inclusion, productivity and wellbeing thanks to company benefits and welfare policies	Own operations	Short term
		Health and safety	Risk	Penalties, legal costs and reputational damage arising from a potential increase in the accident rate, in the event of non-compliance with health and safety at work regulations	Own operations	Short term
		Gender equality and equal pay	Positive impact	Positive impact on staff motivation through a focus on gender equality and equal pay, and the promotion of an inclusive culture	Own operations	Short term
			Opportunities	Greater attractiveness, increased staff productivity and tax benefits resulting from the proper management of gender equality within the company	Own operations	Medium term
		Training and skills development	Positive impact	Positive impact on the development and transfer of employees' internal skills through the provision of training programmes to improve or retrain skills (upskilling and reskilling)	Own operations	Medium term
			Opportunities	Opportunities to improve operational performance through staff training	Own operations	Medium term
		Diversity	Opportunities	Opportunities to enhance the attractiveness of the organisation and retain talent diverse in terms of age, gender, skills and background, with positive effects on productivity, operational capacity and value creation in the medium to long term.	Own operations	Medium term
	S2 Workers in the value chain	Health and safety	Negative impact	Adverse impacts on workers in the supply chain where the company relies – indirectly – on suppliers that do not ensure adequate health and safety conditions	The entire value chain	Medium term
	S3 Affected communities	Local impacts	Positive impact	Positive impacts on community trust through participation in environmental education and awareness-raising initiatives, including in collaboration with member local authorities or associations	Downstream operations	Medium term
	S4 Consumers and end-Users	Confidentiality	Risk	Reputational risks, costs and penalties in the event of a data breach (and subsequent disclosure of the incident)	Own and downstream operations	Short term
		Freedom of expression	Positive impact	Positive impacts resulting from continuously listening to Users, through the systematic collection of reports, concerns and feed-	Downstream operations	Medium term

[10] Within the 'Water and Marine Resources' theme, the sub-themes relating to water consumption and discharges have been classified as below threshold, as, although covered by an ESRS standard designed to be sector-agnostic, they are not particularly representative of SMAT's operational reality. For an integrated water service operator, in fact, water is not a resource that is 'consumed' in the strict sense, but rather managed, treated and returned to the system; similarly, the concept of discharge does not fully reflect the logic of the service, which is regulated and aimed at purification and controlled re-injection. In this context, it was deemed more consistent to retain water abstraction as the sole relevant topic, as it is directly linked to pressure on the resource and overall sustainability.

				back (including via the User Ombudsman), the handling of complaints and written requests for information, as well as the operation of the freephone number dedicated to telephone enquiries		
		Access to (high-quality) information	Positive impact	Positive impact on User awareness, ensured by high levels of transparency and comprehensiveness in the information provided by SMAT in accordance with current legislation and on a voluntary basis	Downstream operations	Short term
		Access to products and services	Positive impact	Positive impact on Users in financial difficulty through commercial policies on access to the service	Downstream operations	Medium term
			Risk	Reputational risks and penalties associated with service interruptions to communities	Own operations	Medium term
		Health and safety	Positive impact	Positive impact on Users' health and safety thanks to monitoring of water treatment processes	Downstream operations	Short term
GOVERN-	G1 Corporate conduct	Corporate culture	Positive impact	Positive impact on the trust of external (as well as internal) stakeholders generated by SMAT's values and principles as set out in the Code of Ethics and company policies	The entire value chain	Short term
		Prevention and detection, including training	Risk	Risk of sanctions arising from an employee's involvement in acts of active or passive corruption	Own and downstream operations	Medium term

During the 2025 update of the double materiality analysis, a number of significant changes were made, both in terms of the scope of the issues considered and the classification and formulation of the IROs, in order to more accurately reflect the Group's operational specificities and the evolution of the relevant context.
Within the 'Water and marine resources' topic, **the sub-topics relating to water consumption and discharges have been classified as below-threshold**, as, although covered by a sector-agnostic ESRS standard, they are not particularly representative of SMAT's operational reality. For an integrated water services operator, in fact, water is not a resource that is 'consumed' in the strict sense, but rather managed, treated and returned to the system; similarly, the concept of discharge does not fully reflect the logic of the service, which is regulated and aimed at treatment and controlled discharge. In this context, it was deemed more consistent to retain **water abstraction** as the sole relevant issue, as it is directly linked to pressure on the resource and overall sustainability.
Microplastics have also been **introduced as a new above-threshold issue**, in order to reflect the growing regulatory and scientific focus on emerging micropollutants, the role of wastewater treatment plants in their removal, and the relevance of the issue for Users, in relation to the protection of water quality and the safety of the service provided. At the same time, **oversight of the issue of substances of very high concern (e.g. PFAS)** has been **strengthened**, with a reformulation of the associated IROs that takes into account the potential economic and operational impacts arising from regulatory developments and the need for plant upgrades. In line with this strengthening, the issue of Users **health and safety** has been raised above the threshold, in order to highlight the positive impacts associated with water treatment and quality control processes, which contribute directly to the protection of public health.
In the social sphere, **the issue of workers' health and safety** has been **elevated to a higher priority**, given the significance of the operational risks associated with the activities carried out and the potential impacts in terms of penalties, costs and reputational damage in the event of non-compliance.

[ESRS 2 IRO-1] Description of the process for identifying and assessing material impacts, risks and opportunities

The ESRS requires companies to identify the **most relevant sustainability issues** across their value chain, in order to guide the reporting process. To ensure greater consistency and accessibility of information, the standard requires companies to refer to a predefined list of topics, sub-topics and sub-sub-topics – regardless of their sector – in order to identify the environmental, social and governance aspects relevant to their business.
Using this list as a starting point, in 2024, SMAT carried out a double materiality analysis for the first time to identify the IROs on which to focus its Sustainability Report.
From a methodological perspective, two dimensions were considered:

- **impact materiality (inside-out perspective)**: assessment of the positive and negative, current and potential impacts generated by the Group on the external context (environment and people);
- **financial materiality (outside-in perspective)**: mapping of current and potential risks and/or opportunities arising from the external context and having a financial impact on the Group.

The Group initially conducted **an analysis of the sustainability context in which it operates**, taking into account the policies, regulations and trends to which it is most exposed, as well as its value chain. The assessment of the context was supplemented by a comparison aimed at identifying the issues relevant to the leading companies in the sector.
An initial assessment was carried out with the Sustainability WG on the Thematic Standards, including sub-topics and sub-sub-topics, with the aim of (i) excluding issues not applicable to the business, (ii) validating a proposed preliminary list of relevant issues, and (iii) identifying the owners of the reference data.
Subsequently, the relevant corporate functions were involved and supplemented the analysis, taking into account the needs and perspectives of employees, suppliers and Users.
Based on the information gathered, **qualitative and quantitative scores** were assigned in accordance with the methodology set out in ESRS 1 (double materiality), with a rationale provided for each IRO. The assessment system, using a scale of 1 to 5, examined the following aspects:

- **Significance of positive and negative impacts:**
    1. Current negative impacts: assessed on the basis of severity (magnitude, scope and irreversibility).
    2. Current positive impacts: considered in terms of magnitude and scope.
    3. Potential negative impacts: analysed by combining severity (magnitude, scope, irreversibility) and probability of occurrence.
    4. Potential positive impacts: assessed on the basis of severity, scope and probability of occurrence.
- **Magnitude of risks and opportunities:** determined by multiplying the financial impact by the probability of occurrence.

In **2025**, SMAT initiated an **update to the double materiality analysis** with the aim of assessing any developments in the identified IROs, in light of changes in the regulatory, market and territorial context. The update involved:

- a **review of the sector analysis**, made more effective by the gradual adoption of ESRS standards by sector operators, which has allowed for greater comparability of the sustainability issues analysed;
- a **review of the impact and financial materiality assessments** in light of changes in the context.

Furthermore, as part of the analysis update, SMAT involved external stakeholders with the aim of systematically integrating informed perspectives into the process of identifying and assessing issues relevant to the company. This engagement was designed to be targeted and representative of the main categories of stakeholders relevant to the Group.
The process took the form of a **structured consultation session**, during which stakeholders were presented with an initial proposal for material issues drawn up internally by the Group. The meeting aimed to gather feedback, validate the identified priorities and identify any areas requiring further attention. The methodology adopted combined periods of open discussion with a subsequent phase of issue assessment, enabling the collection of both qualitative and prioritisation-oriented contributions.

The contributions gathered were subsequently analysed and systematised by the Sustainability WG and used to validate and refine the assessment of impacts, risks and opportunities. In particular, stakeholder engagement made it possible to reinforce certain aspects already identified as relevant, without introducing any discontinuities in the overall structure of the analysis.

With regard to the financial impact assessment, an initial analysis was carried out as early as 2024 with the support of the Administration Department, with the aim of identifying the possible repercussions on key economic and financial indicators, including CapEx and OpEx.
The materiality threshold was determined on the basis of the median of the scores obtained: 4.65 for the impact analysis and 0.3 for the financial analysis, thus ensuring a balanced and consistent view of the company's priorities.
The results were assessed and approved by the BoD during the approval of the 2025 Sustainability Report.
The stages of the process adopted by the SMAT Group are summarised below.

	Stage	Activity	Purpose and results
2024	Understanding the context	Trend analysis	Analysis of megatrends aimed at identifying the policies, regulations and trends to which the company is most exposed.
		Industry and value chain analysis	Analysis of the sector in which the Company operates, as well as its business model and strategy, and analysis of the value chain upstream, downstream and within its own operations.
		Sector analysis	Analysis aimed at identifying issues relevant to the main companies similar to SMAT. The analysis was based on reports from the last financial year (2024), taking into account A2A, ACEA, Acque Bresciane, Acque Veronesi, CAP, Hera, Metropolitana Milanese and Piave Servizi.
	IRO Identification	Preliminary assessment	Initial assessment, carried out with the Sustainability WG, of the topics covered in the thematic standards proposed by EFRAG.
		Discussion meeting – internal stakeholders	Consultation meeting with the relevant departments at SMAT, with the aim of analysing and integrating impacts, risks and opportunities.
	Definition of the materiality threshold	Assessment	Assessment of the materiality and magnitude of IROs through the allocation of qualitative and quantitative scores and the setting of thresholds based on the input gathered.
	Validation	Validation by business units	Following the assessment and selection of issues above the threshold, the relevant business units were consulted again for further validation of the results identified.
2025	Context	Update of the sector analysis	Update of the topics relevant to the sector's leading companies, with the sample analysed expanded from 8 to 13 companies. There is a good overall alignment between the topics identified as relevant by SMAT and by other similar companies in the Italian context for FY24.
	IRO update	Review of IRO assessments	Review of impact and financial relevance assessments in light of developments in the regulatory, market and operational environments.
	Validation	Stakeholder engagement	Interactive meeting with selected stakeholders to share preliminary findings and gather external feedback and input
		Validation of results	Sharing the updated analysis with senior management and validating the confirmed sustainability priorities.
	Selection of data points	Identification of reporting requirements	Launch of the reporting process, through the identification of the key qualitative and quantitative data to be disclosed for FY25.

With regard to the way in which the company **prioritises sustainability-related risks** over other types of risk, SMAT carries out **a context analysis**, which is a key activity for understanding and effectively managing the factors that may influence the achievement of the company's objectives, in particular those relating to quality, the environment, health and safety at work, food safety, personal data protection and information security. With this in mind, SMAT has adopted an integrated approach that combines elements of internal and external analysis, taking into account both the company's own structural and organisational factors and broader contextual factors relating to regulatory, technological, environmental and socio-economic developments.

Stakeholders are identified systematically, through an analysis that takes into account the degree of influence and interest that each party may have on the organisation. **All categories that, in various capacities, interact with SMAT** or are **affected by its activities** are considered: service Users, employees, suppliers, regulatory bodies, public authorities, local communities, and scientific and technological partners. Understanding the needs and expectations of these stakeholders is essential for guiding corporate strategies and ensuring transparency, service effectiveness, environmental protection and personal safety.

Based on an analysis of the context and consultation with stakeholders, SMAT carries out a **periodic assessment of the risks and opportunities** that may influence the achievement of the objectives of the integrated management system. This process enables the organisation to identify the areas on which to focus preventive and corrective actions, promoting a proactive approach that integrates the dimensions of service quality, environmental protection, safety and social responsibility. The entire process is documented and updated on a regular basis, in line with the organisation's strategic guidelines.

For further information on internal control procedures and their integration into the company's risk management process, please refer to section ESRS GOV-5 of this Sustainability Report.

EUROPEAN TAXONOMY – INFORMATION PURSUANT TO REGULATION 2020/852

THE REGULATORY FRAMEWORK AND DISCLOSURE REQUIREMENTS

In 2018, with a view to supporting the achievement of the Green Deal's objectives, the European Union adopted an **Action Plan on Sustainable Finance**, which establishes a regulatory framework aimed at channelling capital flows towards sustainable activities and investments, integrating sustainability into risk management, and promoting transparency and long-term management in financial activities. At the heart of the Action Plan lies the **European Taxonomy**, established by **EU Regulation No 2020/852**. This is the first single, Europe-wide classification system for measuring the sustainability of economic activities, based on the identification of specific technical and regulatory criteria, and aims to increase the transparency, consistency and quality of the information available to the financial market on companies' sustainability performance and strategies, for the benefit of users and investors.
According to the Regulation, an economic activity may be considered environmentally sustainable if it makes a **substantial contribution** to at least one of the six environmental objectives defined by the European Commission, **does not cause significant harm** to the other objectives (the so-called 'Do No Significant Harm' principle, or DNSH) and complies **with minimum social safeguards**.

European climate and environmental objectives

1. Climate change mitigation
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Pursuant to Article 10 of Delegated Regulation (EU) 2021/2178 of 6 July 2021 (also known as the 'Disclosure Delegated Act'), non-financial public-interest entities – which were initially subject to the requirement to prepare a non-financial statement[11] and, more recently, to sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD)[12], such as the SMAT Group – are required to indicate the extent to which their activities can be defined as 'environmentally sustainable'.
From 1 January 2022, these companies must report the **percentage of revenue, capital expenditure (Capex) and operating expenditure (Opex)** that are **"eligible"** – i.e. derived from products or services associated with activities identified by the European Commission as potentially eco-sustainable – and **"aligned"** – i.e. derived from activities that meet all the criteria and requirements established for them to be considered genuinely eco-sustainable, with reference to **climate change mitigation or adaptation objectives**[13] .
In November 2023, Delegated Regulation (EU) 2023/2486 was published in the Official Journal of the EU; this contains the technical screening criteria relating to the **remaining four environmental objectives** (**sustainable use and protection of water and marine resources**, **transition to a circular economy**, **prevention and reduction of pollution,** and **protection and restoration of biodiversity and ecosystems)**, and Delegated Regulation (EU) 2023/2485, which supplements Delegated Regulation (EU) 2021/2139 concerning the first two climate objectives and partially amends Regulation (EU) 2021/2178.
In light of the gradual completion of the regulatory framework for the European Taxonomy, from 1 January 2025 non-financial companies are required to disclose the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) attributable to eligible economic activities aligned with the European Taxonomy[14] , with reference to all six environmental objectives.

In January 2026, Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 was published, amending Delegated Regulation (EU) 2021/2178 and Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486, with the aim

[11] Pursuant to Legislative Decree 254/2016, which transposes the Non-Financial Reporting Directive (NFRD) into Italian law.
[12] The CSRD (EU Directive 2022/2464) replaces the previous NFRD and has been transposed into Italian law via Legislative Decree 125/2024, which came into force on 25 September 2024.
[13] Through the application of EU Delegated Regulation 2021/2139 (also known as the 'Climate Delegated Act') and the subsequent Delegated Regulation 2022/1214 (also known as the 'Complementary Delegated Act'), which supplements the former by introducing the activities and criteria for determining the sustainability of energy generation from nuclear and natural gas.
[14] As defined in Delegated Regulation (EU) 2021/2178 of 6 July 2021.

of introducing certain simplifications to the framework of the European Taxonomy, in order to reduce the administrative burden on businesses. The main changes concerned:

- exemption from the eligibility and alignment assessment for activities deemed not to be financially significant, i.e. accounting for less than 10% of turnover, CapEx or OpEx;
- the omission of the OpEx KPI calculation if not relevant to the business model;
- the amendment of the DNSH requirements regarding pollution prevention and reduction;
- the introduction of new tabular reporting templates, which reduce the amount of data required.

Taking into account the transitional provisions set out in Delegated Regulation (EU) 2026/73[15] , the SMAT Group has chosen to make use of the simplifications already introduced with regard to the 2025 reporting. SMAT has applied the principle of non-materiality to certain activities and has adopted the new simplified disclosure templates. However, given the infrastructural nature of its activities and the significance of operating costs related to asset maintenance, SMAT has chosen to continue reporting the OpEx KPI.

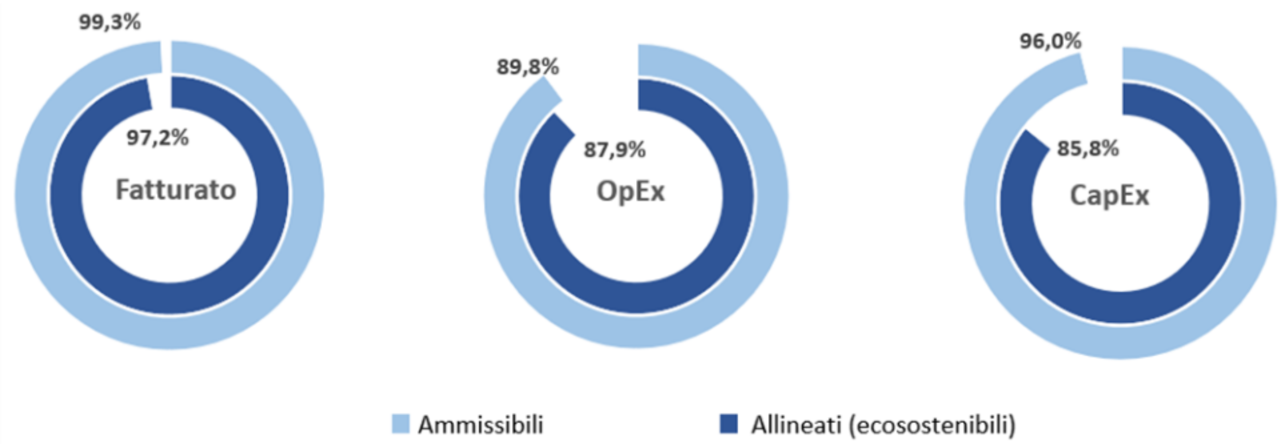
THE RESULTS OF THE ELIGIBILITY AND ALIGNMENT ANALYSIS

The SMAT Group carried out an analysis of its activities based on the provisions set out in the Delegated Regulations and the interpretative notes published by the European Commission[16], applying its own judgement and interpretation of the information currently available[17], following the methodology and process described in greater detail below.

The results of the analyses carried out have shown the extent to which the SMAT Group's activities are 'eligible' and 'aligned' within the meaning of the European Taxonomy Regulation for the 2025 financial year, as illustrated in the charts below.

For the 2025 reporting year, **99.3%** of turnover, **89.8%** of operating expenses (OpEx) and **96.0%** of capital expenditure (CapEx) were found **to be eligible** under the European Taxonomy. Furthermore, **97.2**% of turnover, **87.9%** of operating expenses and **85.8%** of capital expenditure were found **to be aligned** with the criteria of the European Taxonomy and therefore generated by or linked to **environmentally sustainable** activities (detailed results are set out in the reporting tables on page 7).

European Taxonomy KPIs for SMAT



Overall, the 2025 figures confirm a very high level of eligibility and alignment with the European Taxonomy, in line with the previous financial year. Turnover shows an improvement both in terms of eligibility and alignment. For

[15] Article 4(3) of the omnibus Delegated Act allows for a transitional period during which the rules applicable until 31 December 2025 (i.e. those set out in the 'Disclosure' Delegated Act prior to its amendment by the omnibus Delegated Act) may be followed when publishing the report for the 2025 financial year.

[16] The assessment was carried out on the basis of the provisions, requirements and criteria set out in Regulation 2020/852, as further detailed in the technical aspects of Delegated Regulation (EU) 2021/2139 'Climate Delegated Act', published on 4 June 2021, as amended, and in Delegated Regulation (EU) 2022/1214 'Complementary Delegated Act' of 9 March 2022, in Regulation (EU) 2023/2486 'Environmental Delegated Act' of November 2023, and in Regulation (EU) 2026/73 'Simplification Act' of December 2025. With regard to reporting requirements, reference has been made to Delegated Regulation (EU) 2021/2178 "Disclosure Delegated Act", published on 6 July 2021, as amended, and to Regulation (EU) 2026/73 "Simplification Act" of January 2026. The interpretative notes published in October 2022, October 2023 and March 2025 by the European Commission were also taken into account.

[17] In carrying out its assessment, the SMAT Group has applied its own judgement, interpretations and assumptions based on its understanding and interpretation of the information currently available. Any regulatory developments, changes in the interpretation of the relevant legislation, or established or sector-specific practices could lead to changes in the valuations, in the decision-making processes for fulfilling reporting obligations, and in the methods used to calculate KPIs, with potentially different outcomes for future reporting of European Taxonomy KPIs.

OpEx and CapEx, however, there has been a reduction in the percentages compared with 2024, although they remain at highly significant levels[18]. Despite this, for all three KPIs, the ratio of aligned activities to eligible activities remains high: for turnover, it remains essentially stable, falling from 98.0% to 97.9%; for OpEx, it improved, rising from 96.1% to 97.9%; whilst for CapEx, it fell from 93.5% to 89.4%, indicating a lower proportion of aligned investments relative to total eligible investments compared with the previous financial year. For details of aligned and non-aligned activities, please refer to the section *'Assessment of technical criteria*'.

THE PROCESS FOR ASSESSING SMAT'S ACTIVITIES

To verify the eligibility and subsequent alignment of its activities with the EU Taxonomy, various corporate functions were involved in an analysis process that took place in accordance with the following stages.

Identification of eligible activities

The identification of eligible activities involved an analysis of the economic activities carried out by the SMAT Group, with a view to identifying those falling within the definitions set out in Annexes I and II of the Delegated Act on Climate and in Annexes I, II, III and IV of the Delegated Act relating to the further four environmental objectives.
For the purposes of the 2025 reporting, the SMAT Group applied a financial materiality threshold of 10% to exclude financially non-material (NFR) activities[19] , whilst retaining within the scope certain activities considered strategic.
Set out below are the identified economic activities that generated revenue or were subject to investments and operating costs in 2025, which are considered financially relevant and/or strategically significant and have therefore been assessed in terms of eligibility and alignment.

The eligible activities identified

Macro-category	Code	Eligible activity as provided for in the delegated regulations	Relevance
Water-related activities	Objective: Climate change mitigation (CCM)		
	CCM 5.1.	Construction, extension and operation of water abstraction, treatment and supply systems	Financially significant
	CCM 5.2.	Renovation of water abstraction, treatment and distribution systems	Financially significant
	CCM 5.3.	Construction, extension and operation of wastewater collection and treatment systems	Financially significant
	CCM 5.4.	Renovation of wastewater collection and treatment systems	Financially significant
	CCM 5.6.	Anaerobic digestion of sewage sludge	Not financially significant, but strategic
	Objective: Sustainable use and protection of water and marine resources (WTR)		
	WTR 2.1.	Water supply	Financially significant
	WTR 2.2.	Urban wastewater treatment	Financially significant
	Objective: Transition to a circular economy (CE)		
	CE 2.2.	Production of alternative water resources for purposes other than human consumption	Non-food, but strategic
Energy activities	Objective: Climate change mitigation (CCM)		
	CCM 4.1	Electricity generation using solar photovoltaic technology.	Not required, but strategic
	CCM 4.5.	Electricity generation from hydropower	NFR, but strategic
	CCM 4.13.	Production of biogas, transport biofuels and bioliquids	Non-core, but strategic

Activities excluded from eligibility and alignment assessment are those that are not financially significant and/or that support core businesses, or residual activities not considered strategic or representative of the SMAT Group's operations. These include, the following activities: "CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles", "CCM 7.1. Construction of new buildings", "CCM 7.2. Refurbishment of existing buildings", "CE 3.1. Construction of new buildings" and "CE 3.2. Refurbishment of existing buildings".

In order to ensure the results are correctly presented and interpreted, it should be noted that the data relating to turnover, OpEx and CapEx eligible under the European Taxonomy refer to the following environmental objectives: climate change mitigation, sustainable use and protection of water and marine resources, and the transition to a circular economy. It should also be noted that no activities have been identified relating to the objectives of climate change adaptation, the protection and restoration of biodiversity and ecosystems, and the prevention and reduction of pollution.

[18] With regard to the CapEx and OpEx KPIs, it should be noted that, compared with last year, the portions relating to non-material activities have been excluded from the assessment and, consequently, from the calculation of the eligibility percentage. These portions amount to 0.5% for CapEx and 2.9% for OpEx, respectively.
[19] Economic activities that contribute less than 10% to the denominator of the KPIs for turnover, capital expenditure (CapEx) or operating expenditure (OpEx) may be considered non-financially material and excluded from eligibility and the alignment assessment.

Assessment of the technical screening criteria

Following the identification of eligible activities, a detailed review of the technical screening criteria was carried out for each activity, to assess the **substantial contribution** to the relevant environmental objectives and the **DNSH criteria** for all assets and service scopes linked to activities eligible under the European Taxonomy that are capable of generating revenue and operating costs. For capital expenditure, the assessment covered individual project contracts. This assessment was carried out by calculating quantitative indicators and gathering qualitative information and conducting document analysis for each asset, service area or investment project analysed, in accordance with the requirements of the European Taxonomy and the characteristics of the activity, involving the relevant operational and technical departments in the process.

With regard to DNSH **criteria**, these may be activity-specific or **general**, cross-cutting **criteria**. The general criteria are set out in the five appendices to Annexes I and II of the Delegated Act on Climate and in Annexes I and II of Delegated Act 2023/2485. In particular, the DNSH criterion for the protection and restoration of biodiversity and ecosystems requires compliance with the relevant applicable legislation, whilst the DNSH criterion relating to adaptation to climate change requires a climate risk analysis to be carried out.

Assessment of the technical criteria

Macro-category	EU Taxonomy Activities	Overall compliance with the criteria of substantial contribution and DNSH
Water-related activities	CCM 5.1. Construction, extension and management of water abstraction, treatment and supply systems	**Aligned:** the water abstraction, treatment and supply system complies with the energy consumption threshold of 0.5 kWh/m³. Overall compliance with the DNSH criteria for the applicable objectives. **Not aligned:** -
	CCM 5.2. Renovation of water abstraction, treatment and distribution systems	**Aligned:** refurbishment works on water abstraction, transmission, distribution and metering systems relating to water supply networks and facilities located in municipalities that have recorded a 20% reduction in the distance from the 1.5 threshold of the Infrastructure Leakage Index, compared with the average of the previous three years. Overall compliance with the DNSH criteria for the applicable targets. **Not aligned**: works to upgrade water abstraction, conveyance, distribution and metering systems relating to water supply networks and facilities located in districts that have not recorded a 20% reduction in the distance from the 1.5 threshold of the Infrastructure Leakage Index, compared with the average of the previous three years.
	WTR 2.1. Water supply	**Aligned:** 28 municipalities meet the Infrastructure Leakage Index threshold of 2. General compliance with the Drinking Water Directive, presence of metering at the consumer level and the necessary water abstraction authorisations issued by the competent authorities. Compliance with the DNSH criteria for the applicable objectives. **Not aligned:** 266 municipalities do not meet the Infrastructure Leakage Index threshold of 2.
	CCM 5.3. Construction, extension and operation of wastewater collection and treatment systems	**Aligned:** 68 wastewater treatment plants meet the net energy consumption thresholds set for their respective size class. Overall compliance with the DNSH criteria for the applicable targets. **Not aligned**: 309 wastewater treatment plants do not meet the net energy consumption thresholds (smaller plants).
	CCM 5.4. Renovation of wastewater collection and treatment systems	**Aligned:** renewal works on wastewater collection and treatment systems focus on sewerage and treatment systems that have achieved a 20% reduction in net energy intensity compared with the average of the previous three years. Overall compliance with the DNSH criteria for the applicable targets. **Not aligned**: projects to renew wastewater collection and treatment systems must involve sewerage and treatment systems that have not achieved a 20% reduction in net energy intensity compared with the average of the previous three years.
	WTR 2.2. Urban wastewater treatment	**Aligned:** 246 sewerage and wastewater treatment systems provide at least secondary treatment and do not result in a deterioration of the good ecological status and potential of water bodies, whilst complying with the discharge limits set out in the authorisations issued by the competent authorities. Treatment plants with a capacity exceeding 100,000 p.e. stabilise sludge through anaerobic digestion. Overall compliance with the DNSH criteria for the applicable targets. **Non-compliant**: 131 sewerage and wastewater treatment systems are not equipped with at least secondary treatment.
	CCM 5.6. Anaerobic digestion of sewage sludge	**Compliant:** the anaerobic digestion plant for sewage sludge in Castiglione Torinese produces biogas, which is subsequently converted into biomethane, and has a monitoring and emergency plan in place to minimise losses of methane from the plant. Overall compliance with the DNSH criteria for the applicable objectives. **Not aligned:** the other anaerobic digestion plants for sewage sludge do not yet have sufficient analytical evidence to demonstrate compliance with the emission levels associated with the Best Available Techniques (BAT) ranges.

	EC 2.2. Production of alternative water resources for purposes other than human consumption	**Aligned**: Two plants with treated wastewater reused for industrial purposes, and a maintenance project at one of these plants, comply with national requirements for the reuse of wastewater for industrial purposes and are recognised in integrated water resources management planning documents. Overall compliance with the DNSH criteria for the applicable objectives. **Not aligned**: 3 water reuse systems for the irrigation of green spaces and for industrial use comply with national requirements for the reuse of treated wastewater,but are not included in an integrated water resources management plan.
Energy activities	CCM 4.1. Electricity generation using solar photovoltaic technology	**Aligned:** the photovoltaic plants at Castiglione, Bosconero, Valperga and the Corso Taranto warehouse, as well as one project to construct a photovoltaic plant, produce green energy and comply with the DNSH criteria for the applicable targets. **Not aligned**: for the photovoltaic plants at Rosta and Chisone, and for two projects to construct further photovoltaic plants, information regarding the durability and recyclability criteria for the DNSH Circular Economy is either not met or not yet available.
	CCM 4.5. Electricity generation from hydropower	**Aligned:** the hydroelectric power stations at Balme, Gravere di Susa, Chiomonte and Salbertrand, as well as the projects to install small-scale hydroelectric power stations on the water ne.twork, are run-of-river plants and comply with the DNSH criteria for the applicable objectives. **Not aligned**: -
	CCM 4.13. Production of biogas and biofuels for transport, and bioliquids	**Aligned:** the Castiglione Torinese biomethane plant produces biomethane, ensuring a reduction in greenhouse gas emissions of at least 65% compared with emissions from the relevant reference fossil fuel. No agricultural or forestry biomass is used for production, and the process meets criteria 1 and 2 of section 5.6. Overall compliance with the DNSH criteria for the applicable targets. **Not aligned**: -

Compliance with minimum social safeguards

In addition to the technical requirements relating to environmental objectives, the European Taxonomy also requires compliance with the minimum social safeguards. During the reporting process, it was verified that the SMAT Group complies with these safeguards, in accordance with Regulation 2020/852, by adopting the guidelines contained in the document “Final Report on Minimum Safeguards” published by the Platform on Sustainable Finance in October 2022. The assessment focused on the protection of human rights, anti-corruption measures, responsible tax management and compliance with competition rules. The SMAT Group has put in place policies, regulations, dedicated structures, procedures and management and control systems that govern internal and external conduct, supporting the proper functioning of its activities and safeguarding those working within or outside the organisation. In general, compliance with minimum safeguards is ensured by the Code of Ethics, a publicly available and binding document that translates the company’s values into behavioural standards. The principles of legality, transparency, integrity, fairness and the centrality of the individual form the basis of the company’s actions and guide its relationships with all stakeholders. The Code promotes regulatory compliance and fairness in the management and conduct of business activities, helping to ensure transparency and clarity regarding the principles that inspire the company and the responsibilities assumed by those who work for it. The Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (Model 231) is a set of protocols governing the management of sensitive processes, designed to reduce the risk of criminal offences being committed in relation to all aspects considered by the guidelines of the Platform for Sustainable Finance as relevant for the purposes of complying with minimum safeguards. The SMAT Group encourages the use of whistleblowing as a fundamental measure to combat all forms of discrimination, corruption and breaches of national and European regulations, under the supervision of the Head of Corruption Prevention and Transparency (RPCT) and with adequate anti-retaliation measures in place. As part of its mission, the SMAT Group recognises and protects the human rights, dignity and integrity of those involved in the company’s activities. SMAT promotes healthy and inclusive working environments, as confirmed by its ISO 45001:2018 and Top Employer Italia certifications, and fosters a culture of safety shared among managers, supervisors and staff. As evidence of its commitment to gender equality and the inclusion of all forms of uniqueness and diversity, the SMAT Group has held UNI/PdR 125:2022 certification since 2024, the result of the “SMATallaPARI” project, launched in 2023. The initiative includes structured measures for pay equity, impartial recruitment processes, support for parents, the promotion of inclusive language and training programmes on the value of diversity. These activities are monitored by a Steering Committee and form part of a three-year plan. The inclusion journey began with the Group’s signing up to Utilitalia’s “Diversity Makes the Difference” Pact (2019). In the area of anti-corruption, the SMAT Group has adopted an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (Model 231), structured into Specific Sections dedicated to the prevention of the main relevant offences, including those against the public administration, corporate offences, tax offences, offences relating to health and safety at work, and labour exploitation. The model provides for preventive measures such as risk mapping, codes of conduct for staff and third parties, control protocols, continuous training and self-assessment activities. These measures are integrated into the Three-Year Plan for the Prevention of Corruption and Transparency (PTPCT), which complies with ANAC guidelines and is geared towards fostering a culture of legality, the digitisation of workflows and operational transparency. Although it operates in a natural monopoly sector such as integrated water services, the SMAT Group guarantees fair competition and transparency in tendering and procurement, applying Regulations for sub-threshold contracts that ensure equal access, rotation of economic operators, traceability of procedures and integrity in relations with suppliers, contractors and partners, in accordance with Legislative Decree 36/2023. With regard to taxation, SMAT operates in full compliance with current tax regulations, adopting a conduct based on fairness and cooperation with the tax authorities. Tax management is viewed as an element of social responsibility and a means of contributing to the collective well-being and is monitored through the internal control system and the provisions of Model 231. Furthermore, there are corporate conduct principles for both the SMAT Group and its subsidiaries (Risorse Idriche S.p.A. and Aida Ambiente S.r.l.) based on prudence, transparency and the timely fulfilment of all obligations that form part of the procedures set out in Model 231 for mitigating the risks of tax offences covered therein, with particular attention to tax-related risks.

Analysis of economic and financial data, accounting standards and methods for calculating KPIs

The process of analysing **economic and financial data** to define the indicators required by the European Taxonomy (KPIs) involved the Administrative Department, together with the Administration, Planning, Finance and Control, and Regulatory Affairs offices. The analysis was carried out by mapping the individual items in the profit and loss account associated with eligible activities, drilling down to a greater level of detail in some cases with the aid of cost accounting.

The eligible economic and financial data were then reconciled with the **technical evaluations of assets, service scopes and investments** to identify the amounts relating to aligned economic activities.

The economic and financial indicators showing the proportions of activities that are eligible and aligned with the European Taxonomy are determined based on data from **the SMAT Group's consolidated financial statements**, prepared in accordance with **International Financial Reporting Standards (IFRS)**.

Revenue KPI

The numerator of this indicator comprises the sum of revenue derived from activities aligned with the European Taxonomy, whilst the denominator comprises the total net revenue.

For the calculation of the indicator, net revenue from sales and services was taken into account, defined as amounts deriving from the sale of products and the provision of services, including intangible services. In assessing net revenue, the 'Revenue' and 'Other operating revenue' items in the income statement were taken into account, recognised in accordance with IAS 1 (please refer to the sections on 'Revenue' and 'Other operating revenue' in the notes to the income statement in the consolidated financial statements). Revenue linked to capitalisations recognised under CapEx was not taken into account. Eligible revenue also includes revenue and income from the sale of energy produced by the photovoltaic and hydroelectric plants operated by the Group, from biomethane produced and fed into the national grid, and from the processing of biomass in anaerobic digestion plants. The aligned revenues were identified by reconciling them with the economic activities assessed in accordance with the process described in the previous sections. In order to identify the proportions of eligible and aligned revenues for the various activities, the revenues were attributed to the various plants and service areas via the cost centres in cost accounting and through reconciliations between the municipalities served and the sewerage and wastewater treatment systems. In the case of amounts linked to cost centres relating to the entire water supply system or the entire sewerage and wastewater treatment sector, drivers were used to identify the proportion of revenue attributable to each municipality, based on the length of the network in kilometres, and to each sewerage and wastewater treatment system, based on the population equivalent of the downstream treatment plant.

KPI: Operating Costs (OpEx)

The operating expenses indicator includes, in the numerator, the sum of the costs as set out in Article 8 of Regulation 2020/852 associated with activities aligned with the European Taxonomy, and, in the denominator, the total operating costs recognised by the Regulation, as specified in more detail below.

For the calculation of the indicator, only the operating costs recognised by the European Taxonomy were considered in the denominator, namely the direct, non-capitalised costs related to research and development, building

refurbishment, short-term leases, maintenance and repairs, and any other direct expenditure relating to the day-to-day maintenance of property, plant and machinery, whether by the company itself or by third parties to whom activities have been outsourced, which are necessary to ensure the continuous and effective operation of such assets. In defining eligible operating costs, all daily maintenance costs necessary to ensure the continuous and effective operation of the business were taken into account, including the proportion of costs relating to the purchase of materials, services and staff costs directly attributable to maintenance activities, as well as so-called *'day-to-day servicing'* costs. To identify and allocate the portion of operating expenses associated with eligible activities and aligned with the European Taxonomy, the individual operating cost items included in the denominator were analysed, refining the assessment where necessary using information contained in the cost accounting records. In the case of operating costs for which no precise link was available to the activities of water supply (CCM 5.1./WTR 2.1.) and wastewater collection and treatment (CCM 5.3./WTR 2.2.), the allocation between the two activities was carried out using the accounting unbundling criteria governed by the national regulator ARERA.
The aligned operating costs were identified by reconciling them with the economic activities assessed in accordance with the process described in the preceding sections. In order to identify the eligible and aligned shares of operating costs for the various activities, account was taken of the operating costs attributable to the facilities and service areas via the cost centres in cost accounting and through reconciliations between the municipalities served and the sewerage and wastewater treatment systems. In the case of amounts linked to cost centres relating to the entire water supply system or the entire sewerage and wastewater treatment sector, drivers were used to identify the proportion of operating costs attributable to each municipality, based on network length in kilometres, and to each sewerage and wastewater treatment system, based on the population equivalent of the downstream treatment plant.
The cost categories recognised by the European Taxonomy are all included under 'Costs of raw materials and consumables', 'Costs of services and use of assets' and 'Staff costs' (please refer to the sections on 'Costs of raw materials and consumables', 'Costs of services and use of assets' and 'Staff costs' in the notes to the income statement items in the consolidated financial statements). It should be noted that the denominator does not correspond to the total of these items, as they also include types of operating costs not recognised by the European Taxonomy.

KPI: Capital Expenditure (CapEx)

The capital expenditure indicator includes, in the numerator, the sum of investments in assets aligned with the EU Taxonomy, whilst the denominator consists of the sum of the gross increases recorded in 2025 in tangible and intangible fixed assets during the financial year, considered before depreciation and any revaluations, including those arising from revaluations and write-downs.
The capital expenditure taken into account corresponds to the increases in tangible and intangible fixed assets during the financial year, recognised in accordance with IFRIC 12 – Service Concession Arrangements, IAS 16 – Property, Plant and Equipment, IAS 38 – Other Intangible Assets and IFRS 16 – Leases (please refer to the sections 'Property, Plant and Equipment', 'Intangible Assets', 'Other Intangible Assets' and 'Assets under concession' in the notes to the Balance Sheet items of the consolidated financial statements). In addition to the items specified in Delegated Regulation (EU) 2021/2178, IFRIC 12 has also been included due to the specific nature of the Integrated Water Service, which is provided based on service concessions. The concession comprises rights to networks, plant and other assets relating to the Integrated Water Service connected with services managed by the SMAT Group, including related infrastructure construction and improvement services. Each contract has been accurately assigned to the relevant taxonomic categories based on the type and purpose of the project, and the alignment has been assessed in accordance with the process described in the preceding sections.

2025

KPIs	Total	Percentage of eligible activities	Activities aligned with the taxonomy	Percentage of activities aligned	Breakdown by environmental objectives of activities aligned with the Taxonomy.						Share of enabling activities	Proportion of transition activities	Activities not assessed as they are considered immaterial	Activities aligned with the Taxonomy in the previous financial year	Proportion of activities aligned with the Taxonomy in the previous financial year
					Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems					
	€	%	€	%	%	%	%	%	%	%	%	%	%	€	%
Turnover	445,988,451	99.3%	433,569,301	97.2%	43.3%	0.0%	53.9%	0.0%	0.0%	0.0%	0%	0%	0.0%	369,884,965	93.4%
CapEx	266,674,881	96.0%	228,824,835	85.8%	48.0%	0.0%	37.7%	0.2%	0.0%	0.0%	0%	0%	0.5%	243,743,625	91.2%
OpEx	59,769,947	89.8%	52,547,891	87.9%	55.4%	0.0%	32.4%	0.1%	0.0%	0.0%	0%	0%	2.9%	45,720,807	89.4%

NOTES:

Where an economic activity contributes substantially to more than one environmental objective, the breakdown of Taxonomy-aligned activities by environmental objective was carried out according to the following principles:

a. a. Where a substantial contribution was found to have been made to only one of the objectives, the objective for which the criteria for a substantial contribution set out in the EU Taxonomy were met was considered relevant;

b. b. Where substantial contribution was verified for more than one objective, priority was given to the objective most consistent with the nature and purpose of the activity carried out. Where substantial contribution was verified for more than one objective, priority (highlighted in bold) was given to the objective most consistent with the nature and purpose of the activity carried out.

KPI: Turnover 2025					Breakdown by environmental objectives of activities aligned with the Taxonomy.								
Economic activity	Code	Percentage of eligible turnover	Value of adjusted turnover	Percentage of aligned turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Prevention and reduction of pollution	Restoration of biodiversity and ecosystems	Proportion of enabling activities	Proportion of transition activities	Share of aligned activities out of the total eligible amount
		%	€	%	%	%	%	%	%	%	%	%	%
Electricity generation using solar photovoltaic technology	CCM 4.1.	0.1%	265,956	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	98.8%
Electricity generation using hydroelectric technology	CCM 4.5.	0.4%	1,891,286	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Production of biogas and biofuels for transport, and bioliquids	CCM 4.13.	1.2%	5,277,113	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Construction, extension and operation of water abstraction, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	42.0%	187,535,623	42.0%	42.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Construction, extension and operation of wastewater collection and treatment systems / Urban wastewater treatment	CCM 5.3./WTR 2.2.	55.5%	238,298,138	53.4%	42.1%	0.0%	53.4%	0.0%	0.0%	0.0%	0.0%	0.0%	96.3%
Anaerobic digestion of sewage sludge	CCM 5.6.	0.1%	301,185	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total alignment per objective					85.7%	0.0%	53.9%	0.0%	0.0%	0.0%			
Total turnover*		99.3%	433,569,301	97.2%	43.1%	0.0%	53.9%	0.0%	0.0%	0.0%	0.0%	0.0%	97.9%

* excluding double counting

Key:
CCM: climate change mitigation
CCA: climate change adaptation
WTR: sustainable use and protection of water and marine resources
CE: transition to a circular economy
PPC: pollution prevention and control
BIO: restoration of biodiversity and ecosystems
Note: in the KPI total row, in order to avoid double counting in the breakdown of alignment by environmental objective, where an economic activity contributes substantially to more than one objective, the following approach has been adopted:
a. where a substantial contribution has been verified for only one objective, the objective for which the relevant criteria established by the EU Taxonomy are met has been considered relevant;
b. where a substantial contribution has been verified for more than one objective, the objective most consistent with the nature and purpose of the activity carried out has been deemed relevant.

OpEx KPIs
2025

Economic activity	Code	Percentage of eligible operating expenditure	Value of aligned operating expenditure	Percentage of aligned operating expenses	Breakdown by environmental objectives of activities aligned with the Taxonomy. Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Share of enabling activities	Share of transition activities	Proportion of aligned activities out of the total eligible amount
		%	€	%	%	%	%	%	%	%	%	%	%
Electricity generation using solar photovoltaic technology	CCM 4.1.	0.0%	12,744	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Electricity generation using hydroelectric technology	CCM 4.5.	0.0%	152	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Production of biogas and biofuels for transport, and bioliquids	CCM 4.13.	0.3%	187,940	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Construction, extension and operation of water abstraction, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	43.4%	25,955,938	43.4%	43.4%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Construction, extension and operation of wastewater collection and treatment systems / Urban wastewater treatment	CCM 5.3./WTR 2.2.	45.77%	26,297,112	44.0%	31.0%	0.0%	43.9%	0.0%	0.0%	0.0%	0.0%	0.0%	96.1%
Anaerobic digestion of sewage sludge	CCM 5.6.	0.1%	18,046	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.6%
Production of alternative water resources for purposes other than human consumption	CE 2.2.	0.2%	75,959	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	70.8%
Total alignment by objective					74.7%	0.0%	45.4%	0.1%	0.0%	0.0%			
Total operating expenses*		89.8%	52,547,891	87.9%	42.4%	0.0%	45.4%	0.1%	0.0%	0.0%	0.0%	0.0%	97.9%

* excluding double counting

Key:
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b. where a substantial contribution has been verified for more than one objective, the objective most consistent with the nature and purpose of the activity carried out has been deemed relevant.

CapEx KPIs

2025

Economic activity	Code	Percentage of eligible CapEx	Value of aligned CapEx	Percentage of aligned CapEx	Breakdown by environmental objectives of activities aligned with the Taxonomy. Climate change mitigation	Climate change adaptation	Sustainable use and protection of water and marine re-	Transition to a circular economy	Pollution prevention and reduction	Restoration of biodiversity and ecosystems	Share of enabling activities	Share of transition activities	Share of aligned activities out of the total eligible amount
		%	€	%	%	%	%	%	%	%	%	%	%
Electricity generation using solar photovoltaic technology	CCM 4.1.	0.0%	292	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%
Electricity generation using hydroelectric technology	CCM 4.5.	0.1%	170,517	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Construction, extension and operation of water abstraction, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	49.5%	132,130,115	49.5%	49.5%	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Renewal of water collection, treatment and supply systems	CCM 5.2./WTR 2.1.	11.0%	5,067,887	1.9%	1.9%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	17.2%
Construction, extension and operation of wastewater collection and treatment systems / Urban wastewater treatment	CCM 5.3./WTR 2.2.	26.0%	67,285,855	25.2%	20.1%	0.0%	25.2%	0.0%	0.0%	0.0%	0.0%	0.0%	96.5%
Renewal of wastewater collection and treatment systems	CCM 5.4./WTR 2.2.	9.1%	23,731,477	8.9%	5.0%	0.0%	8.9%	0.0%	0.0%	0.0%	0.0%	0.0%	97.4%
Anaerobic digestion of sewage sludge	CCM 5.6.	0.04%	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Production of alternative water resources for purposes other than human consumption	CE 2.2.	0.2%	438,693	0.2%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	100.0%
Alignment total per objective					76.6%	0.0%	37.7%	0.2%	0.0%	0.0%			
Total CapEx*		96.0%	228,824,835	85.8%	48.0%	0.0%	37.7%	0.2%	0.0%	0.0%	0.0%	0.0%	89.3%

* excluding double counting

Key:
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ESRS E1 – CLIMATE CHANGE

[ESRS 2 GOV-3] Integration of sustainability performance into incentive schemes

SMAT has drawn up a Sustainability Plan that includes specific quantitative climate-related objectives, including targets for reducing greenhouse gas (GHG) emissions, consistent with the company's strategy. In this context, **an assessment** is currently **underway aimed at integrating** these **targets into the incentive schemes for the governing bodies** in a more structured manner.

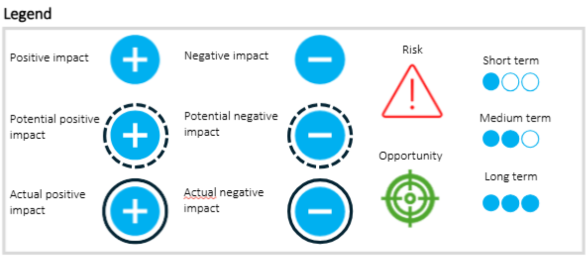
[ESRS E1-1] Transition plan for climate change mitigation

As part of its 2029 Sustainability Plan, **SMAT has already set specific targets for reducing emissions and strengthening climate resilience**, outlining an initial transition pathway towards a lower-emission operating model.
In line with this approach, SMAT plans to identify further **decarbonisation strategies** and **develop a Transition Plan** aimed at mitigating climate change by 2027. This Plan will enable the further detailing of actions, tools and priority areas of intervention to achieve the targets already set.
In this context, specific initiatives are currently being assessed, including the development of projects for the direct measurement of emissions in the wastewater treatment sector, aimed at identifying more targeted reduction measures, including through collaborations with research bodies such as the Joint Research Centre (JRC), to support in-depth methodological and technical analysis on the quantification of emissions linked to wastewater treatment, the energy neutrality of treatment plants and integrated urban water management plans.

[ESRS 2 SBM-3] Significant impacts, risks and opportunities and their interaction with the corporate strategy and business model

SMAT considers both **transition risks and physical risks**, alongside the **opportunities** arising from them. This enables the company to respond effectively to market changes, address climate impacts and promote growth based on innovation and respect for the environment.
As part of its double materiality analysis, SMAT has identified and categorised climate-related risks, distinguishing between physical and transition risks.

Sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Adaptation to climate change		Positive impact on service quality and continuity thanks to the upgrading and optimisation of infrastructure		The entire value chain
		Infrastructure damage and costs associated with extreme weather events that affect service continuity		Own operations
		Increased conflict over the use of water resources due to reduced water availability		Upstream and own operations
		Risk of a deterioration in the quality of the resource due to reduced dilution of pollutants caused by a decrease in volumes or flow rates, resulting in the need for more expensive treatment.		Own operations and downstream
Climate change mitigation		Negative impact on climate change due to greenhouse gas emissions along the value chain		Upstream and own operations
		Costs of adapting treatment systems to comply with energy neutrality regulations		Own operations
		Opportunities for energy cost savings through efficiency measures that reduce consumption		Own operations
Energy		Positive impact on climate-changing gas emissions and overall energy consumption thanks to self-generation and energy efficiency measures		Upstream and downstream operations
		Energy savings through reduced water losses and process efficiency improvements		Upstream and own operations



[ESRS 2 IRO-1] DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

SMAT has identified and assessed the impacts, risks and opportunities associated with climate change as significant, considering both the negative and positive effects arising from its own activities and throughout the value chain. For further information, please refer to paragraph ESRS E1 SBM-3 in this chapter.

Analysis of physical climate risks

Addressing the issue of adaptation to the climate crisis means recognising the increasingly severe impacts of extreme weather events, which are growing in severity and frequency as global warming intensifies. Against this backdrop, a structured adaptation process is essential if we are to build a sustainable future for society.

In line with the Regional Strategy for Adaptation to Climate Change (SRACC), SMAT has defined its own Strategy, structured around three main pillars: strengthening the system's adaptive capacity – understood as the totality of resources and expertise available to respond to climate impacts; reducing vulnerability – that is, decreasing the susceptibility of natural and socio-economic systems to potential damage; and reducing the exposure of corporate assets to climate risks. This strategic framework formed the basis for the development of the Climate Change Adaptation Plan (PACC), which includes an in-depth assessment of climate risk across the area managed by SMAT, the identification of the areas and assets that are more or less exposed, and the definition of concrete and targeted adaptation measures.

Climate change induces complex changes in climatic characteristics across different spatial and temporal scales, affecting, for example, average climatic characteristics (annual mean values, seasonal cycle) and the frequency, intensity, spatial extent and duration of extreme weather events[20] . These changes can be of such magnitude as to cause adverse impacts on environmental and socio-economic systems, giving rise to what are typically defined as 'climate hazards'.

Climate hazards are a fundamental element in the study and assessment of climate risk, which is defined as the product of vulnerability, exposure and the climate hazard itself. With a view to carrying out a climate risk assessment, in 2022 SMAT entered into a research project with the Euro-Mediterranean Centre on Climate Change (CMCC), which provided the SMAT Research Centre with climate projections for a set of indicators representative of the climate hazards in the area managed by SMAT and which impact the activities of the Integrated Water Service.

The climate risk assessment is currently the subject of further in-depth analysis, carried out in collaboration with the academic world, including through research activities, PhD programmes and degree theses, with the aim of progressively refining the analytical model and updating the available evidence by

[20] AR6, IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp, https://doi.org/10.1017/9781009325844

2026. In this context, updates are currently being made to the hazard maps integrated into the company's mapping systems, with a particular focus on extreme rainfall, flooding events and hazard indicators linked to hydrogeological instability (e.g. landslides).
The scenarios used for the projections are **three RCP** (Representative Concentration Pathways) **scenarios** defined in the Fifth Assessment Report (AR5) of **the IPCC** (Intergovernmental Panel on Climate Change).

IPCC Scenario	Description
RCP 2.6 (Aggressive mitigation)	Assumes significant mitigation strategies, as a result of which greenhouse gas emissions will be reduced almost entirely by around two-thirds of the way through the current century. Consequently, by 2100, the increase in global average temperature will not exceed 2°C above pre-industrial levels.
RCP 4.5 (Strong stabilisation)	This scenario assumes that measures will be taken to control greenhouse gas emissions, as a result of which CO_2 emissions are expected to fall below current levels (400 ppm) by 2070, whilst atmospheric concentrations are projected to stabilise by the end of the century at around twice pre-industrial levels.
RCP 8.5 (Business as usual)	This scenario assumes negligible mitigation measures, which will lead, by 2100, to atmospheric CO_2 concentrations that are three or four times higher (840–1120 ppm) than pre-industrial levels (280 ppm).

The climate projections were assessed over two 30-year periods, one centred on the year 2035 (**2021–2050**) and the other on the year 2050 (**2036–2065**), relative to the **1981–2010** reference period. The **priority climate hazards,** for which the CMCC provided maps of expected climate change, were defined by the SMAT Research Centre through a structured consultation process with stakeholders both within and outside SMAT. In particular, interviews were conducted with operational departments within the company, climatologists from ARPA (Regional Agency for Environmental Protection) Piedmont, the CMCC itself, the Institute of Atmospheric Sciences and Climate of the CNR, as well as with lecturers and research staff from the University and the Polytechnic University of Turin. The process was supported by an analysis of historical adverse events and a review of the relevant scientific literature. This led to the identification of seven priority climate hazards: wildfires, hydrogeological instability (surface landslides, debris flows and rockfalls), floods, extreme precipitation events, droughts, rising average temperatures and heatwaves.
The climate risk assessment was therefore carried out entirely at the Research Centre, which calculated the overall hazard, exposure and sensitivity indices and assessed adaptive capacity, providing numerical maps and arriving at a climate risk classification for each of the activities and sectors in which SMAT operates. The adaptation measures already adopted – whether of a policy, procedural or strategic nature, or relating to physical actions already implemented – have helped to mitigate the level of risk, enabling the company's activities to be classified within a medium-to-low physical climate risk category.

Analysis of transition risks and opportunities
SMAT has launched an initial analysis of transition risks and opportunities. Among the main risks are **political and legal** risks, linked to the tightening of regulations on mitigation and adaptation, which would entail compliance costs and reporting obligations. The company's response involves the proactive analysis of wastewater treatment efficiency, process modelling and optimisation, technology scouting, innovation and investment planning, including facilities for self-generation from renewable sources. At the same time, assessments and planning are underway to strengthen the capacity for direct emissions measurement, particularly in wastewater treatment processes, with a view to improving the granularity of analyses and supporting the identification of more targeted reduction measures.
Regulatory developments in the field of sustainable finance represent a strategic opportunity: over 90% of SMAT's investments are eligible under the EU Taxonomy and are therefore potentially sustainable. SMAT thus has the opportunity to take advantage of preferential (green) financial instruments.

[ESRS E1-2] POLICIES RELATING TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Code of Ethics
To mitigate its impact on climate change arising from GHG emissions across the value chain and to avoid the risk of compliance costs in response to relevant regulations, SMAT applies the Code of Ethics, in which it recognises **the environment as a primary asset to be protected**.
The Code of Ethics aims to promote a strategy geared towards sustainable development, integrating economic, environmental and social dimensions in a balanced manner. With this in mind, it affirms the commitment to minimise the environmental impact of the company's activities, to use natural resources rationally and to safeguard environmental conditions for future generations. The Code also refers to the

precautionary principle[21] of the Rio Charter (1992) and the Sustainable Development Goals of the UN 2030 Agenda (SDGs), supporting technological innovation and the promotion of a strong environmental awareness within the organisation.
It applies to **all those who act on behalf of or in the interests of SMAT** and who are required to comply with it, ensuring adherence to applicable laws and regulations. Oversight of the Code of Ethics and its implementation is the responsibility of the Group's management and of employees, who are required to report any breaches to the Supervisory Body.
The Code of Ethics is made available to all stakeholders, who are required to be fully familiar with it and to observe it. It is published on the company website and provided to all employees upon recruitment (as part of the *on-boarding* procedure) and is subsequently accompanied by appropriate information and training activities.

Integrated Policy on Quality, Environment, Safety and Energy
With regard to its activities and value chain, SMAT adopts the Integrated Policy aimed at **mitigating environmental and climate impacts**, ensuring high standards of service quality, safeguarding the health and safety of workers, and **promoting the efficient and sustainable use of energy**, through structured systems of prevention, monitoring and control.
The Policy sets out the Integrated Management System, which complies with the international standards ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Health and Safety) and ISO 50001 (Energy). It applies to **all activities of SMAT**[22] and covers the entire Integrated Water Service. It also extends to the entire territory served, including internal and external stakeholders – from employees to suppliers, right through to the general public and local communities – and is consistent with the precautionary principle, the objectives of the United Nations 2030 Agenda and national and EU regulatory requirements.
SMAT is committed to continuously improving its energy performance by promoting energy efficiency, self-generation from renewable sources and the integration of water and energy infrastructure, in line with the objectives of decarbonisation and the energy transition.
Ultimate responsibility **for implementing the policy rests with the CEO and the Director-general**, who, in consultation with the BoD, define and periodically update the strategic guidelines in line with emerging needs.
The Policy is communicated to all those who collaborate with, and to parties acting on behalf of, SMAT, and is made available via the company intranet and the corporate website, so as to ensure full transparency towards all stakeholders. The implementation of the Policy is monitored through the setting of specific objectives, the measurement of performance indicators and annual reporting on progress, as provided for by the Integrated Management System. The policy was updated in July 2025.

Climate Change Adaptation Plan (PACC)
To ensure the quality and continuity of the service, whilst reducing the impact of extreme events and potential conflicts that may arise during periods of water scarcity, SMAT has defined its own **Climate Change Adaptation Strategy**, implemented through the **Climate Change Adaptation Plan.** The Plan serves as the operational tool for the strategy and aims to strengthen the resilience of the Integrated Water Service; it is aligned with the National Adaptation Plan (PNACC), the Regional Adaptation Strategy and European regulations, and integrates adaptation into business processes with a view to full implementation within the next five years.
The PACC and its annexes (which form an integral part of it) address in a structured manner the main aspects relating to the climate resilience of the Integrated Water Service, starting with an analysis of risks and vulnerabilities. The climate risk assessment was developed based on CMCC projections, considering the interaction between hazard, exposure, sensitivity and adaptive capacity. Based on these analyses, the Plan identifies concrete actions across several levels – technical-operational, institutional, knowledge-based and awareness-raising – including staff training, the development of organisational and participatory processes, the adoption of governance and monitoring tools, early warning systems, research activities and emergency planning. For further information on climate risk analysis, please refer to paragraph E1 IRO-1 of this Sustainability Report.

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[12] A guiding principle of international environmental law which states that 'Where there is a threat of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing effective measures to prevent environmental degradation.' (Principle 15 of the Rio Declaration, 1992).
[22] The subsidiaries hold ISO 9001 (Water Resources) and 45001 and 14001 (AIDA Ambiente) certification.

The scope of the PACC covers all SMAT's activities and considers interactions with the **value chain**, research bodies and regulatory institutions.
The implementation of the actions set out in the Plan will be prioritised in consultation with the CEO and based on the assets most at risk and their strategic importance.
SMAT pays particular attention to its internal and external **stakeholders**, including operational departments, the public, regulatory bodies, scientific institutions and local communities, by promoting cross-cutting initiatives to raise awareness and develop specific skills and knowledge. Raising awareness and increasing understanding of the expected impacts of a changing climate and the need to adapt to these changes form the starting point for *capacity-building* activities, which are supported through **networking**, **the dissemination of information**, **education and training, partnerships**, and the exchange of experience and knowledge.

[ESRS E1-3] Actions and resources relating to climate change policies

Initiatives for adaptation to climate change: climate risk management

Preliminary climate risk assessment in new projects

In collaboration with the Technical Quality Service, SMAT has begun integrating climate hazard and physical vulnerability maps into the organisation's mapping system. The maps, developed by the SMAT Research Centre as part of the PACC, serve as an operational tool for translating the results of climate risk analysis into a geographical framework.
This integration will be fully operational by 2026 and will enable real-time verification of whether a new project is located in areas exposed to high climate hazards and the associated physical vulnerability. In such cases, it will be possible to request the incorporation of targeted adaptation measures at the design stage, in accordance with the provisions of the Plan and in line with European Union directives for new projects.
This initiative contributes to the objectives of the PACC and the Adaptation Strategy, ensuring preventive and integrated management of climate risks, promoting alignment between infrastructure planning and corporate adaptation strategies, mitigating infrastructure damage and the costs associated with extreme weather events that impact service continuity, and strengthening prevention capacity, the resilience of the water service and long-term sustainability.

PrecipiTO: an early warning system for managing extreme precipitation events

Among the measures implemented by SMAT to reduce the risk of infrastructure damage and the costs associated with extreme rainfall events is the PrecipiTO project, which the SMAT Research Centre is developing in collaboration with the Natural Hazards Department of ARPA Piemonte. The initiative involves providing SMAT's operational departments with an **advanced system for monitoring and nowcasting** highly convective, high-impact and rapidly evolving **precipitation events**, through the development of an **alert system** for the operational management of such critical situations, which integrates data from rain gauges, weather radars and nowcasting models.
As part of the project, a number of key components have already been developed and completed, **including the hydraulic model** of the city of Turin's **drainage network**, the **definition of** reference **meteorological datasets** and the installation of an **urban monitoring network comprising around 20 rain gauges**, as well as the identification of a pilot catchment area for testing the solutions.
Methodological development work is also **underway**, aimed at integrating various data sources (rain gauges, radar and forecast models), locally calibrating the model using sensors in the drainage channels, analysing the spatial and temporal variability of rainfall, automating the hydraulic model construction pipelines, and correcting radar data using ground-based measurements.
Future activities include the integration of nowcasting models (including in collaboration with ARPA Piemonte) into the hydraulic modelling, the development of real-time forecasting chains, the identification of bottlenecks in the drainage network, and support for the design of adaptation measures, including nature-based solutions (NbS).
The system developed as part of PrecipiTO, which is due to be completed by the end of 2027, will facilitate adaptation to extreme rainfall events, enabling the identification of the main critical issues within the drainage network when managing the most intense rainfall events, highlighting those areas that are most vulnerable to localised flooding and the potential impacts on urban infrastructure, fully in line with climate adaptation policies, with a view to improving the capacity to respond to and prevent infrastructure damage and ensuring the continuity of essential services.

LIFE CLIMAX PO: climate adaptation for the Po river basin

SMAT is participating in the European LIFE CLIMAX PO project, an integrated strategic initiative coordinated by the Po River Basin Authority and aimed at strengthening adaptation to climate change through 'climate-smart' water resource management at the river basin level, in line with the National Strategy for Adaptation to Climate Change (SNAC) and the PNACC. The project, which will run for nine years (2023–2032), involves 25 partners, including public bodies, competent authorities, researchinstitutes, managing bodies and technical organisations operating at various levels of local government.

One of the key features of CLIMAX PO is the strengthening of **adaptation governance**, understood as the capacity to coordinate, in a structured manner, institutional levels, technical expertise and various stakeholders around shared priorities for climate resilience. In this context, during the first phase of the project, a model for ongoing dialogue was established through the creation of ***Stakeholder Boards***, organised at district level and at regional levels (Piedmont, Lombardy, Emilia-Romagna), with an advisory, informative and supportive role in relation to project activities. These forums have helped to structure stakeholder engagement, gather useful input for defining priorities and strengthen the region's institutional and technical capacity on adaptation issues.

In 2025, the project made significant progress in this very area, with the operational consolidation of the regional and district Stakeholder Boards, the expansion of the range of stakeholders involved, and the strengthening of *capacity-building* and consultation activities. In particular, the meetings held throughout the year provided an opportunity to explore key topics such as climate scenarios, multi-level governance, planning tools, Nature-based Solutions (NbS), stormwater management and opportunities for complementary funding, helping to build a shared foundation of knowledge and relationships that will underpin the subsequent implementation phases.

Within the project, SMAT participates both in the cross-cutting strands on adaptation governance and stakeholder engagement, and in the more technical work packages dedicated to strengthening the resilience of urban drainage networks. In this context, SMAT makes the expertise of its Research Centre available to the partnership, particularly on the topics of forecasting extreme rainfall events, monitoring and defining intervention strategies for risk reduction. SMAT's budget is largely co-financed by the European Union's LIFE Programme.

Initiatives for climate change adaptation: resilience and upgrading of infrastructure

Maintenance works to ensure infrastructure resilience

One of the main challenges facing Integrated Water Service operators is to demonstrate resilience and **adapt their infrastructure to climate change**. In this context, service management requires a gradual shift from reactive approaches to predictive models, based on integrated data analysis and proactive planning of interventions. Optimal management of this service must, in fact, be capable of addressing increasingly frequent crises through the preparation of targeted contingency plans and the allocation of investment aimed at strengthening and preserving the integrity of the infrastructure.

SMAT is committed to ensuring the resilience and efficiency of its infrastructure through **careful management of routine and non-routine maintenance**. It invests significant resources in the daily and timely replacement and repair of its infrastructure, as well as in planning upgrade works to address any critical issues, with a view to maintaining the infrastructure's efficiency. This approach is complemented by the ongoing development of digital and analytical tools to support decision-making, aimed at improving the ability to prevent and manage critical issues. Maintenance work utilises **the most advanced systems and technologies**. For example, for pipe rehabilitation (sealing joints, descaling, flushing and lining) and sewer maintenance, SMAT combines traditional technologies with *trenchless* and no-dig techniques. Furthermore, every year there is an increase in the number of fully computerised networks: by 2025, the length of the georeferenced networks had reached 13,617 km for the water supply network (100% of the network) and 10,479 km for the sewerage network. SMAT uses a tool called **WEBSIT, which allows the networks under its management to be visualised** along with all the associated technical equipment. The evolution of this application's functionality, **integrated with the Geographic Information System (GIS),** now enables faster technical analyses, real-time updates to network information, and improvements to the quality and reliability of spatial data. Furthermore, the integration of information systems, technical mapping and maintenance tools facilitates the development of risk analysis models to support asset management. By utilising the ability to interface the maintenance IT system with the GIS, a further tool

has been developed to manage water supply and sewerage manhole covers. This tool enables the prioritisation of inspections and maintenance of access structures to the networks and to Users' connections based on a risk analysis. This priority is estimated based on the vulnerability of the elements that may potentially interfere with the structure (i.e. the probability that a structure will be crossed by vehicular, cycle or pedestrian traffic) and the severity of its deterioration.
Through the vulnerability analysis, it is possible to assess inspection priorities and, following a site inspection, to estimate the priority of restoration works.
The table below shows the number of technical and maintenance interventions carried out in the two-year period 2024–2025 on the main services managed by SMAT, highlighting the intensity of the activities undertaken to ensure the continuity, functionality and reliability of the water supply, wastewater treatment and sewerage infrastructure. In 2025, the total number of technical and maintenance interventions carried out on the water supply, wastewater treatment and sewerage services remained at high levels. In particular, the wastewater treatment service recorded a 55% increase compared with 2024 (from 8,716 to 13,484).

	2024	2025
Water supply service (no.)		
Technical and/or maintenance interventions carried out	36,395	37,670
Wastewater treatment service (n)		
Technical and/or maintenance work carried out	8,716	13,484
Sewerage service (n)		
Technical and/or maintenance work carried out	9,676	9,545

The Idropolitana: increasing the resilience of the urban sewerage system
SMAT is committed to the construction of a major new infrastructure project, known as the 'Idropolitana', with the aim of **increasing the resilience of the city's sewerage system**, helping to mitigate the impacts of extreme weather events.
The Idropolitana will also ensure service continuity during extraordinary maintenance work, providing redundancy in relation to the existing inter-municipal collector, which has been in operation for over 40 years. The project will improve the management of the hydraulic load entering the Castiglione Torinese treatment plant, thanks to its function of regulating rainwater flow rates.
The project was launched in 2023 and is expected to be completed by 2028. During 2025, the first phase of the project was completed, involving the construction of the new collector along the section from Parco Colonnetti to Piazzale Ceirano, covering a total length of approximately 4 km, carried out using low-impact technologies such as microtunnelling and minitunnelling.
Work has also begun on the second phase of the project, covering the section from Piazzale Ceirano to Parco dell'Arrivore, which involves the use of *a Tunnel Boring Machine* (TBM) for mechanised excavation, over a total length of approximately 9.5 km at a depth of around 20 metres. In 2025, the first kilometre of tunnel was completed. Overall, **the project represents a strategic piece of infrastructure for climate change adaptation**, as it increases the resilience of the urban sewerage system to extreme weather events, contributing to the objectives of the PACC and the Adaptation Strategy through improved water management and the reduction of pollution in receiving waters.
For further information on the Idropolitana, please refer to the section *'D1. Progress on Major Infrastructure Projects and PNRR Funding'* in the document.

Climate change mitigation initiatives

Energy neutrality of wastewater treatment plants
SMAT, in collaboration with A2A, Acquedotto Pugliese, HERA, IREN, MM and Nepta, is participating in **the 'Energy neutrality of wastewater treatment plants'** project.
The project aims to provide the national legislature with objective guidance, supported by concrete data, to steer the transposition of the new European Union Directive **on urban wastewater treatment towards realistically feasible solutions**. The new Directive stipulates that, at national level, the total annual energy from renewable sources generated – whether on-site or elsewhere – by the owners or operators of urban wastewater treatment plants treating a load of 10,000 population equivalents (p.e.) or more must increase progressively until it covers the plants' entire energy requirements.
The project involves an initial phase of **identifying, at national and European level, technologies that have already been implemented or can be implemented** in the short to medium term. In a second phase, a

technical and economic assessment was carried out of the solutions that can be applied immediately to achieve the first target set: to cover 20% of total annual energy consumption by 31 December 2030. In parallel, a regulatory analysis was carried out to identify any necessary amendments or additions to existing legislation, with a view to facilitating the application of the requirements set out in the directive, with particular reference to obtaining authorisations.
During 2025, a structured roundtable was established to bring together the sector's key operators, with the aim of pooling strategies, technologies and operational data, in order to define a shared baseline on the current level of energy self-sufficiency and identify realistic development pathways. The aim of the project is to develop comprehensive guidelines and a position paper that can be used in various consultation contexts, including those involving key stakeholders. The entire process is expected to be completed by spring 2026.
At the same time, SMAT is engaged in **a dialogue with the European Commission's JRC**, aimed at sharing data and evidence on two distinct areas: the energy neutrality of wastewater treatment plants and the development of integrated urban water management plans. These activities form part of a Europe-wide dialogue aimed at supporting methodological and regulatory developments in the sector.

The Castiglione Torinese treatment plant as an example of energy efficiency
The Castiglione Torinese wastewater treatment plant, the largest of those managed by SMAT, is a key element in the strategy to reduce emissions and improve the energy efficiency of the water service. Its significance stems not only from its high energy requirements but also from the potential for energy recovery from the treatment processes.
In recent years, SMAT has progressively transformed the plant into an **integrated energy recovery platform**. The biogas produced by the anaerobic digestion of sludge is upgraded to biomethane, which is then fed into the SNAM network. The annual production of biomethane (approximately 5 million Sm³) enables the replacement of fossil fuels, generating an estimated saving of around 10,000 tonnes of CO_2 equivalent per year.
At the same time, numerous measures have been implemented to improve process efficiency, with particular focus on the biological section, which accounts for one of the main sources of energy consumption. **These include the introduction of intermittent aeration systems, the implementation of deammonification (the DEMON®process), the replacement of turbo compressors and the gradual replacement of high-efficiency diffusers**. These measures enable a significant reduction in energy consumption whilst maintaining high treatment performance.
In 2025, the optimisation programme led to a further improvement in the plant's energy performance, **with annual consumption falling below 48 GWh,** confirming the downward trend already recorded in previous years.
Alongside the reduction in consumption, SMAT has stepped up its efforts in energy self-generation. The plant is equipped with a photovoltaic array and systems for recovering thermal energy, particularly from sludge drying processes. Furthermore, a project for the thermal oxidation of sludge has been developed, aimed at the combined production of electricity and heat for self-consumption, helping to further reduce dependence on external sources.
Overall, the Castiglione Torinese plant stands as an advanced example of the integration of the circular economy and energy efficiency: by-products of the wastewater treatment process are transformed into energy resources, whilst technological measures help to minimise the energy consumption associated with the service.

Purchase of 100% certified energy from renewable sources
SMAT purchases only electricity from renewable sources, guaranteed by GO (Guarantee of Origin) certificates in accordance with European legislation. This choice enables a significant reduction in the indirect carbon footprint (Scope 2), contributing to the Group's energy transition.

Self-generation of photovoltaic energy
The energy generated using photovoltaic technology helps to meet part of the energy requirements of the company's sites and enables a reduction in greenhouse gas emissions compared with a scenario in which the same proportion of energy were purchased from the national energy mix. During 2025, SMAT's photovoltaic portfolio consisted of **three plants**, including **the plant acquired as part of the ACEA site at San Germano Chisone**, which joins those already in operation at Castiglione Torinese and Rosta.

The first two photovoltaic plants built at Castiglione Torinese and Rosta recorded average annual output of 1,200 and 22 MWh respectively. At the Castellamonte site, a new photovoltaic plant with a nominal capacity of 30 kW was also installed at the end of 2025; at the end of the financial year, it was still in the commissioning phase.
In 2025, SMAT also signed a Framework Agreement for the design of renewable energy power generation plants, aimed at supporting the gradual development of new projects and increasing, over the coming years, the installed capacity at the sites managed by the Company.

Self-generation of hydroelectric power
SMAT contributes to the reduction of climate-changing emissions through an energy model based **on self-generation and procurement from renewable sources**. In support of the energy transition, SMAT operates four hydroelectric power stations in Balme, Salbertrand, Chiomonte and Gravere, which utilise the head to generate over 16 million kWh of energy annually. Feeding energy produced using hydroelectric technology into the grid results in a reduction of almost 5,000 tonnes of CO_2 equivalent, compared with a scenario in which the same amount of energy was produced from the national energy mix.
Throughout 2025, design work continued on the Lanzo Valleys water supply system, aimed at increasing hydroelectric production by optimising the geodetic head, without increasing water abstraction. The project, developed by Risorse Idriche, involves a high level of technical and regulatory complexity and is a medium-term initiative. With a generation capacity of over 5,000 MWh, average annual savings of around 1,500 tCO_2eq are expected.
Within the same framework, a further project is under development in the municipality of Ala di Stura (Pertusetto area), involving the construction of a hydroelectric power station integrated into the new water supply infrastructure. The plant is designed to **make the most of the available head without increasing water abstraction**, thereby contributing to the production of renewable energy in an efficient and sustainable manner.
In 2025, a **new project** was also launched **for the construction of the 'Acquedotto Bardonetto' hydroelectric plant** in the municipality of Locana, following the granting of the necessary authorisations. The project, currently under construction, is scheduled to come into operation in 2027 and will help supply the water treatment plant for the new Valle Orco water supply system.

Fleet renewal
Since 2019, SMAT has been committed to reducing its emissions by gradually replacing its most polluting vehicles with natural gas, hybrid and electric vehicles, which accounted for 51% of the company's fleet in 2025 (in 2019, 91% of cars were petrol or diesel-powered). SMAT has a fleet of 737 vehicles and is continuing with its conversion programme to electric (12%), hybrid (10%), natural gas (29%) and LPG (0.1%) vehicles. SMAT has also installed electric charging points at its premises to support the new electric fleet.

Building Energy Efficiency
Over the last ten years, SMAT has carried out numerous energy efficiency improvements to the buildings, such as installing internal and external insulation, replacing windows and doors, upgrading air-conditioning systems and replacing lighting systems.
In 2025, with work set to continue in subsequent financial years, SMAT has **planned and launched a wide-ranging programme of energy efficiency measures** across its power stations, facilities and support buildings, with the aim of strengthening consumption monitoring, reducing energy consumption and improving building performance in line with the energy management system (ISO 50001). These measures include, amongst others:

- the connection of the Bardonecchia water treatment plant to the district heating network, accompanied by the refurbishment of the roof and the introduction of energy monitoring and management systems;
- energy efficiency refurbishment works on the civil buildings at the Castiglione Torinese plant;
- the energy-efficiency refurbishment of the changing rooms building at the Plant and Network Management Centre in Via Salgari, Turin;
- works at the Monteleggero Power Station in Ivrea;
- energy efficiency measures at the Centrale Nord in Venaria Reale.

The planned initiatives include, depending on the site, the installation of ***Building Management Systems*** (BMS), insulation and thermal passivation of the building envelope, LED lighting retrofits, the modernisation of heating and air-conditioning systems, the replacement of windows and doors and heat-losing surfaces, the integration of photovoltaic systems for self-consumption, and measures to optimise water and energy consumption. In some cases, the works also generate co-benefits in terms of climate adaptation, such as the 'green roof' pilot project planned at the CTOR, which contributes to rainwater management, the mitigation of heat islands and the improvement of microclimatic comfort.

Planting of green spaces
Among its decarbonisation measures, SMAT includes the planting and management of green spaces designed to absorb CO_2.
The green spaces managed by SMAT are predominantly conservation areas, designated to protect water supply sources. These areas play a strategic role in:

- protecting groundwater resources;
- the natural absorption of atmospheric CO_2;
- the preservation of local biodiversity.

SMAT is committed to enhancing these areas through maintenance, reforestation and environmental conservation measures

Reducing emissions through Water Points
By supplying water via dedicated kiosks in an ever-increasing number of municipalities within the Metropolitan City of Turin, we can avoid the production and transport of bottled water, as well as the disposal of plastic bottles. Based on the volumes supplied in 2025, total savings of 8,658[23] tCO_2eq are projected compared with the consumption of an equivalent quantity of bottled water.

Applied research, innovation and sector collaboration

Alongside infrastructure and energy efficiency measures, **SMAT promotes applied research and technical collaboration** within the sector, aimed at strengthening the Integrated Water Service's capacity to respond to the challenges posed by climate change, regulatory developments and increasing managerial complexity. This includes participation in the Partnership Agreement for Advanced Research (APRE), signed with other water service operators, with the aim of:

- develop joint projects;
- harmonise operational methodologies;
- promote technical dialogue between operators, research bodies and institutions.

During 2025, and continuing into 2026, SMAT contributed to three areas of work, of which the following two are closely linked to the issue of climate change.

- **Definition of guidelines for calculating the M0 macro-indicator**, introduced by ARERA to assess water resilience, with the aim of developing more robust and shared approaches to estimating resilience at both the service management level and the territorial and higher levels.
- **Energy neutrality of wastewater treatment plants**: a project developed in collaboration with other national operators to identify technologies and solutions that can realistically be implemented for the self-generation of energy from renewable sources, also in support of the transposition of the new European Directive on urban wastewater.

These initiatives are not merely technical studies but constitute **enabling levers** for SMAT's climate action: on the one hand, they strengthen the quality of decision-making and planning capacity regarding resilience, energy and environmental protection; on the other, they foster the development of shared knowledge, operational standards and replicable tools, which are useful for supporting the long-term evolution of the service towards greater resilience, efficiency and sustainability.

[23] Emission factor derived from the arithmetic mean of the emission factors of well-known bottled water brands.

Certifications

In order to highlight SMAT's positive impact on climate change mitigation through the self-generation and purchase of electricity from renewable sources, SMAT obtained **UNI EN ISO 50001 (Energy Management System)** certification in 2025, the international standard that sets out the requirements for implementing, maintaining and improving an energy management system. Its aim is to help organisations use energy more efficiently, reducing consumption, operating costs and environmental impact.
Work is continuing towards obtaining **UNI EN ISO 14064-1 (Greenhouse Gases)** certification, which sets out a systematic framework for monitoring, reducing and managing greenhouse gas emissions at organisational level. Thanks to ISO 14064, SMAT is committed to accurately measuring its emissions, implementing effective strategies to reduce them and ensuring compliance with international standards.
Achieving these certifications reinforces the reliability and transparency of the company's actions, in line with the Integrated Policy and the Code of Ethics, which promote continuous improvement, responsible reporting and environmental sustainability.

[E1-4] Objectives relating to climate change mitigation and adaptation

SMAT has defined a set of quantitative targets in the areas of **climate adaptation, decarbonisation and energy**, with a target date of 2029, accompanied by specific action plans aimed at achieving them.
In the area **of adaptation**, SMAT aims to ensure **that 100% of priority assets are covered by climate resilience measures** by 2029, through the gradual strengthening of risk analysis, intervention planning and the development of dedicated technical expertise.
On the **mitigation** front, the company aims to **reduce direct emissions** (Scope 1) by up to 88.8 $\mathrm{ktCO_{2eq}}$by improving plant efficiency, optimising operational processes and pursuing a gradual technological transition. At the same time, the company plans to **reduce indirect emissions** across the value chain (Scope 3) by up to 45.77 $ktCO_2eq$, through the gradual involvement of suppliers and the integration of environmental criteria into procurement processes.
In the **energy** sector, SMAT aims to increase **production from renewable sources** to 23,000 MWh, by supporting the development of installed capacity and the optimisation of on-site generation. This is accompanied by a strengthening of the capacity to offset residual emissions, with an annual offset target of 27 $\mathrm{ktCO_2}$.

Objective and lines of action	KPIs	Base year (2024)	2025 Results	Interim Interim	2029 target
Climate resilience	**% of assets with measures in place**	**0%**	**-**	**2027: 50%**	**2029: 100%**
Risk assessment for damage to infrastructure	Pilot projects organised	0	0	2027: 0	2029: 2
Strengthening skills, knowledge and tools to effectively address climate impacts	Number of pilot projects implemented	0	0	2027: 40	2029: 80
Research and innovation, particularly on NBS	Training hours (cumulative)	0	0	2027: 0	2029: 3
Reducing greenhouse gas emissions[24]	**$ktCO_2eq$ reduced (Scope 1)**	**91**	**98**	**2027: 89.9**	**2029: 88.8 (-2,200 tCO_2eq)**
Work on the Castiglione T.se plant's heat distribution network (district heating, heat exchangers, dryers, natural gas monitoring, etc.)	Thermal energy savings (MWh)	0	0	0	2028: 4,400
Conversion of the PO3 line's ozonisation system from air to oxygen	On/off	Off	Off	Off	2035: On
Conversion of 100% of natural gas cars to electric/hybrid cars (passenger transport)	Percentage of electric/hybrid cars as a percentage of the total natural gas	0%	-	-	100%
Obtaining Carbon Footprint certification	On/off	Off	Off	2026: On	-
Decarbonisation of the value chain	**$ktCO_2eq$ emissions (Scope 3)**	**48.77**	**42.1**	**2028: 47.27**	**45.77 (–3,000 tCO_2eq)**
Supplier carbon footprint analysis (via self-declaration)	% of suppliers assessed out of the total	0%	0%	2028: 30%	2035: 100%

[24] The reduction in Scope 1 emissions is currently limited, as the majority (approximately 87 per cent) stems from the wastewater treatment process. However, these emissions are estimated on the basis of input parameters to the treatment plants (BOD, COD, N) in accordance with the method described in the "2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories". A project is currently underway to directly measure greenhouse gas emissions from the Castiglione Torinese plant, which will enable the identification of appropriate reduction measures.

Inclusion of emissions performance as a criterion for supplier selection	% of tenders with bonus points linked to emissions of the products	0%	0%	2028: 30%	2029: 50%
Reduction in the volume of sludge sent for recovery/disposal by third-party contractors	% of sludge (produced by Castiglione) and incinerated in the thermal oxidiser	0%	-	-	2035: 100%
Removal of iron and manganese using air or oxygen in central and southern plants	Reduction in hypochlorite consumption during pre-oxidation (t)	192	185.8	-	-40%
Renewable energy	**MWh of electricity generated from renewable sources**	**17,000**	**17,000**	**2028: 20,000**	**2029: 23,000**
Increase in photovoltaic generation	Installed capacity (MW) (cumulative)	1.02	1.5	2027: 3	2029: 5
Increase in installed hydroelectric capacity	Installed capacity (MW) (cumulative)	4.6		-	2027: 5.5
Achieving and maintaining ISO 50001 certification (Energy Management) for the sites with the highest energy consumption	Number of sites with ISO 50001 certification (cumulative)	0	21	-	2030: 30
CO_2 capture	**ktCO_2 of annual absorption per year**	**25**	**27**	**-**	**2029: 27**
Reforestation/planting of carbon sink areas	Hectares reforested/planted (cumulative)	0	40	-	2027: 45

[ESRS E1-5] ENERGY CONSUMPTION AND ENERGY MIX

Most of SMAT's energy consumption is attributable to its water supply, sewerage and wastewater treatment services.

The table below shows SMAT's overall energy balance, which in 2025 stands at 296,037 MWh. SMAT's energy intensity stands at 0.69 MWh/k€ of net revenue[25] .

Energy consumption	2024	2025
	MWh	MWh
Consumption of coal and coal products	-	-
Consumption of crude oil and petroleum products (diesel, petrol, LPG)	4,314	5,893
Consumption of natural gas (methane)	41,902	45,482
Consumption of fuels from other non-renewable sources	-	-
Consumption of electricity, heat, steam and cooling from fossil fuel sources, whether purchased or otherwise acquired	3,106	1,701
Energy consumption from fossil fuels	**49,322**	**53,076**
Share of fossil fuels in total energy consumption (%)	**17%**	**18%**
Consumption of nuclear energy	**N/A**	**N/A**
Share of nuclear energy in total energy consumption (%)	**N/A**	**N/A**
Consumption of fuels for renewable energy sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	2,675	2,712
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	239,766	238,793
Consumption of self-generated renewable energy without the use of fuels (MWh)	1,424	1,456
Total energy consumption from renewable sources	**243,865**	**242,961**
Share of renewables in total (%)	**83%**	**82%**
Total energy consumption	**293,187**	**296,037**
Energy intensity	MWh/k€	MWh/k€
Total energy consumption/Net revenue	0.78	0.69

In 2025, SMAT generated a total of 72,002 MWh from renewable sources.

[25] The net revenues taken into account refer to the SMAT Group's total revenue. This approach is consistent with the nature of the activities carried out, as SMAT's core business – which includes water supply, wastewater treatment and sewerage network management – is among those with a significant climate impact.

Self-generated energy from renewable sources	2024	2025
	MWh	MWh
Total self-generated energy from renewable sources	**71,964**	**72,002**
of which from hydroelectric power	16,214	16,379
of which from solar power	970	961
of which from biomethane	52,105	51,950
of which from biogas combustion in boilers	2,675	2,712

[ESRS E1-6] GROSS GHG EMISSIONS FROM SCOPES 1, 2 AND 3 AND TOTAL GHG EMISSIONS

In 2025, SMAT's total emissions (with Scope 2 emissions calculated using a market-based approach) amounted to 140,059 tCO_2eq and are broken down as follows:

- Scope 1: 97,704 tCO_2eq of direct emissions resulting from the process and the consumption of fossil fuels in operational activities.
- Scope 2 (*location-based*[26]): 68,210 tCO_2eq calculated based on the emission factor of the average energy mix of the supply network.
- Scope 2 (market-basedxml-ph-0000@deepl.internal): 253 tCO_2eq, reflecting actual emissions based on electricity purchases from a specific supplier (in SMAT's case, electricity purchases relate exclusively to energy produced from renewable sources)
- Scope 3: 42,102 tCO_2eq, which include emissions generated upstream and downstream of SMAT's value chain.

In 2025, there was a slight increase in Scope 1 emissions compared with the previous year (+7%). This increase is entirely attributable to process emissions from wastewater treatment plants and should be interpreted in the light of the new regulatory framework: the stricter limits on nitrogen-related parameters introduced by Directive (EU) 2024/3019 required the introduction and/or upgrading of advanced treatment sections at certain plants (e.g. Valperga, Feletto and Ivrea Est), resulting in an increase in (estimated) nitrous oxide (N_2O) emissions.

Gross greenhouse gas emissions	2024	2025
	tCO_2eq	tCO_2eq
Scope 1 gross GHG emissions	91,034	97,704
Gross Scope 2 GHG emissions based on location	68,207	68,210
Gross Scope 2 GHG emissions based on market	114	253
Total gross indirect GHG emissions (Scope 3) (tCO_2eq)	48,766	42,102
1. Goods and services purchased	28,151	26,742
2. Capital goods	-	-
3. Fuel and energy-related activities (not included in categories 1 or 2)	-	-
4. Upstream transport and distribution	278	247
5. Waste generated during operations	18,045	12,455 8
6. Business travel	-	-
7. Employee commuting	1,676	1,912
8. Assets under finance leases	-	-
9. Downstream transport	615	745
15. Investments	-	-
Total GHG emissions (based on location)	208,007	208,016
Total GHG emissions (market-based)	139,914	140,059
Emissions intensity	tCO_2eq/k€	tCO_2eq/k€
Total GHG emissions/Net revenue (based on location)	**0.55**	**0.49**
Total GHG emissions/Net revenue (location-based)	**0.41**	**0.33**

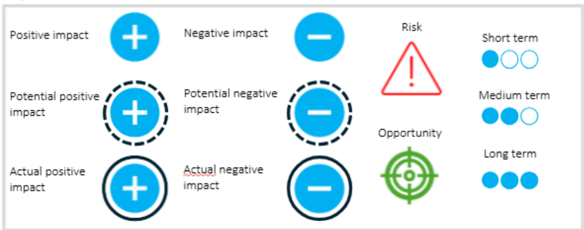
[26] The difference between the market-based and location-based approaches concerns the method of calculating Scope 2 emissions: the former is based on contractual energy procurement choices, whilst the latter is based on the average mix of the local electricity grid.

ESRS E2 - POLLUTION

[ESRS 2 IRO 1] DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO POLLUTION

SMAT has identified and assessed as significant the IROs relating to water pollution and the presence of substances of concern and microplastics emitted by third parties. The assessment took into account the location of its plants and relatedactivities.
Overall, the company's operations have **a positive impact**, thanks to wastewater treatment which protects water bodies. However, a **residual risk** of pollution remains in the event of plant failures or breakdowns.
SMAT actively monitors micropollutants (e.g. PFAS, pesticides, solvents), contributing to the protection of the environment and public health.
The Group also engages with local communities to gather environmental concerns and improve its practices. For further information on community and Users engagement activities, please refer to sections ESRS S3-2 and ESRS S4-2 of this Sustainability Report.

Legend



Sub-topic	IRO, potential/actual	Description	Time horizon	Value Chain
Water pollution		Positive impact on the environment, people and ecosystems resulting from wastewater treatment activities		Own operations
		Potential negative impact from the accidental release of hazardous substances due to possible breakdowns or failures in plant facilities		Own operations
		Risk of process water from human activities being discharged into the sewerage network, necessitating upgrades to treatment processes to ensure regulatory compliance		Upstream operations
Substances of very high concern		Positive impact on the environment and public health thanks to constant monitoring and the treatment of micropollutants present in water		Own and downstream operations
		Increased costs for carrying out any plant upgrades to ensure regulatory compliance and the protection of public health and ecosystems		Own and downstream operations
Microplastics		Positive impact on the environment and human health thanks to the removal of microplastics during the water treatment process (albeit partial)		Own and downstream operations

[ESRS E2-1] POLICIES RELATING TO POLLUTION

Integrated Policy on Quality, Environment, Safety and Energy
To prevent the accidental release of hazardous substances resulting from any plant failures or breakdowns, the Integrated Policy on Quality, Environment, Safety and Energy provides for the **effective** management **of emergency situations through careful risk assessment**, with a focus on environmental protection. To maximise the positive impact generated by wastewater treatment activities, SMAT is committed to safeguarding and managing water resources in a sustainable manner, protecting the environment and **preventing pollution**. Finally, to mitigate the risks associated with regulatory non-compliance and potential reputational damage, the Policy ensures SMAT's full commitment to strict **compliance with**

current environmental, health and safety **regulations**, as well as with the voluntary commitments it has undertaken, thereby strengthening stakeholder confidence.
With regard to its operations and value chain, SMAT implements the Integrated Policy to mitigate negative environmental impacts through **systems for the prevention, monitoring and control of water pollution**. In particular, it promotes the sustainable management of water resources throughout the entire service cycle, adopting technical and managerial solutions to limit the release of hazardous substances, in line with regulatory requirements and industry best practice.
For further information on the Integrated Policy on Quality, Environment, Safety and Energy, please refer to section ESRS E1-2 of this Sustainability Report.

Laboratory Quality Policy

SMAT's Laboratory Quality Policy forms an integral part of **the Laboratory Management System certified to UNI CEI EN ISO/IEC 17025:2018** and aligns with the strategic guidelines set out in the Integrated Policy on Quality, Environment, Safety and Energy. This Policy aims to **prevent and minimise negative impacts on the environment and public health** through the adoption of risk control systems, the use of accredited methods for monitoring water quality, and the promotion of scientific and technological advancement in the laboratories. The monitoring process is based on **internal and external audits**, data analysis, periodic reviews and interlaboratory assessments. Furthermore, accreditation – first achieved in 2000 and renewed every four years – involves an annual assessment by ACCREDIA of the laboratories' technical and managerial competence in accordance with the requirements of the reference standard.
The scope of the Policy covers all activities carried out by SMAT's laboratories. **Responsibility for implementing the Policy lies with the General Manager and the Managing Director**. **The Head of Laboratories and Water Quality** reports to the Company on the outcome of the Accreditation Body's inspections and, on an annual basis, on the achievement of the set objectives and the effectiveness of the management system.
The interests of the main stakeholders – Users, operators, service Users and accreditation bodies – are taken into account through the constant updating of the Policy based on audits, risk analyses, staff reports and feedback from service Users. The Policy is communicated internally and made available to staff through specific company bulletins, thereby ensuring the active participation of all those involved in its implementation.

Code of Ethics

In line with the commitments set out in its Code of Ethics and with the aim of mitigating the potential negative impact associated with the accidental release of hazardous substances, the Company adopts **procedures designed to prevent all forms of pollution** and to ensure proper waste management, in accordance with the traceability system.
With regard to the positive impacts generated by wastewater treatment activities, SMAT promotes environmental protection by **preventing soil, water and air pollution** and ensures compliance with regulations through **investment in technological innovation**. To limit the risk of penalties and reputational damage, the Code of Ethics reaffirms the commitment to complying with current environmental legislation and ensures that suppliers and partners also operate in line with the same standards, helping to safeguard the reputation and trust of stakeholders.
For further information on the Code of Ethics, please refer to section ESRS 1-2 of this Sustainability Report.

Organisation, Management and Control Model (MOG) pursuant to Legislative Decree 231/2001

In accordance with its Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, SMAT manages the environmental risks associated with the conduct of its activities through a structured system of controls, procedures, responsibilities and information flows, aimed at preventing the commission of environmental offences and ensuring compliance with current legislation. The Model is integrated with the Company's organisational structure, system of delegated powers, operational protocols, audit activities and certified management systems, thereby strengthening its ability to monitor sensitive processes and to intervene promptly in the event of critical issues. Within this framework, environmental protection concerns the prevention of potential impacts on water, soil and ecosystems, as well as the proper management of processes and obligations relevant from an environmental perspective. The Model thus serves as a safeguard for legality and control, supporting SMAT in strengthening its ability to respond to evolving environmental risks and changes in the relevant regulatory framework. For further information on the MOG, please refer to Disclosure ESRS G1-1 in this Sustainability Report.

[ESRS E2-2] ACTIONS AND RESOURCES RELATED TO POLLUTION

Quality of wastewater treatment services

Monitoring activities and the quality of treated water

The Laboratory of the Sewerage and Wastewater Treatment Division is responsible for **monitoring urban wastewater**, treatment processes and treated water. The aim is to provide plant operators with accurate and timely data, so that they can assess the pollutant load to be treated and adjust the treatment processes accordingly. Furthermore, monitoring helps to identify any anomalies or process malfunctions and fix them promptly.

The Laboratory complies with current legislation, which requires inspections and self-monitoring for treatment plants with a capacity exceeding 2,000 population equivalents. Among its various activities, the Laboratory also carries out chemical and biological analyses of sludge and treatment residues, as well as surface water monitoring programmes to assess the environmental impact of discharges from treatment plants.

	2024	2025
Parameters measured in wastewater[27]		
Parameters/1·000 m³of wastewater (x100)	49	64
Parameters/1,000 inhabitants	78	99

ARERA's M6 macro-indicator is defined as the percentage of samples in which the concentration of one or more pollutants exceeded the emission limit. This value is calculated based on the total number of routine monitoring and self-monitoring samples of the year. In line with SMAT's commitment to the continuous monitoring and **improvement of treated water**, the index stands at 4.62%, achieved thanks to revamping works, process optimisation and the implementation of new solutions at the most critical plants.

	2024	2025	Italy 2024[28]
M6 – Quality of treated water			
M6 Rate of exceedance of limits intreated water samples	4.24%	4.62%	13.4
ARERA Class	B	B	D

The use of chemical reagents in wastewater treatment

Wastewater treatment is necessary due to the presence in wastewater,of substances that are potentially harmful to health and the environment, in order to prevent any adverse effects on the natural balance of the ecosystem. The treatment process involves the use of reagents for wastewater treatment, in compliance with the relevant regulations. Over the years, SMAT has optimised the use of reagents in treatment processes, selecting those with the lowest environmental impact and, where possible, seeking to minimise their use. Below a summary of the main reagents used by SMAT.

	2024	2025
Reagent (tonnes)		
Powdered quicklime	0.2	0.1
Iron salts	4,899	5,333
Organic polymers	785	901
Sodium hypochlorite	400	449
Caustic soda	8	3
Sulphuric acid	2	4

[27] From 2025 onwards, the figure is calculated exclusively for the municipalities directly managed by SMAT. The numerator includes analyses carried out on water, sludge, sand and waste.
[28] ARERA, Annual Report 2025, State of Services

Hydrochloric acid	2	0
Cationic polyelectrolyte powder	0	0
Aluminium salts	4,628	4,390
Oxygen	48	0
Liquid nitrogen	1,158	892
Other	208	189

Upgrading the Valperga and Collegno treatment plants

SMAT is currently working to upgrade its wastewater treatment plants. Specifically the **revamping of Valperga treatment plant** was completed in 2025 **increasing its treatment capacity** (from 20,000 to approximately 30,000 population equivalents) and bringing the plant into line with new regulations on nitrogen removal. The project involved the creation of a new parallel biological treatment line, enabling the plant to operate continuously, even during maintenance shutdowns. A denitrification section was also constructed to ensure that effluent meets forthcoming regulatory requirements, and a tertiary treatment system (comprising final filtration and disinfection) was installed to treat the entire flow processed by the plant. Photovoltaic panels were installed with to reduce dependence on external energy sources, thereby minimising the environmental impact.

As regards the **Collegno wastewater treatment** plant**,** following the completion of the first phase of works in 2024, the tender process took place in 2025, followed by the drafting of the contract. The works involve the introduction of an innovative alternating-cycle process for the removal of total nitrogen, reducing electricity consumption and increasing removal efficiency. The total investment amounts to € 5.5 million.

Prevention of persistent pollutants

SMAT carries out constant and rigorous monitoring of treated water and is also actively committed to **protecting the surface water bodies into which water treated by the treatment plants flows**. Attention to the quality of this resource cannot be separated from an awareness of the sources of pollution. For example, in the case of PFAS – the so-called 'forever chemicals', well known for their persistence and (eco)toxicity – it is essential to tackle the problem at its root by intervening directly in production cycles to prevent their discharge into the public sewerage system. Following the entry into force of the new discharge limit for PFOS, as set out in Regional Law 25/2021, **SMAT has requested that the Metropolitan City of Turin, which has jurisdiction in this matter, introduce limits on industrial discharges**. The issue is now receiving increasing attention at a global level as well. One example is the recent approval in France of one of the strictest pieces of legislation on the subject (Law 188), which will ban the production, import and marketing of products containing PFAS in various consumer categories. This is an important signal that demonstrates the urgency – shared by several countries – to take structural action to address the health and environmental impacts associated with the spread of these substances in water resources. With regard to PFAS, in January 2023 a number of European countries – Denmark, Germany, the Netherlands, Norway and Sweden – submitted a proposal for a restriction under the REACH Regulation to the European Chemicals Agency (ECHA). The proposed restriction covers a wide range of substances used in numerous industrial applications and is currently being assessed by ECHA's scientific committees. The consultation process, which is lengthy and complex given the very large number of stakeholders involved, is expected to result in a final proposal in 2026.

With regard to microplastics, the **new European Directive on urban wastewater treatment** (UWWTD 2024/3019 recast), which came into force in 2025, introduces new obligations for the control of emerging pollutants, including microplastics, thereby reinforcing the 'polluter pays' principle. **SMAT is participating in the technical work and sub-groups set up by the European Commission to support the drafting of delegated and implementing acts**, contributing to the definition of the practical aspects of the legislation concerning monitoring, treatment technologies and the technical and economic sustainability of the solutions required of operators.

The sewerage system

The sewerage network consists of a series of structures designed to convey **domestic and industrial wastewater** – known as 'black water' – as well as some rainwater, to treatment plants. To improve the efficiency of wastewater treatment processes, good practice is to collect these waters in two separate networks, in order to prevent the dilution of black water – which makes it more difficult to treat – and the

contamination of rainwater, which, being less polluted by nature, requires simpler treatment. In line with this objective, SMAT separates the two types of network, both for new sewerage and for the refurbishment of older systems.
With a view to mitigating environmental impacts, SMAT manages the sewerage system of the City of Turin and the inter-municipal area with an **approach strongly focused on protecting water quality**.
From an operational perspective, network management for the CTOR-Turin centre is based on a constantly updated geographic information system. **SMAT invests in field surveys, the digitisation of maps and the use of advanced technologies** (laser scanners, LIDAR sensors[29] , GNSS[30]), tools that enable the precise assessment of the condition of sewers, the planning of maintenance work and prompt action in the event of anomalies. The gradients and flow rates within the sewers are also designed to prevent the accumulation of pollutants and limit wear and tear on the infrastructure, ensuring the proper conveyance of wastewater to treatment facilities.
These infrastructure and management decisions make a significant contribution to reducing the risk of surface water pollution, protecting ecosystems and safeguarding public health.

The ARERA indicators below relate to the adequacy of the sewerage system, in which SMAT's performance is above the national average, **placing it in Class A**, compared with the national average of Class E.

	2024	2025	Italy 2024[31]
M4 Adequacy of the sewerage system (ARERA)			
M4a – Frequency of flooding and/or sewerage overflows (no. per 100 km)	0.979	0.879	5.3
M4b – Regulatory compliance of storm water outlets (% non-compliant)	0.0%	0.0%	21%
M4c – Inspection of flood relief valves (% not inspected)	0.0%	0.0%	7%
ARERA class	A	A	E

Cleaning of drains
SMAT places great emphasis on **preventive maintenance** and the **management of rainwater drainage infrastructure, namely the urban drainage system**, and draws up a weekly schedule of works on the drains under its management across all municipalities in ATO3, organising the works into batches and sectors and using high-pressure water jets[32] . During 2025, the Turin operational unit carried out work on a total of 122,197 drains, of which 69,702 were in the City of Turin. The schedule also depends on reports from members of the public, technicians from public bodies or the local police. Where a request is made to clear a single gully, SMAT cleans all the gullies along the relevant stretch of road. To monitor and respond promptly to any anomalies or faults, all gullies and road grates have been georeferenced. Furthermore, combined sewer overflows are constantly monitored via a remote control system. This integrated approach enables SMAT to maintain complete control over the infrastructure, to provide an efficient service for stormwater management and to ensure the full functionality of the entire drainage system, thereby preventing any negative environmental impacts on receiving water bodies caused by unauthorised inflows into the sewer system.

Prevention of pollution at source
With a view to mitigating the negative impacts caused by water pollution resulting from the improper use of the sewerage system by third parties, SMAT participates in the preliminary investigations for the issue and amendment of Single Environmental Authorisations (AUA) and Integrated Environmental Authorisations (AIA), including within the framework of the Services Conferences convened by the Metropolitan City of Turin, and carries out **inspections of industrial wastewater discharges into the sewerage system** in accordance with Legislative Decree 152/2006.
Industrial activities with a high environmental impact and industrial areas that discharge wastewater into the public sewerage network are subject to monitoring, **including via remote monitoring systems installed at the discharge points**. Currently, of the 32 monitoring points in place, 18 are active and equipped with

[29] Light Detection and Ranging.
[30] Global Navigation Satellite System.
[31] ARERA, Annual Report 2025, State of Services
[32] The flow of water through a flexible hose is pressurised using a motorised pump; this is the principle behind Canal Jet technology.

multi-parameter probes that measure electrical conductivity, *redox* potential, temperature and pH, and are fitted with an automatic sampler. Of these, 12 stations are managed via a remote monitoring system interfaced with a dedicated programme. The SMAT centralised remote monitoring system currently enables the monitoring of 11 meters installed on the effluent outlets of as many companies.
The monitoring activity is divided into two types of checks:

- **internal regulatory sampling**[33] at the companies' premises, carried out on the basis of discharge volumes (1 to 5 times a year): in 2025, 818 samples were taken, 72% more than in 2024;
- **external non-regulatory sampling**[34] to the companies, carried out on the basis of issues identified (on average 1–2 times a year); in 2025, 94 samples were taken.

Additional monitoring wells are planned in the event of anomalies detected during sampling within a company, or where issues arise relating to a specific activity, or in the event of reports of abnormal discharges.
In addition to these activities, SMAT is responsible for assessing and approving **Stormwater Prevention and Management Plans**, as required by the Piedmont Regional Regulation of March 2006. This regulation concerns stormwater runoff and water resulting from the washing of outdoor areas associated with specific production activities, which is channelled into the sewerage network. In 2025, 9 plans were approved.

In recent years, SMAT has progressively stepped up its **monitoring of discharges into the sewerage system and the wastewater treatment system**, partly in response to an increasingly stringent regulatory framework and growing concern over emerging micropollutants, particularly PFAS. The adoption of Regional Law 25/2021 marked a significant step forward, introducing specific limits for PFAS in discharges into surface waters and requiring, for discharges into the sewerage system, a tightening of technical standards and controls upstream of wastewater treatment plants, in coordination with the relevant regional government bodies and competent authorities. At the same time, controls on industrial discharges into the sewerage system have been strengthened, with greater emphasis on characterising the substances discharged, tracing their sources and ensuring consistency with the quality objectives for receiving water bodies. This has led to **an evolution in monitoring activities, shifting from a predominantly formal approach to one focused on discharges most likely to contain PFAS and other micropollutants**.
To support this strengthening of controls, the Piedmont Region has established a regional technical-scientific observatory on PFAS, with the mission of providing structured and ongoing support for the regional strategy to reduce emissions and the environmental spread of these substances. The Observatory was established as a liaison body between institutions, the environmental monitoring system and the research community, with the aim of addressing the issue of PFAS through an integrated approach that combines environmental monitoring, scientific knowledge and the dissemination of best practice for water protection. **SMAT participates in the Observatory's work on behalf of the water operators' sector** and contributes to the assessment of both the domestic and industrial impacts of contamination, with the aim of identifying shared solutions to limit sources of discharge.
In response to the Piedmont Region's introduction of restrictive limits on PFAS concentrations in discharges into surface water bodies, the SMAT Research Centre has launched a research project dedicated to the experimental study – at both laboratory and pilot scale – of various technologies for the removal of PFAS and other micropollutants from wastewater.

Applied research, innovation and industry collaboration

AQUAMON: prevention of urban water pollution

With the aim of preventing and **reducing the environmental impacts associated with urban water pollution, SMAT is participating in the European AQUAMON project** (*"Advanced QUAlity MOnitoring system of water in urbaN areas"*), funded under the Horizon Europe programme as part of the *"Clean environment and zero pollution* 2024" call for proposals.
AQUAMON aims to develop a smart, integrated system for managing and monitoring water quality in urban areas, combining advanced sensors, autonomous vehicles – drones, surface robots and underwater robots – and a digital platform based on artificial intelligence and digital twins, thereby improving the ability to identify point and diffuse sources of pollution against a backdrop of growing environmental

[33] Internal sampling: periodic sampling within the boundaries of SMAT.
[34] External sampling: sampling outside SMAT's boundaries in the sewer branch into which only the industrial discharge being monitored flows.

pressure and climate change. SMAT acts as the end-user, with responsibility for developing its own specific use case covering two strategic areas of the Integrated Water Service: **the sewerage system and wastewater treatment plants.**

In the sewerage sector, **SMAT plans the experimental installation of** DTS (*Distributed Temperature Sensing*) **sensors**[35] , in-situ IoT (*Internet of Things*) microbiological systems, reagent-based LOC (*Lab-on-Chip*) chemical sensors[36] and impedance-based microplastic sensors. At the Castiglione Torinese wastewater treatment plant, aerial drones will be used **to monitor sludge levels in the sedimentation tanks**, thereby optimising the efficiency of the treatment process. At the plant's outlet, where the treated water is returned to the receiving water body, **IoT microbiological systems and LOC sensors will be installed to monitor iron, nitrates, phosphates, ammonium, organic pollutants and toxic metals**, helping operators to ensure compliance with regulatory limits and to implement any corrective measures promptly.

In addition, a **tool for assessing chemical and biological risks** associated with the reuse of treated water will be evaluated; this will help ensure compliance with the new regulatory framework, even in the event of new areas of treated water reuse, such as agriculture. This last aspect is particularly significant in light of the new European legislation on urban wastewater, which will require operators such as SMAT to introduce quaternary treatment at wastewater treatment plants to meet the new discharge quality standards.

Launched in June 2025, the project will conclude in 2028 and represents a practical application of the principles of pollution prevention at source, in particular through the adoption of technologies that enable real-time monitoring and the prompt detection of anomalies. The expected benefits include a reduction in illegal discharges, improved monitoring of effluent quality and the promotion of water reuse with a view to sustainability and reducing water abstraction.

The initiative forms part of SMAT's long-term strategy, strengthening the monitoring of environmental impacts and contributing to regulatory compliance and the continuous improvement of service quality. Through AQUAMON, SMAT reaffirms its commitment to promoting innovation and environmental protection across the entire value chain of the urban water cycle, with a positive impact on public health, stakeholder confidence and the resilience of services.

iMERMAID: from wastewater to protecting the Mediterranean Sea from contaminants

The **iMERMAID project** (*"Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and Decontamination from Chemical Pollution"*) is an initiative funded by the European Union under the **Horizon Europe programme**, launched in 2023 and set to run until 2026. Its aim is to **prevent, monitor and reduce toxic and persistent chemical pollution in the Mediterranean Sea basin** through the development and demonstration of innovative, low-cost and energy-efficient solutions for monitoring and decontamination from emerging pollutants such as heavy metals, pesticides and PFAS. The project involves **the use of advanced sensors and treatment technologies at strategic pilot sites** – including wastewater treatment plants and coastal areas – with the aim of tackling pollution throughout the entire chain, from source to final destination.

Among the partners, SMAT is responsible for testing two innovative technologies – an electrochemical sensor developed by the University of Florence and a heavy metal removal system based on the 4D Scavenger technology from the Finnish partner Weeefiner – at a wastewater treatment plant in the Turin area.

In addition to the technological aspects, iMERMAID also promotes awareness-raising activities, such as the creation of an educational *workbook* for schools, with the aim of encouraging a more informed use of chemicals. For further information, please refer to section ESRS S3-4 of this Sustainability Report.

Partnership Agreement for Advanced Research

As part of the Partnership Agreement for Advanced Research (APRE), signed with other leading water service operators and described in chapter ESRS E1– Climate Change, SMAT contributes not only to the two strands already described (Definition of guidelines for calculating the M0 macro-indicator and Energy neutrality of **wastewater** treatment plants) but also to activities relating to **the characterisation of**

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[35] Fibre-optic-based distributed temperature measurement systems that detect the temperature profile along the entire length of a fibre-optic cable installed in the sewer.

[36] The term 'Lab-on-Chip' refers to the miniaturisation of an entire chemical analysis process onto a chip measuring just a few centimetres, replicating on a microscopic scale the chemical reactions typically carried out in a laboratory.

wastewater and the management of abnormal discharges. This project strand aims to improve the monitoring of sewer networks, strengthen the protection of treatment plants and develop shared procedures for more effective management of critical situations.
The project, coordinated by A2A Ciclo Idrico S.p.A., with the participation of SMAT, AQP, HERA and IREN, forms part of a wider **commitment to preventing pollution from industrial discharges and mitigating the risks of penalties and reputational damage**, thereby contributing to the protection of public health and the environment. The initiative, which runs until 2028, is structured in progressive phases comprising the mapping of existing methods, the definition and testing of advanced monitoring processes (initially on a pilot scale and subsequently in larger contexts), as well as the development of best practices for the timely identification of abnormal discharges, the analysis of variations in flow rates and pollutant concentrations, and the identification of design solutions, including those with a preventative focus. In this context, **SMAT is involved in technical analysis, collaboration with other operators and field trials, with a twofold objective**: to consolidate internally the know-how required for the flexible application of the new protocols and to identify the most effective and sustainable technological solutions for monitoring within the sewerage system. The project thus helps to strengthen the ability to detect anomalies promptly and contain contaminants before they reach wastewater treatment plants, thereby improving the resilience of water infrastructure and the overall quality of service. The expected outcomes include the development of shared and replicable tools and procedures, intended to serve as a national benchmark.

[ESRS E2-3] OBJECTIVES RELATING TO THE MANAGEMENT OF SIGNIFICANT NEGATIVE IMPACTS, THE ENHANCEMENT OF POSITIVE IMPACTS, AND THE MANAGEMENT OF SIGNIFICANT RISKS AND OPPORTUNITIES

SMAT does not exercise direct control over sources of water pollution, as its activities do not result in the release of pollutants; rather, they are focused on the collection and treatment of wastewater, thereby contributing to the reduction of overall pollution.
For this reason, no specific targets have been set for the reduction of water pollution, as such impacts lie predominantly outside the scope of the Company's direct control.
Nevertheless, SMAT promotes and implements numerous initiatives aimed at preventing, monitoring and reducing negative impacts on water quality, as described in this Sustainability Report.

[ESRS E2-4] WATER POLLUTION

SMAT does not discharge pollutants or microplastics into water as a result of its activities. It should be noted that air and soil pollution did not emerge as material in the double materiality analysis. Even in the case of discharges, these may enter the sewerage system or surface waters; therefore, SMAT carries out targeted checks to verify the chemical and physical characteristics of the discharged water and the substances present therein.
With regard to emissions generated by SMAT's own operations, all analyses carried out in recent years have shown values well below the significance threshold established by Regulation (EC) No 166/2006, even when taking into account the total volume of water discharged over the course of the year.
For treatment plants with a capacity exceeding 100,000 population equivalents, SMAT also reports emissions via the ISPRA portal, which includes pollutants present in the wastewater entering the plants and treated during the purification process – and which are therefore not attributable to the company's own operations.
This metric relates exclusively to SMAT's own operations and does not include any pollutants discharged into the sewerage network by third parties. In such cases, any contamination is managed through the treatment process, which acts to limit the impact of unauthorised discharges, within the limits of the treatment system's capacity.

[ESRS E2-6] EXPECTED FINANCIAL EFFECTS OF SIGNIFICANT RISKS AND OPPORTUNITIES RELATED TO POLLUTION

In 2025, SMAT did not record any serious incidents related to water pollution. For this reason, it did not incur any operating or capital expenditure in this regard.

ESRS E3 – WATER AND MARINE RESOURCES

[ESRS 2 IRO-1] DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WATER AND MARINE RESOURCES

SMAT has identified and assessed the impacts, risks and opportunities associated with water resource management as part of the materiality analysis process adopted for this Sustainability Report.
The aspects analysed include the negative impacts associated with water **abstraction**, as well as the potential economic and operational risks linked to its possible unavailability or reduction.
The process of identifying and assessing these impacts, risks and opportunities also considers dialogue with key stakeholders. In this context, SMAT conducts regular consultations with various stakeholders, including local communities in the areas it serves, in order to gather information that helps to understand the impacts and expectations associated with water resource management.
For further information, please refer to section ESRS S3-2 of this Sustainability Report.

Sub-topic	Sub-sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Water	Water withdrawals		Negative impact resulting from the use of water resources		Downstream operations
			Costs relating to the unavailability of water resources due to climate change, pollution and ongoing works		Upstream and own operations

[ESRS E3-1] POLICIES RELATING TO WATER AND MARINE RESOURCES

Management of public water abstraction concessions

As part of its Integrated Water Services management activities, SMAT identifies the environmental impact associated with the abstraction of water resources – which is necessary to ensure the supply of drinking water to the areas it serves – as a significant environmental impact. In order to manage this impact and ensure that the resource is used in accordance with current legislation and in a sustainable manner over time, the Company has updated the **specific internal procedure for managing activities aimed at obtaining concessions for the abstraction of public water**.
The procedure sets out the operational methods by which SMAT manages the entire authorisation process relating to water abstraction – such as wells, springs and surface intakes – as well as the monitoring and updating of information associated with the concessions issued by the competent authorities. The aim of the procedure is to ensure that every water abstraction point used for the supply of drinking water is covered by a valid concession, defined in accordance with authorised abstraction limits and the requirements set out in the relevant regulations.
The scope of the procedure covers all public water abstraction activities carried out by SMAT as part of the management of the Integrated Water Service for the Turin ATO3 area and involves the main corporate functions responsible for the planning, authorisation and management of abstraction works. Operational oversight of the process is entrusted to the Drinking Water Sources Studies and Concessions Service, which is responsible for updating the company's database of concessions, supporting the planning of water intake works and coordinating the activities necessary to obtain or renew authorisations. Responsibility for implementing the procedure lies with the Technical Director.
The procedure is applied in accordance with the relevant regulatory framework governing water resource management, including Legislative Decree 152/2006, Piedmont Regional Law No. 61/2000 and the related regional implementing regulations, as well as the provisions issued by the granting authority (the Metropolitan City of Turin). In this context, the management of concessions also takes into account

the interests of local communities and other parties potentially affected by the use of the resource, ensuring compliance with authorised abstraction limits and the conditions established for the protection of ecosystems and the public interest.
Information relating to concessions and water abstraction is recorded and monitored via a dedicated company database integrated with the asset management systems, which enables the authorisation data, authorised volumes and relevant requirements to be tracked for each water source. The procedure is made available to company staff via the corporate intranet, ensuring its dissemination and correct application by the relevant departments.

Management of protection zones for water supply sources intended for human consumption
As part of its activities, SMAT identifies the protection of water supply sources intended for human consumption as one of the key aspects of water resource conservation. In order to oversee this area and ensure the long-term quality of the water abstracted, the Company has updated its **specific internal procedure for managing activities** aimed at defining protection zones for water supply sources.
The procedure sets out the operational methods and information flows through which SMAT manages the **preparatory activities for the definition, approval, registration and updating of protection zones associated with water abstraction works for drinking water**, such as wells, springs, surface intakes and drainage trenches or tunnels. The aim is to ensure that every source used for drinking water supply is properly recorded, monitored and subject to the relevant protection measures, in accordance with current legislation and the requirements set out by the competent authorities.
The scope of the procedure covers all company departments involved in preparing applications for authorisation relating to water abstraction and in managing the requirements set out in the decisions issued by the competent authorities. Operational oversight of the process is entrusted to the Drinking Water Sources Studies and Concessions Service, whilst responsibility for implementing the procedure lies with the Technical Director.
The procedure provides for a differentiated approach depending on the type of abstraction works and the technical criteria laid down by the legislation for defining the relevant protection zones. For wells, the chronological criterion applies, subject to verification of the structure's condition and compliance with regard to potential interference between shallow and deep aquifers; for springs and drainage trenches or tunnels, the hydrogeological criterion applies, based on the vulnerability of the feeding aquifer, or the chronological criterion if the characteristics of the abstraction are comparable to those of a well; for surface intakes, on the other hand, the infrastructure-based criterion is adopted, which takes into account the specific characteristics of the diversion works and the associated ancillary structures.
The process involves the collection and systematisation of technical and territorial information relating to abstraction sources, the commissioning of specialist studies where necessary, the submission of documentation to the relevant authorities, and the subsequent management of regional approval decisions.
The protection zones thus defined are intended to safeguard the quality of water intended for human consumption by imposing restrictions, land-use limitations and specific requirements to protect the abstraction works and their surrounding environment.
The procedure forms part of the regulatory framework governing the protection of water intended for human consumption and the management of water resources and implements the Piedmont Regional Regulation No. 15/R of 11 December 2006 and the Regional Law No. 61/2000. In this context, SMAT ensures structured and ongoing oversight of the activities necessary to protect water sources, contributing to the safeguarding of water quality, the prevention of contamination risks and the protection of the public interest in relation to the supply of drinking water.

Code of Ethics
To minimise water losses, SMAT promotes, through its Code of Ethics, the continuous improvement **of the resource's operational and technological efficiency**. This approach ensures the responsible management of water resources, with particular attention to the prevention of disruptions and vulnerabilities linked to external factors such as climate change or pollution. Furthermore, in order to prevent pollution and ensure the proper functioning of wastewater treatment plants, the Code of Ethics requires **the adoption of best practices in the use of sewerage infrastructure**.
For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Integrated Policy on Quality, Environment, Safety and Energy
To mitigate the negative environmental impact resulting from water losses and, at the same time, access funding opportunities for reduction projects, the Integrated Policy aims to **safeguard and manage water resources sustainably**, promoting water conservation and the reduction of losses – and operating throughout the entire water cycle – from supply sources to the return of treated water to the environment. Furthermore, the Policy aims to **prevent and effectively manage emergency situations**, including risks linked to reduced water availability. To this end, SMAT promotes innovation in services as well as research and development.
Finally, to combat pollution and the deterioration of water resources – which are also linked to improper discharges or malfunctions in treatment plants – the Policy **protects the environment throughout the entire water cycle**, with particular attention to safeguarding health, the environment and biodiversity.
For further information on the Integrated Policy for Quality, Environment, Safety and Energy, please refer to section ESRS E1-2 of this Sustainability Report.

[ESRS E3-2] ACTIONS AND RESOURCES RELATING TO WATER AND MARINE RESOURCES

Measures to reduce water losses

District-based organisation and data-driven management of the network to reduce water losses
Water losses represent a significant challenge to the efficient and sustainable management of this resource, particularly in Italy, which has one of the highest levels of linear leakage in Europe. These losses have both environmental impacts – as they lead to greater exploitation of available water resources – and energy-related impacts, as they result in increased energy consumption required for abstraction, pumping and distribution activities. In this context, reducing network losses is a priority objective of SMAT's Business Plan and Sustainability Plan, which adopts an integrated approach based on structural measures, the digitalisation of infrastructure and the advanced use of data.
A significant proportion of the water consumption attributable to SMAT is in fact associated with losses along the distribution network, defined as the difference between the volumes of water fed into the network and those actually billed, net of authorised but unbilled consumption and apparent losses.
To tackle this critical issue in a structured manner, SMAT has adopted an integrated approach based on two complementary levers: on the one hand, the **digitalisation and advanced monitoring of the network**; on the other, the **planning of interventions** using multi-criteria analytical models.
A central element of this model is the **division of the network into districts**, which allows the infrastructure to be subdivided into limited, homogeneous and monitorable sections. Measuring instruments are installed at the boundary of each district to record inflow volumes, outflow volumes and pressure levels. This system enables any leaks – defined as the difference between water supplied and consumed – to be identified with greater precision and allows for the prompt detection of anomalies in the network's operation. In line with the targets set out in the PNRR Notice, which set **31 December 2025** as the completion date for the works, SMAT completed the planned districting by the end of 2025. However, this work is set to continue over the coming years, until the entire network is gradually covered.
At the same time, SMAT has developed a **remote consumption monitoring network**, based on smart meters capable of recording consumption more frequently and flagging any anomalies. By the end of 2025, **just over 307,000 smart meters** had been installed, representing approximately **82% of the total planned**, marking significant progress compared with the figure at the end of 2024 (195,000 smart meters, representing 52% of the total planned). The meters, based on **LoRaWAN (Long Range Wide Area Network)** technology, enable remote consumption reading and data transmission over long distances, facilitating continuous and comprehensive monitoring of consumer behaviour. For the implementation of the relevant communications infrastructure, SMAT awarded a contract through a public tender to a company to install antennas and concentrators in the municipalities under its management; the planned number of gateways is higher than initially envisaged, confirming the evolution and progressive strengthening of the network architecture supporting the remote meter reading system.
The integration of district-based management and smart metering provides SMAT with a robust and up-to-date database, upon which an advanced, multi-tiered **monitoring and analysis** system is built. The data collected via the districts, meters and smart meters is integrated into advanced analysis systems, supported by tools for territorial visualisation, KPI analysis and artificial intelligence algorithms. SMAT has also developed a framework for analysing water consumption based on data from smart meters, capable of processing large volumes of high-frequency data, down to **hourly intervals**. This approach

enables a more precise comparison between actual consumption and billed consumption, improves billing accuracy, promptly identifies anomalies in consumption patterns and supports the early detection of private leaks at the level of individual Users. Aggregate data analysis, using clustering techniques, also makes it possible to recognise recurring patterns and supports more efficient planning of the network and water demand.
Alongside this measurement and monitoring component, SMAT has developed a second area of focus dedicated to planning network replacements and upgrades. Whilst in the past the priority of interventions could be defined mainly on the basis of the age of the infrastructure, today the company adopts a **multi-criteria approach** which considers, in addition to age, the material of the pipes, the frequency of faults, water losses and critical issues identified through district-based management, both within the districts and in those parts of the network not yet organised into districts. This enables intervention priorities to be set more accurately, considering the level of infrastructure deterioration, the risk of service disruption and the cost-benefit ratio.
Monitoring and maintenance activities are also carried out on two complementary levels: a **top-down** analysis, based on the results of the municipal water balance, and a **bottom-up** analysis, based on the measurement of minimum night-time flow rates at district level in **the 50 most populous municipalities** of the metropolitan area, which account for approximately **90% of the volumes collected** by the Company. This approach enables a more targeted identification of the sections of the network requiring maintenance work and allows for the progressive optimisation of the system's overall performance.

Measures to optimise water abstraction

Diversification of sources and construction of new wells

In 2025, the total volume of water abstracted from the environment amounted to approximately 323 million m³. This figure comprises various components, including water used in water treatment processes, consumer consumption and water supplied for other uses. Most of the water abstracted comes from groundwater sources, namely wells (65.9%) and springs (14.5%). 19.6% is of surface origin, coming from rivers, streams and brooks. To ensure continuity of service and address the potential consequences of climate change on the availability and quality of water resources, SMAT is diversifying its supply sources and proceeding with the construction of new wells and reservoirs for water storage.

Managed water supply sources	2024	2025
	n	n
Wells	848	849
Springs	1,112	1,132
Drainage trenches/tunnels	8	8
Surface intakes	28	23
Total	1,996	2,012

SMAT protects its water sources, both surface and groundwater, by limiting water abstraction to within the natural regeneration capacity of the catchment areas. Priority is given to the use of groundwater, which, being of a higher quality than surface water, requires less intensive treatment processes to make it drinkable. This approach brings benefits both economically and environmentally, minimising production costs and reducing the overall impact.
Considering the challenges posed by the adverse effects of climate change – which make it difficult to source water from springs due to their vulnerability – SMAT has launched a **research and development programme to identify new wells**. The project involves an in-depth analysis of areas of interest, which may be already known to the company or new to it. In the case of known areas, SMAT drills wells to a depth of between 150 and 180 metres, followed by flow rate tests, pumping tests and water quality analyses. If the water meets drinking water standards, the wellheads are constructed and the wells are connected to existing networks and facilities. In the case of unknown areas, drilling is preceded by a preliminary analysis of the site, which includes hydrogeological surveys and monitoring piezometers to verify the suitability of the site. During the reference period, taking into account both the projects at the design stage and works currently under way, SMAT has launched initiatives to construct **around 30 new** deep aquifer **wells** located in various municipalities within the area it serves, alongside **at least four projects relating to surface water intake and collection works**.

In addition to the construction of the new facilities, the projects also include ancillary works necessary for their commissioning, such as wellheads, hydraulic and electrical connections, supply pipelines, electrical substations and treatment plants. In some cases, these works form part of wider projects to replace, refurbish or upgrade existing water abstraction facilities, with the aim of improving the reliability, continuity and resilience of the service.
Overall, these initiatives confirm SMAT's commitment to diversifying and consolidating its water supply sources, thereby strengthening the water supply system's capacity to respond effectively to changing demand, infrastructure challenges and growing pressures on water resources.
SMAT has implemented an **automated system that uses submersible probes** inserted into existing piezometers or disused wells to monitor the level of the underground aquifer in the main wellfields of the metropolitan area. The data collected is transmitted on a daily or weekly basis to the remote monitoring system via a battery-powered device, enabling continuous monitoring of the aquifer's water levels. The system covers the areas of the municipalities of Avigliana, Beinasco, Borgaro, Carignano, Ivrea, La Loggia, Moncalieri, Rivalta, Rivoli, Rondissone, Rosta, Scalenghe, Trofarello, Venaria, Villastellone and Volpiano.
This initiative contributes to the security of the water supply and the resilience of infrastructure, in line with the Integrated Policy and the Code of Ethics, thanks to the responsible and sustainable management of groundwater resources.

MidAS-Po Project for groundwater research
SMAT is contributing to the **MidAS-Po** project (Hydrogeological Model of Groundwater in the Po River Basin District), an initiative promoted by the Po River Basin District Authority and aimed at developing a shared knowledge framework to support groundwater balancing at the district level. The project, launched in 2022 and carried out in collaboration with ARPAE (Regional Agency for Prevention, the Environment and Energy) and numerous universities and research centres, involves, in its initial phase, the reconstruction of the conceptual model of the district's hydrogeological system through the analysis of aquifer structure, boundary conditions, abstractions, recharge and the monitoring network; Subsequently, this knowledge will be translated into digital data useful for constructing the numerical model. In this context, SMAT has contributed by providing geodetic, stratigraphic and piezometric data relating to wells and piezometers installed in the deep aquifer, covering **34 municipalities** within the area it serves, thereby helping to enrich the project's information base. Participation in MidAS-Po enhances our ability to understand the evolution of groundwater resources over the medium to long term and supports more informed and sustainable management of water abstraction, in line with the objectives of protecting both the quantity and quality of the resource.

Valle Orco Water Supply Scheme
Among the projects included in SMAT's Business Plan, the Orco Valley Water Supply System represents the largest infrastructure project. Construction work on the water supply system began last year, involving the construction of a **water treatment plant and 140 km of new pipelines,** and was completed in spring 2026 with the inauguration of the plant. The project aims to supplement the water supplies of 50 municipalities in the Eporediese, Calusese and Canavesana areas, using water from reservoirs situated at an altitude of up to 2,400 m above sea level in the Gran Paradiso National Park, which are currently used solely for hydroelectric power generation. The new water system can meet the needs of 130,000 permanent residents and 30,000 seasonal visitors, with a maximum flow rate of 600 l/s. The water will be drawn from 14 mountain streams, channelled via collection channels and six reservoirs with a total capacity of 83 million m^3.
The construction of the aqueduct has helped to create over 4,000 jobs, with the prospect that a significant proportion of these will become permanent. The employment opportunities mainly concern professionals such as engineers, maintenance technicians and labourers. In 2019, the project was exempted from the Environmental Impact Assessment (EIA) by the Ministry of the Environment. Subsequently, through a public tender process, contracts were awarded for the design of both the water treatment plant and the pipelines. At the same time, the Piedmont Region, ATO3, SMAT and Iren Energia signed an agreement **prioritising the use of the stored water resource for drinking water purposes**.
The project ensures a resilient and sustainable water supply for over 50 municipalities, contributing to the environmental objectives of the Integrated Policy and to the ethical treatment of water as a common good.

INOPIA: early warning of water crises

SMAT is continuing the project to implement and customise INOPIA, a **tool for forecasting potential water crises and supporting decision-making**. Developed as part of the Collaboration Agreement between the Department of Civil Protection and the Water Research Institute of the National Research Council, the tool enables a timely assessment of the risk of water shortages resulting from a significant reduction in water resources due to persistent anomalies in rainfall. The SMAT Research Centre is assessing, through a specific case study (one of the water supply chains serving the City of Turin, characterised by high complexity and a supply system based on multiple sources), the effectiveness of this system within a complex context such as that of SMAT, verifying its operational and practical potential.

[ESRS E3-3] Objectives relating to water and marine resources

As part of its Sustainability Plan to 2029, SMAT has set **the objective of reducing linear water losses along the distribution network by 10%**. This objective represents a strategic lever for improving service efficiency, protecting water resources and strengthening the resilience of the water supply system, in a context characterised by increasing climate-related pressure and variability in water availability.

To achieve this target, SMAT has launched an integrated set of measures, including the division of networks into districts and their monitoring, the gradual replacement of water meters, the analysis of operating pressures, the rehabilitation of infrastructure, and the strengthening of leak detection and management activities.

In parallel, SMAT has defined specific action plans dedicated to **the protection of water sources**, with the aim of upgrading 95 drinking water abstraction points involved in the redefinition of protection zones and **strengthening the resilience of the water service** through the construction of 49 new drinking water abstraction facilities. These measures are designed to ensure the safety, continuity and adaptability of the service in the medium to long term.

Objective and lines of action	KPIs	Base year (2024)	Results for 2025	Interim Interim	2029 target
Reduce water losses	m³/km/day reduction in water losses	21.25	20.98	2027: 20.02	2029: 19.19 (-10% water losses* (M1a))
Work on districting the networks and monitoring the systems	km of zoned network	5,593	7,101	-	-
Meter replacements	n meters	-	-	2027: 20,000	2029: 20,000
Carrying out an analysis of the operational reliability of the systems and networks in terms of pressure levels	On/off	Off	Off	-	2027: On
Rehabilitation of networks	Km rehabilitated (annual)	4.36	6.21	2027: ~ 26	2029: ~ 26
Implementation of the operational unit for the systematic detection of leaks and the planning of structural repair works	On/off	-	-	-	On
Protection of water sources	Number of drinking water abstraction points included in the studies to redefine the protection zones (cumulative)	11	34	2027: 65	2030: 95
Resilience of the water supply	Number of drinking water abstraction works (wells, springs, surface intakes) completed (cumulative)	9	15	2027: 34	2030: 49

Entity-specific disclosures

The metrics associated with water consumption by businesses – for example, consumption for production processes or industrial needs – are of little relevance in the specific case of an integrated water services company such as SMAT. A more meaningful indicator for gauging the impact on water resources could be the **total volume of water abstracted from the environment**, which, in SMAT's case, amounted to approximately 323 million m³ in 2025.

In response to the importance attached to the issue of **reducing water losses**, SMAT adopts the indicator established by ARERA as its monitoring indicator, which allows for the consistent and efficient measurement of the quantity of water lost throughout the distribution network.

Water losses correspond to the difference between the volume of water fed into the network and that actually billed, net of authorised but unbilled consumption (e.g. fire-fighting systems) and apparent losses (e.g. unauthorised consumption and measurement errors). Among the technical quality indicators, ARERA has identified macro-indicator M1 – water losses – which aims to assess and compare the performance of water operators in minimising losses and which, in turn, comprises two sub-indicators:

- M1a – Linear water losses (m^3/km/day), defined as the ratio of the total volume of water losses to the total length of the water supply network, including the length of service connections, in the year under consideration;
- M1b – Water losses as a percentage (%), calculated as the ratio of the total volume of water losses to the total volume entering the water supply system in the year under consideration.

	2024	2025	Italy 2024[37]
M1 Water losses (ARERA)			
M1a Linear water losses (m^3/km/day)	21.25	21.34	18.2
M1b Water losses as a percentage	38.7%	38.9%	42.3%
ARERA class	C	C	C

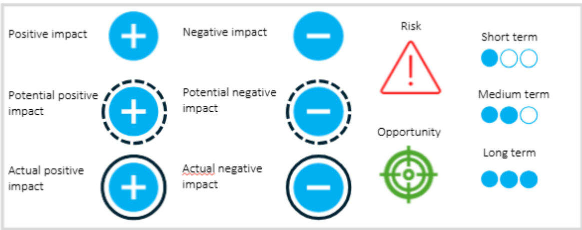
[37] ARERA, Annual Report 2025, State of Services

ESRS E5 – CIRCULAR ECONOMY

[ESRS 2 IRO-1] Description of the processes for identifying and assessing the material impacts, risks and opportunities associated with resource use and the circular economy

To identify material IROs related to resource use and the circular economy, SMAT analysed its own activities, identifying as material a series of IROs relating primarily to its own operations and those further down the value chain. For SMAT, outflows are in fact material, as inflows (water resources) are withdrawn and subsequently returned to the environment.

Legend



Sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Resource outflows associated with products and services/Waste		Positive impact on circularity through the recovery and reuse of waste (e.g. sewage sludge)		Own and downstream operations
		Economic valorisation of sewage sludge as a resource, through recovery and treatment activities aimed at producing other reusable products		Own operations

Sottotema	IRO, potenziale/Attuale	Descrizione	Orizzonte temporale	Catena del valore
Deflussi di risorse/Rifiuti		Impatto positivo sulla circolarità per il recupero e il riutilizzo degli scarti (es. fanghi di depurazione)		Operazioni proprie e a valle
		Valorizzazione economica dei fanghi di depurazione come risorsa, attraverso attività di recupero e trattamento finalizzate alla produzione di altri prodotti riutilizzabili		Operazioni proprie

[ESRS E5-1] Policies relating to resource use and the circular economy

SMAT Waste Management Procedure

The Waste Management Procedure is designed to **prevent, mitigate and rectify the environmental impacts arising from the generation and treatment of waste associated with the company's activities**. It applies across all operational functions and to activities both upstream and downstream of the production cycle, with particular attention to treatment facilities such as the Castiglione Torinese Wastewater Treatment Plant. The plant serves as the administrative coordination centre and main archive for registers and forms (FIR) and plays a central role as an authorised facility for the treatment and storage of waste delivered by third parties.

The main reference for implementing the Procedure is the UNI EN ISO 14001 standard relating to environmental management systems, supported by internal procedures, instructions, system forms and operational documentation (e.g. FIR, technical assessment reports, transport forms).

The Procedure is designed to ensure full compliance with current legislation, including Legislative Decree 152/06, as amended, which regulates environmental protection in its various aspects, and is implemented through the monitoring of all operational phases: from waste classification to the planning of waste handling, from the management of temporary storage to final disposal and recovery. Furthermore, on 13 February 2025, Ministerial Decree 59/2023 came into force, establishing the operational framework for RENTRI (the National Electronic Register for Waste Traceability).

The waste management procedure underwent the necessary revisions to bring it into line with the new decree during 2025. A further revision is also planned by the second half of 2026 to introduce XFIR management procedures (the digital format of the Waste Identification Form).
The activities make use of computerised tools that ensure traceability, authorisation controls and standardised reporting.
Oversight and monitoring of the Procedure are entrusted to the highest level of management through the direct involvement of the General Manager, with operational functions delegated to the District Technical Managers, the Head of the Waste Management Service (RGERIF) and the Works Management Department. The process is supported by the QSA Service, which is responsible for maintaining the Integrated Management System (IMS) and planning internal audits.
The scope of application of the policy includes plants, networks, head offices and branch offices, and extends to Operational Management Entities (SOG) and external contractors responsible for works and maintenance.
The Procedure considers the interests of the stakeholders involved, including regulatory bodies, suppliers, transport operators and local communities, through a transparent, verifiable and up-to-date documentation system. Environmental requirements are communicated to contractors and formalised in contracts, ensuring that external parties are held accountable. In the event of breaches or irregularities, spot checks, document inspections and the implementation of corrective actions are carried out.
Internal communication of the Procedure is ensured via the company's intranet, where updated versions of the documents are published. Finally, stakeholder engagement is facilitated by the availability of the Procedure itself and its implementation tools, both at the Castiglione Torinese site and through access to digital archives and the ECOS management network, thereby ensuring the consistency, accountability and transparency of the entire process.

Integrated Policy for Quality, Environment, Safety and Energy
In line with the Integrated Policy, SMAT reaffirms its commitment to research and development activities, with a particular focus on innovating the services it provides, reducing its environmental impact and promoting a circular economy model. These commitments reflect SMAT's focus on recovery, the valorisation of waste and the sustainable management of resources.
For further information on the Policy on Quality, Environment, Safety and Energy, please refer to section ESRS E1-2 of this Sustainability Report.

Code of Ethics
SMAT's Code of Ethics affirms a clear commitment to safeguarding the environment as a primary asset and promotes a **balance between economic development and environmental protection**, through support for scientific research and the adoption of advanced technological solutions.
The document provides for the prudent and rational management of natural resources, with the explicit aim of preserving resources for future generations. It promotes the sustainable use of renewable resources and the adoption of procedures for the proper management and recovery of waste, in line with the principles of the circular economy. Furthermore, it extends these principles to all parties with whom SMAT has dealings, requiring quality and environmental standards that comply with the relevant legislation.
For further information on the Quality, Environment and Safety Policy, please refer to section ESRS E1-2 of this Sustainability Report.

[ESRS E5-2] ACTIONS AND RESOURCES RELATING TO RESOURCE USE AND THE CIRCULAR ECONOMY

Initiatives for the circularity of sewage sludge

The thermal oxidiser for sludge recovery
SMAT has launched a major strategic initiative with a view to the circular economy at the Castiglione Torinese wastewater treatment plant, through the **final design of a thermal oxidiser intended for the energy recovery of sludge** produced by wastewater treatment. The BoD has approved the project, with the aim of transforming sludge from waste into a resource, eliminating the environmental and logistical impacts associated with transport and disposal, and promoting the in-house production of thermal and electrical energy.
During 2025, the inter-departmental consultation for the authorisation process (PAUR), under the jurisdiction of the Metropolitan City of Turin, was successfully concluded. Once the Integrated Environmental

Authorisation for the project has been obtained, the timetable envisages an estimated period of 44 months for the completion of the works, to which will be added the time required to draw up the tender specifications and launch the tender process.
The growing quantities of sludge produced by wastewater treatment plants – thanks to the continuous improvement in their performance – and the ever-increasing difficulties in disposing of it make it necessary to adopt new strategies to recover it effectively. In this context, the construction of a thermal oxidiser offers numerous advantages to SMAT's wastewater treatment plants, which produce over 20,000 tonnes of sludge (dry matter) annually.
Thanks to the implementation of this technology, it will be possible to mitigate both the odour impact and the environmental impact caused by the transport and processing of sludge, whilst recovering electrical and thermal energy to power the plant itself. With an investment of over € 80 million, the project is a prime example of how technological innovation in sludge management can generate significant benefits in terms of the circular economy and environmental sustainability.
The Castiglione Torinese plant is, in fact, an advanced treatment and recovery centre where various circular practices are implemented. In addition to the new infrastructure being developed, the plant produces over 5 million cubic metres of biomethane annually, recovers around 3,000 tonnes of sand, hosts the – Europe's largest - deammonification plant using Anammox bacteria and features a solar farm for the production of renewable energy. These initiatives form part of an integrated management model that combines operational efficiency with a reduction in environmental impact, contributing to waste prevention throughout the value chain and the recovery of process residues.
SMAT also holds the Biofuel Sustainability Certification (Interministerial Decree of 7 August 2024 – National Certification System for Biofuel Sustainability), renewed in 2025, which certifies the compliance of the biomethane production process from sewage sludge at the Castiglione Torinese plant.

BioEnPro H_2O: experimental activities for waste reduction
SMAT actively contributes to the BioEnPro H_2O research project, funded as part of the **NODES** innovation ecosystem **(Next Generation EU – PNRR)** under the **SPOKE 2** strand – **Green Technologies and Sustainable Industries,** through an integrated set of experimental activities aimed at waste reduction and the application of circular economy models in the management of water resources and sewage sludge.
The project aims to recover water from organic waste streams (sludge, FORSU – Organic Fraction of Municipal Solid Waste –, compost, leachate) and utilise it for industrial or agricultural purposes or for the production of green hydrogen, thereby contributing directly to reducing the volumes of waste generated and closing material cycles.
As a technical and experimental partner, playing a central role in the characterisation of waste streams and the testing of new advanced treatment technologies, SMAT has conducted **tests on various types of sludge and wastewater to identify the physico-chemical characteristics of the streams and assess their potential for reuse**.
In particular, at the laboratories of the Castiglione Torinese plant, chemical, microbiological and respirometric analyses were carried out on various types of wastewater and leachate – including landfill and composting leachate from the CIDIU and water resulting from sludge evaporation – in order to characterise the streams, assess their biodegradability and identify suitable treatment pathways.
Based on these results, SMAT has helped to **define the treatment processes** required to make the water suitable for agricultural and industrial reuse and, in the future, for the production of green hydrogen. For irrigation and industrial reuse, the identified process chain comprises biological treatment using attached biomass with nitrification and denitrification, filtration, ozonation, filtration using biologically active carbon (BAC) and final disinfection with UV or peracetic acid. For reuse in support of PEM (*Proton Exchange Membrane*) electrolysis, the need to add reverse osmosis and ion exchange stages to achieve the required purity levels was assessed, concluding that this approach is technically very costly for the type of wastewater studied.
All these activities form part of the company's objectives for the continuous improvement of environmental sustainability and the adoption of circular solutions for wastewater treatment and management. Although participation in the project did not have immediate application in the company's processes, it enabled SMAT to test technologies with high innovative potential in the field, leading to an increase in technological maturity and a broader understanding of the water recovery opportunities applicable to its own plants.

Finally, SMAT has made a decisive contribution to defining operational workflows and conducting the technical and economic assessment of the processes, acting as an interface between scientific research, industry and public utilities. The actions carried out are in line with the company's strategies for waste prevention, optimisation of the integrated water cycle and process innovation, with tangible benefits in terms of reducing the volume of sludge requiring disposal, recovering secondary water and increasing the circularity of the treated resources.

Pilot project for the production of bio-hydrogen from sludge

In line with its commitment to finding innovative solutions for **energy recovery and the valorisation of process residues**, SMAT has launched a scientific collaboration with the Department of Life Sciences and Systems Biology at the University of Turin, with the aim of exploring new ways of valorising sewage sludge through anaerobic fermentation processes – known as *'dark* fermentation' – aimed at producing bio-hydrogen. This is a cutting-edge process which, unlike traditional anaerobic digestion for biogas production, operates with very short residence times (2–4 days), promoting the conversion of organic matter into volatile fatty acids and hydrogen whilst inhibiting methane production.

SMAT is contributing by supplying primary sludge from its own plants and supporting the feasibility analysis and validation of the results from an industrial perspective.

The experimental activities focus on four main areas of research:

- **Selection of the best microorganism for hydrogen production**: various bacterial strains belonging to the genus *Clostridium* have been tested, cultured both on laboratory media and on SMAT sludge; two strains of *Clostridium beijerinckii* were selected which showed significant biohydrogen production, proving to be the most promising for the application under study.
- **Genetic engineering to increase yield**: metabolic engineering strategies have been directed towards *C. beijerinckii* NCIMB 8052, a naturally non-pathogenic strain. Key genes have been identified and cloned for the overexpression of a hydrogenase and glycolytic enzymes, with the aim of increasing the metabolic flux towards hydrogen production.
- **Microbiological safety**: in parallel, work is underway to construct the genetic vectors required for the safe manipulation of bacterial strains, with particular attention to protecting plasmids from bacterial restriction systems.
- **Process scale-up**: a work plan has been drawn up for the scale-up of fermentations in a 10-litre bioreactor, using unsterilised sludge. The trial, which began in spring 2025, involves a progression from batch to continuous mode, moving closer to conditions applicable on an industrial scale.

With regard to ARERA's technical quality indicators, SMAT recorded a **0% rate of sludge disposal in landfill**, confirming its **Class A** status**,** with performance significantly better than the national average of 7.5%.

	2024	2025	Italy 2024[38]
M5 Sludge disposal in landfill (ARERA)			
M5 – Sludge disposal in landfill (%)	0.00%	0.00%	7.5%
ARERA class	A	A	A

Initiatives for the reuse of treated wastewater

Wastewater treatment plants and the IRRISAFE project

In response to increasing drought, water recycling represents a strategic solution to ensure an alternative and reliable water supply and to reduce pressure on water bodies. SMAT has for years been promoting the **reuse of treated wastewater, providing a regenerated resource** that can be used**,** for example, in agriculture, industry or for non-potable domestic purposes. This is an innovative approach that adds value to water even after the treatment cycle, transforming it into a circular asset. Italian legislation (Ministerial Decree 185/2003) regulates the reuse of wastewater for agricultural, domestic and industrial purposes. Despite its potential, reuse remains limited in Italy and Europe, with agriculture being the main

[38] ARERA, Annual Report 2025, State of Services

recipient. EU Regulation 2020/741, which comes into force in 2023, promotes agricultural reuse, particularly in drought conditions. To support this, Delegated Regulation 2024/1261 on technical specifications for risk management was adopted on 8 May 2024.

SMAT has been implementing the reuse of treated wastewater since 2001, with treatment plants such as those in Collegno, Castiglione Torinese, Pinerolo, Chieri and Pianezza, which use advanced processes to produce water with properties suitable for reuse for internal purposes such as, for example, washing sand recovered from wastewater, firefighting, engine cooling, surface washing or cooling flue gases in cooling towers. The University of Turin, through the Butterfly Area – the scientific and technological hub dedicated to research institutions and organisations at the City of Science and the Environment in Grugliasco – has launched, in collaboration with Utilitalia, SMAT, the Piedmont Region and other stakeholders, a working group to develop a multidisciplinary approach to the issue of water reuse. This project aims to become a benchmark for the creation of partnerships, synergies and projects designed to tackle the water crisis and the negative impacts of climate change.

It is within this context that the **IRRISAFE** project – **'From use to reuse: development of a model for a risk management plan for the reuse of urban wastewater'** – was developed. Led by the University of Turin in collaboration with SMAT and the Piedmont Region, and funded by the CRT Foundation, the project has now been completed with the preparation of the final report. The project did not focus on the operational management of risks, but rather on the development of a methodological model for drawing up a Risk Management Plan (RMP) applied to the reuse of urban wastewater for irrigation. The case study in question is the Carmagnola Ceis wastewater treatment plant, chosen partly due to the presence of irrigation canals in the surrounding areas and the contacts already established with local farmers.

The project was divided into two complementary strands. The first involved a preliminary assessment of the plant's potential for reusing treated water for irrigation: analysis of historical data and sampling campaigns revealed good overall treatment efficiency, whilst also showing that, for numerous parameters, the water leaving the treatment plant is already of a higher quality than that of the Rio Moneta, which is currently used for irrigation. The second strand involved the study of quaternary treatment processes based on innovative, bespoke technologies that combine physical and biological approaches without the addition of chemical additives. To this end, the University of Turin carried out laboratory tests on biocatalytic treatments and advanced oxidation processes using actual wastewater from the Carmagnola Ceis treatment plant. At the same time, the SMAT Research Centre carried out the project **'Upgrading of wastewater treatment plants for reuse in agriculture'**, aimed at conducting a technical and economic assessment of the adaptation of three wastewater treatment plants for reuse in irrigation. Following an initial selection, the technical and economic analysis of the Carmagnola Ceis plant was examined in greater depth, as it had been identified as the most suitable for the purpose. Three technological alternatives were assessed, each involving different levels of additional treatment (hydraulic connection to the Rio Moneta, addition of UV disinfection or peracetic acid disinfection), each associated with a different quality class of water suitable for reuse in irrigation.

[ESRS E5-3] Objectives relating to resource use and the circular economy

Regarding the management of impacts, risks and opportunities linked to resource use and the circular economy, SMAT has defined quantitative targets and lines of action aimed at maximising the recovery of waste generated throughout the operational cycle and expanding the reuse of water resources.

In terms of waste recovery, the objective is **to achieve 99% of waste recovered by 2029**. The main lines of action include the recovery of hazardous waste, energy recovery from sewage sludge and the delivery of packaging to dedicated consortium-run recycling schemes. In addition to these, the plan includes the recovery of metallic materials and waste electrical and electronic equipment (WEEE), as well as the recovery of polycarbonate bottles. Taken together, these actions aim to progressively reduce the volumes sent for disposal, whilst maximising the residual value of materials and the energy recoverable from the by-products of the wastewater treatment process.

Regarding water reuse, SMAT has set itself the target of **reusing 10% more treated water by 2030**, compared with a baseline of 1.0% in 2024. To achieve this target, plans include the development of new peripheral plants for internal use and the identification of new external Users through the construction of dedicated distribution infrastructure.

Objective and action points	KPIs	Base year (2024)	2025 Re-sults	Interim Interim	2029 target
Recovered waste	% of total waste				2029: >99%
Recovery of hazardous waste destined for R1–R13 operations	% of waste recovered	18%	59%	2027: 60%	2029: 60%
Energy recovery from sludge	t/year of sludge destined for energy recovery (annual)	7,200	7,700	2027: 9,500	2030: 12,000
Delivery of packaging to dedicated consortium collection channels	% of packaging delivered	*off*	*off*	2027: on	2029: 100%
Start of recovery of metallic materials and WEEE	% of metallic materials and WEEE sent for recovery	-	-	2027: 60%	2029: ≥95%
Recovery of PC bottles	% of bottles recycled	0	-	2027: 60%	2030: 90%
Treated water intended for reuse	Percentage increase in water intended for reuse as a proportion of total treated water	1.0% *[4 million m^3]*	1.0% *[4 million m^3]*	2027: 5.0%	2030: 10.0%
Identification of new Users and installation of distribution systems	Number of connected households	-	-	-	2030: +3
Work on new peripheral systems for internal use	No. of plants/year	0	0	2027: 1	2030: 1

[ESRS E5-5] RESOURCE OUTFLOWS

The main categories of waste generated by SMAT include chapters 15, 16, 17 and 19, as set out in Decision 2015/955/EU of 18 December 2014.
In 2024, the total amount of waste generated was 74,111 tonnes, of which 0.05% was hazardous and 0.4% was sent for disposal. In 2025, the total amount of waste rose to 82,416 tonnes, of which 0.02% was hazardous and 0.3% was sent for disposal.

Waste	2024		2025	
	kg		kg	
Total amount of waste produced	74,110,880		82,415,919	
Total waste not destined for disposal	73,797,230		82,512,789	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
(i) Preparation for reuse[39]	54,035,870	6,440	66,577,149	8,430
(ii) Recycling[40]	9,767,950	-	9,520,990	-
(iii) Other recovery operations (Use as fuel (code R1), Spreading on land for agricultural or ecological purposes (code R10))	9,986,970	-	6,046,220	-
Total waste sent for disposal	313,650		263,130	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
(i) Incineration	-	-	-	-
(ii) Disposal in landfill[41]	-	-	-	-
(iii) Other disposal operations[42]	283,990	29,660	250,890	12,240
Total non-hazardous and hazardous waste	74,074,780	36,100	82,395,249	20,670
Total non-recycled waste	64,342,930		72,894,929	
Total non-recycled waste (%)	87%		88%	

Hazardous waste and radioactive waste	2024	2025
	kg	kg
Total hazardous waste	36,100	20,670
Total radioactive waste	1E-3	1E-3

[39] Placing waste in storage for one of the recovery/recycling operations (code R13), Exchange of waste for one of the operations listed under R1 to R11 (code R12)
[40] Recycling/recovery of organic substances not used as solvents (including composting and other biological transformations) (code R3), Recycling/recovery of metals and metal compounds (code R4), Recycling/recovery of inorganic substances (code R5), Recovery of products used to capture pollutants (code R7)
[41] Deposition on or in the ground (e.g. landfill) (code D1), Disposal in specially engineered landfills (code D5)
[42] Biological treatment (code D8), Physico-chemical treatment (code D9), Preliminary sorting (code D13), Preliminary conditioning (code D14), Preliminary storage (excluding temporary storage prior to collection) (code D15)

ESRS S1 – OWN WORKFORCE

[ESRS 2 SBM-2] STAKEHOLDERS' INTERESTS AND VIEWS

The interests, views and rights of employees inform SMAT's strategic decisions and inspire the adoption of measures aimed at improving organisational wellbeing. A central role is played by relations with the **Unitary Trade Union Representatives, together with the Workers' Health, Safety and the Environment Representatives,** which serve as a structured and ongoing forum for listening, dialogue and the representation of staff concerns.
This approach is complemented by further initiatives led by the Human Resources Department (DRU), such as the distribution of internal questionnaires, which are used to gather structured feedback on specific issues, such as those relating to gender equality, diversity, equity and inclusion.

[ESRS 2 SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

SMAT relies predominantly on a **workforce comprising employees on permanent contracts**, making limited use of external non-employee resources. The Group's activities take place almost exclusively in Italy and do not involve any risks of forced, compulsory or child labour.
Below is a summary of the impacts, risks and opportunities that the company has identified through its materiality analysis.

Legend

Sub-topic	Sub-sub-topic	IRO, potent	Description	Time horizon	Value chain
Working conditions	Work-life balance		Positive impact on employee motivation, inclusion, productivity and wellbeing thanks to company benefits and welfare policies	●○○	Own operations
	Health and safety		Penalties, legal costs and reputational damage arising from a potential increase in the accident rate, in the event of non-compliance with health and safety at work regulations	●●○	
Equal treatment and opportunities for all	Training and skills development		Positive impact on the development and transfer of employees' internal skills through the provision of training programmes to improve or retrain skills (upskilling and reskilling)	●●○	
			Opportunity to improve operational performance through employee training	●●○	
	Gender equality and equal pay		Positive impact on staff motivation through a focus on gender equality and equal pay, and the promotion of an inclusive culture	●○○	
			Greater attractiveness, increased staff productivity and tax benefits resulting from the proper management of gender equality within the company	●●○	
	Diversity		Opportunities to enhance the attractiveness of the organisation and retain talent diverse in terms of age, gender, skills and background, with positive effects on productivity, operational capacity and value creation in the medium to long term.	●●○	

[ESRS S1-1] POLICIES RELATED TO THE COMPANY'S OWN WORKFORCE

SMAT has adopted a **specific human resources management procedure** to enhance its workforce, to promote an inclusive and stimulating working environment, to ensure organisational flexibility and a healthy work-life balance and to safeguard gender equality, diversity and the health and safety of its

employees. This document represents one of the key implementation tools of the integrated management system and contributes to the prevention and management of impacts and risks, as well as to the realisation of opportunities relating to human capital.
The procedure governs all stages of the employment relationship lifecycle, from recruitment and selection to the termination of employment. The main objectives are impartiality, transparency and inclusion ensurance in decision-making processes, skills development promotion,equal treatment ensuranceand internal career progression support.
The procedure applies to all SMAT departments, and the **highest management level responsible for its implementation is SM AT's Executive Management,** which approves the recruitment plan and the annual training plan and oversees organisational developments. Responsibility for implementing the procedure lies with the Department and the Head of DRU, who oversee the day-to-day management of the processes and ensure compliance with the defined standards.
The procedure is consistent with the provisions of the relevant National Collective Labour Agreement (CCNL - Italian national sector-specific labour contract) and with national legislation on labour, health and safety regulations (e.g. Legislative Decree 81/08). It is also aligned with the principles of the United Nations 2030 Agenda, in particular Goal 5 on gender equality, and supports the certification path in accordance with UNI/PdR 125:2022 for gender equality.
The procedure has been drawn up considering the needs and expectations of the main internal stakeholders, in particular employees,through the analysis of reports, consultation with Trade Union Representatives and consultation sessions organised by the DRU. This **ongoing involvement** helps to ensure that the content of the procedure evolves in line with people's actual needs.
The document is made available to all staff via the company intranet (SiGI Platform) and is explained during the onboarding programmes of new recruits.

Policy on Gender Equality, Diversity, Equity and Inclusion (PGDEI)
To strengthen the positive impact on staff motivation, through effective safeguarding of gender equality and pay equity and the promotion of an inclusive corporate culture, SMAT has adopted the PGDEI, in accordance with UNI/PdR 125:2022, to which it adheres voluntarily. This policy aims to promote a **fair, respectful and people-centred working environment** by establishing a comprehensive management system.
The general objectives focus on ensuring **equal opportunities in terms of access, treatment and professional development** for all staff, free from any form of discrimination based on gender, age, sexual orientation, disability, ethnic origin or personal and religious beliefs. Fairness is also ensured in recruitment processes, remuneration systems, performance appraisals and career management. Particular attention is also paid to the issue of **work-life balance**, through the adoption of concrete measures to support parenthood and the caregiving for vulnerable family members. At the same time, the Policy aims to consolidate a corporate culture based on respect for diversity, the prevention of prejudice and harassment, and the promotion of skills at all stages of an employee's career.
Accountability for the implementation of the Policy lies with **the Steering Committee for Gender Equality, Diversity, Equity and Inclusion,** comprising the Chief Executive, the Head of Human Resources and the Head of Internal Auditing, who ensures that it is constantly updated and aligned with the organisation's strategic guidelines, in coordination with the Chairman and the CEO. The Steering Committee is responsible for disseminating the Policy both internally and externally, setting periodic objectives and coordinating the relevant activities.
The monitoring process is based on the setting of measurable objectives, the periodic updating of the Strategic Plan for gender equality, diversity, equity and inclusion, and the systematic assessment of the results achieved.
This document applies to all SMAT activities, regardless of corporate function, and extends to all employees. Its formulation considered the expectations expressed by the main internal stakeholders, in particular employees, including through structured consultation sessions and discussions with trade union representatives.
To ensure maximum accessibility, the Policy is available to staff via internal communication channels (INAZ Portal and SiGI platform) and is published on the corporate website, making it accessible to external stakeholders as well.

Policy on the Protection of Parenting and Caregiving
The Policy on the Protection of Parenting and Caregiving forms part of SMAT's broader commitment to promoting gender equality, diversity, equity and inclusion, with the aim of creating **an organisational environment that recognises and values caregiving roles as central aspects of people's lives**, whilst promoting a sustainable work-life balance.
This initiative fosters **ongoing dialogue between employees and management**, particularly during sensitive periods such as maternity leave or when taking on care responsibilities for vulnerable family members. It involves drawing up **personalised plans to support the individual during their period of absence and upon their return**, ensuring continuity in the professional relationship and transparency regarding career development prospects.
Equal importance is also given to **fatherhood**, through regular information sessions to support the taking of paternity leave and time off, and the monitoring of such arrangements, with the aim of fostering an equitable distribution of family responsibilities and thereby contributing to the full realisation of women's careers.
The monitoring process is based on the periodic analysis of data relating to shared parenting, the take-up of leave and the effectiveness of the measures adopted in improving work-life balance, including through indicators of participation, retention and satisfaction among the staff concerned. The Policy applies to all SMAT activities and is aimed at all employees.
Ultimate responsibility for the implementation of the Policy lies with the Steering Committee, whilst the DRU oversees its operational implementation under the coordination of the Steering Committee, which is responsible for disseminating the document, promoting its content and setting periodic objectives.
The Policy is consistent with the criteria for Gender Equality certification. It is also accessible to all staff via internal communication channels and is promoted through awareness-raising and training initiatives aimed at managers, supervisors and employees.

Anti-Harassment Code of Conduct
To protect people's dignity and ensure safe, inclusive and respectful working environments, SMAT has adopted an Anti-Harassment Code of Conduct which sets out principles, expected behaviour, prevention measures and procedures **for handling cases of abuse, harassment, bullying and discrimination** in the workplace. This document represents a concrete measure to address the social impacts associated with the protection of people's fundamental rights and forms an integral part of the Gender Equality Management System and the Diversity, Equity and Inclusion Policy.
The Code establishes an **absolute ban**, within the organisation, **on any form of physical or psychological abuse**. The aim is to actively prevent situations that compromise people's physical and mental wellbeing and dignity, whilst promoting relationships based on respect and collaboration.
It also provides **for the establishment of secure reporting channels, including anonymous ones**, and the structured management of reports by the Steering Committee, which guarantees confidentiality, promptness and impartiality in the analysis of the facts. Monitoring the effectiveness of the measures adopted is entrusted to the Committee itself, which periodically reviews the results and updates the document where necessary.
The Code applies to all SMAT employees, across all operational and administrative sites. Ultimate responsibility for the implementation of the Code lies with the Steering Committee, which is also tasked with raising awareness and coordinating any corrective or disciplinary actions.
This document is aligned with the principles of SMAT's Code of Ethics (Article 13), with the Policy on Gender Equality, Diversity, Equity and Inclusion, and with national and EU legislation concerning the protection of labour rights, human dignity and non-discrimination. Furthermore, it complies with the standards of the UNI/PdR 125:2022 certification for gender equality and with the United Nations guidelines on human rights in business.
The Code is made accessible through publication on the company intranet (INAZ Portal, SiGI platform), displayed on company noticeboards – both physical and electronic – and provided at the time of recruitment and through dedicated training sessions.

Code of Ethics
In monitoring its social impacts, related risks and opportunities for continuous improvement, SMAT has adopted a Code of Ethics which **enshrines respect for the individual as a founding value of the company's conduct**. This principle is put into practice through the promotion of employees and colleagues, whilst

respecting their fundamental rights, as well as their physical, cultural and moral integrity. For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Integrated Policy on Quality, Environment, Safety and Energy

SMAT has adopted an Integrated Policy that sets out a structured commitment to the continuous improvement of health and safety conditions in the workplace. In this context, the company works to eliminate hazards, reduce risks and prevent accidents and occupational diseases, through a systematic and prevention-oriented approach.

This commitment is supported by an **Occupational Health and Safety Management System certified to the ISO 45001:2018 standard**, which covers the entire scope of operations. The system encompasses all the company's main activities, including the management of water and sewerage systems, network maintenance, wastewater treatment processes, laboratory and analytical services, and energy production from renewable sources.

For further information on the Integrated Policy and related measures, please refer to section ESRS E1-2 of this Sustainability Report.

[ESRS S1-2] Processes for engaging with own workforce and workers' representatives about impacts

SMAT adopts a **structured and participatory approach to managing industrial relations**, recognising the involvement of employees and their representatives as an essential element for the smooth running of the organisation and for the consolidation of a corporate culture focused on transparency, inclusion and continuous improvement.

In this context, the Industrial Relations Protocol serves as the framework for regulating **dialogue between the Group and the Unitary Trade Union Representatives,** promoting ongoing discussion. The Protocol sets out the procedures for addressing issues that may affect working conditions, internal organisation and strategic decisions in the field of human resources. The CEO, the Managing Director and the Head of Human Resources normally meet with elected workers' representatives monthly, in a setting that ensures discussion on a range of issues, including cross-cutting ones. Where necessary, the frequency of meetings may be increased to address matters of particular importance in a timely manner.

Since 2024, SMAT has **further strengthened its internal feedback channels** through an **anonymous questionnaire** aimed at all employees, designed to gather perceptions and opinions on the issue of gender equality. The initiative aimed to bring to light experiences, needs and constructive suggestions, useful for creating an increasingly equitable, inclusive and diversity-conscious working environment. A total of 279 people took part in the survey, representing approximately 27% of the company's workforce. The results highlight an overall positive perception: 78% of respondents recognise that SMAT actively promotes gender equality, diversity, equity and inclusion; 79% feel they are treated fairly and equally, regardless of gender, ethnicity, religion or other personal characteristics; 70% recognise equal opportunities for men and women in skills development.

In 2025, the company administered an ***'employee engagement'*** survey, with a broader focus on organisational wellbeing, inclusion and the quality of working life. The survey explores multiple dimensions of the work experience: satisfaction and organisational climate, work-life balance, quality of relationships with colleagues and management, training and professional development opportunities, perceptions of welfare and inclusion policies, as well as the impact of artificial intelligence technologies on working models and skills required.

Another area of structured engagement concerns training, particularly state-funded training. Each training plan is drawn up in consultation with trade union representatives, who assess its content and consistency with the needs expressed. The plan is approved and formalised only following joint signature by SMAT and the RSU. In 2025, a **training programme dedicated to gender equality issues** continued, aimed at all trade union representatives (including representatives from regional offices), as well as all SMAT staff, with the aim of promoting greater awareness and shared responsibility on cultural and organisational issues central to the transformation of the world of work.

[ESRS S1-3] Processes to address NEGATIVE impacts and channels enabling employees to raise concerns

SMAT employs a structured set of tools to **prevent, detect and promptly address any issues reported by its employees**. The aim is to ensure that all workforce has a supportive environment in which they can express themselves freely, even in critical situations, without fear of retaliation or discrimination.

In particular, the **whistleblowing procedure** is the **mechanism through which employees can report** – including anonymously – **unlawful conduct, breaches**, non-compliance and/or irregularities observed in the workplace. Potential human rights violations and any discriminatory situations are also included among the types of behaviour that can be reported.
Reports can be made through dedicated and confidential channels, including an online whistleblowing platform managed in accordance with current regulations and best practices regarding confidentiality. These tools also include the "**Help for Equals**" (*Aiuto alla Pari*) **platform, designed to offer an additional space for listening and support** – a portal where it is possible to report harassment or critical situations, even anonymously.
In order to promote widespread and informed use of the reporting channels, SMAT has introduced regular training initiatives, delivered to all staff via short information sessions and user-friendly multimedia content. The DRU, in collaboration with the RPCT and the Supervisory Body, is responsible for designing and periodically updating the training plan. For further information on the Whistleblowing Policy, see section G1-1 of this Sustainability Report.

[ESRS S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Employee welfare initiatives

Flexibility and autonomy in work management
In addition to the second-level Agreement, which comprehensively regulates numerous aspects of the employment relationship, SMAT has signed a structural smart working agreement with the trade union representatives, aimed at **reconciling the company's organisational needs with the well-being of its staff**. The agreement, the result of constructive dialogue with the Unitary Trade Union Representatives and regional secretariats of FEMCA-CISL, FILCTEM-CGIL and UILTEC-UIL, recognises the **value of** agile **work as a means of promoting a healthy work-life balance**.
Smart working may be undertaken, on a voluntary basis and subject to individual agreement, for up to a maximum of 8 days per month, whilst ensuring the continuity of processes and coordination with line managers. The agreement forms part of a broader cultural initiative launched by SMAT to promote flexibility, responsibility and trust, whilst enhancing employees' autonomy and the quality of internal relationships. Since 2022, SMAT has introduced the option to grant, on an individual basis and in response to duly documented difficult circumstances, a higher number of smart working days per month, subject to assessment of the specific case. In 2025, a further flexibility measure was also introduced with the establishment, in consultation with the Unitary Trade Union Representatives, of **the 'Hour Bank' Regulations**, which allow employees to independently manage limited daily deviations from their scheduled working hours, offsetting short early departures or slight extensions to the working day.

Tools to navigate working life
SMAT has adopted an **Employee Handbook (***Vademecum del personale***)** with the aim of providing all staff – both new recruits and existing employees – with **a practical and accessible tool to help** them **navigate** their everyday working life.
The document clearly and concisely outlines the main aspects of the company's organisation, working conditions and the opportunities on offer: from recruitment procedures to the use of the INAZ portal, from health and safety at work to parental leave, from corporate welfare to career development, right through to internal communication channels and the prevention of harassment. The *Vademecum* also addresses the issues of gender equality, diversity, equity and inclusion. As a tool for guidance, transparency and protection, it represents a fundamental building block in promoting an inclusive, participatory organisational culture founded on respect.

Top Employer Certification
As a testament to SMAT's commitment to providing its staff with the **best possible working conditions and implementing best practices in human resources management**, SMAT has once again been awarded Top Employer Certification in 2025.
This certification was awarded by the Top Employers Institute, a certification body that assesses companies on the basis of six key areas relating to core human resources management themes, including corporate strategies and policies aimed at developing human capital, the ability to attract and develop talent, and initiatives supporting diversity and inclusion.

SMAT achieved this recognition thanks to a corporate culture centred on innovation, skills development and workplace health and safety plans.

Initiatives to promote equity and gender equality

Gender and pay equality for work of equal value

In 2025, SMAT successfully passed the maintenance audit for **its Gender Equality Certification**, in accordance with the Guidelines on the Gender Equality Management System – UNI/PdR 125:2022, which it first obtained in 2024. The assessment involves measuring specific indicators across six different evaluation areas:

1. culture and strategy;
2. governance;
3. human resources management;
4. opportunities for growth and the inclusion of women within the organisation;
5. pay equity;
6. support for parenthood and work-life balance.

The **"*SMATallaPARI*"** project, launched in 2023, guided the certification process across two levels: the adoption of a structured system to ensure equality in recruitment, career progression, remuneration and work-life balance, and the promotion of a corporate culture based on valuing diversity and the use of inclusive language. This process led to the establishment of a **Steering Committee** and the definition of a three-year strategic plan with concrete objectives; in 2025, the Committee met four times.

Every year, SMAT runs a comprehensive **training programme** aimed at raising staff awareness of key issues such as valuing diversity, unconscious bias, the use of inclusive language, the prevention of harassment and the reduction of the gender gap. In 2025, the programme involved over 1,000 people across 25 training sessions held at various venues, reaching a broad cross-section of participants including managers, team leaders, trade union representatives, operational and administrative staff, and external stakeholders.

The sessions were designed using active and engaging teaching methods – ranging from *role-play* to *storytelling*, from classroom cinema to creative exercises – and enriched by the presence of Italian Sign Language (LIS) interpreters to ensure inclusion and accessibility. Among the key distinguishing features was the adoption of innovative approaches based on neuroscience, including *work-based* learning, peer learning and the b*rain-base* method. The company survey conducted at the end of the project revealed an increase in awareness and an improvement in the internal working atmosphere, with the emergence of new proposals and initiatives related to wellbeing and active listening, reflecting genuine and widespread engagement.

Communicating to raise awareness

As part of this process, SMAT has adopted an **integrated Communication Plan** aimed at raising awareness and engaging the entire workforce on the importance of gender equality, disseminating corporate values and promoting active staff participation. The language and content used emphasise the value of diversity as a driver of innovation and growth, individual responsibility in building a culture of respect, and SMAT's concrete commitment to promoting inclusive practices.

Communication is channelled through a **variety of tools and channels**, including the publication of Guidelines on Inclusive Language, the creation of a dedicated section on the intranet, the distribution of information materials in the workplace, the organisation of workshops and training sessions, the Employee Handbook, and active listening initiatives such as the *'Suggestion* Box' and periodic surveys.

In 2025, SMAT organised four sessions of a webinar on recognising the various forms of violence against women, which attracted a significant number of participants.

SMAT also communicates its commitment externally through a dedicated section on its institutional website, updates on social media, participation in public events and the publication of periodic reports on the progress made.

Ambassadors against gender-based violence

SMAT has joined the **Ambassador** programme promoted by *Fondazione Libellula*, launching an initiative aimed at training key figures within the organisation to tackle violence against women. The role of Ambassador involves acting as a point of contact and providing expert support within the company, helping to create a safe environment where people can feel free to ask for help, and keeping the issue in the spotlight, through proposals and initiatives aimed at colleagues. The training programme, comprising in-person experiential workshops, working groups and wider community meetings with sector experts, addressed topics such as the various forms of gender-based violence and their cultural roots, techniques for listening and providing initial guidance towards anti-violence centres, and ways to promote safe and respectful organisational environments. In 2025, **two SMAT employees completed the programme**, formally taking on the role of Ambassadors within the Group and becoming active members of the inter-company network coordinated by *Fondazione Libellula.*

To mark the conclusion of the programme, on 24 November – International Day for the Elimination of Violence against Women – SMAT organised **the event 'Work as a Safe Place'** at the *Padiglione dell'Acqua*, open to all Group staff and external institutions and organisations. The initiative served as an opportunity to raise collective awareness of gender-based violence, during which the Ambassador project was presented and the floor was given to Valentina Pitzalis, a survivor of an attempted femicide, who shared her story of courage and rebirth with the aim of helping people recognise warning signs and promoting a culture of respect.

SMAT supports "Women and the City", the festival for more equitable and inclusive cities

SMAT renews its commitment to equity and inclusion by supporting the **"Women and the City" festival, organised by the association** ***Torino Città per le Donne***. The initiative provides a space for intergenerational and interdisciplinary dialogue dedicated to integrating gender perspectives into urban policies, with the aim of building fairer, more accessible and more participatory cities.

Through panels, events and meetings, the festival addresses key issues for an equitable society, such as the use of language in institutions and schools, the role of women in STEM disciplines, urban regeneration and the status of women in the workplace.

SMAT is participating as a sponsor, recognising the cultural and social value of the initiative and its alignment with the actions promoted internally to foster gender equality, diversity and equity.

Equal opportunities in parenting

SMAT actively promotes awareness of the opportunities provided for by legislation on parenthood, valuing the role of both parents in caring for their children and supporting a healthy work-life balance. Through ***the "Genitori alla Pari" (Equal Parenting)*** **initiative,** the Group helps raise awareness of the rights and measures available to both male and female employees, fostering an inclusive environment that respects family needs.

SMAT guarantees 100% payment of the daily allowance for statutory maternity leave, reinforcing its concrete commitment to supporting parenthood.

In 2025, SMAT launched a **series of** training **sessions** aimed at raising awareness of how to make the most of the transferable skills gained through **parenting and caregiving** in the workplace. The two courses, both on a voluntary basis, attracted a large number of participants and consisted of two sessions of four hours each, alternating between theoretical sessions and workshops to encourage active participation. Given the positive response to the first edition, the Group will repeat the initiative in 2026 with two new editions.

Talent attraction and strategies to retain and motivate employees

To address the growing risk associated with the difficulty of sourcing technical and specialist skills, SMAT has joined the research project ***"Attraction and Retention of Utilities Talents"***,, promoted by Utilitalia in collaboration with SDA Bocconi School of Management. The initiative involves leading companies in the water, energy and environmental sectors and aims to strengthen businesses' ability to attract the most sought-after professional profiles.

In 2024, SMAT played an active role in the project, contributing **to the development and refinement of the strategies adopted by** member utilities to consolidate their appeal as competitive employers, capable of attracting and retaining strategic professionals. The work focused on defining integrated policies aimed at promoting the utilities sector as a stable, innovative and sustainability-oriented working environment, capable of offering concrete opportunities for growth, professional development and the application of technical skills.

In 2025, the project entered its second phase, expanding the consortium to 17 participating companies. During this phase, two strategic themes of relevance to SMAT were explored in depth: **the retention of key professionals** and **the impact of Artificial Intelligence** on organisational processes and human resources management. The first area focused on analysing strategies for developing the talents, career path development and the strengthening of managerial leadership. The second explored the evolution of working models and the required skills mix. The analysis focused **on the evolution of the managerial skills required in highly intergenerational contexts** characterised by the growing prevalence of Artificial Intelligence-based technologies.

Guidelines for the ethical use of Artificial Intelligence
In 2025, SMAT delivered **seven training programmes on Artificial Intelligence, involving a total of 169 participants and providing over 1,100 hours of training**. The courses, aimed at professionals with different levels of responsibility and roles – ranging from the Board of Directors and senior managers to technical managers and office employee – addressed cross-cutting topics such as the fundamentals of generative AI, the drafting of effective prompts, the management of sensitive data and the ethical use of AI tools in compliance with European legislation (the AI Act and the GDPR). Alongside the core content, some courses explored specific applications tailored to professional contexts, including the use of AI in occupational safety, business planning and engineering. A webinar dedicated to ChatGPT-5 also kept executives and managers up to date on the latest developments in generative AI tools. **From the end of 2025**, **an ongoing cybersecurity training programme was launched** to consolidate a culture of cybersecurity at all levels of the organisation over time.

Health and safety initiatives

In compliance with the obligations set out in Legislative Decree 81/2008, SMAT has established a **dedicated occupational health and safety unit** through the Prevention and Protection Service (SPP), which is responsible for managing regulatory compliance, carrying out risk assessments and providing compulsory safety training. Health surveillance is coordinated with the DRU, with which the SPP collaborates on safety matters, whilst risk management is coordinated by the SPP, also in collaboration with the QSA Service for specific initiatives. The risk assessment distinguishes between risks subject to health surveillance and accident risks. Within the Risk Assessment Document (DVR), the concept of 'homogeneous activity' has been introduced to identify safety tasks involving the same risk situations. There are also 'module activities', with risk profiles linked to specific assessments based on roles or duties specific to individual workers.
In terms of training, **a total of 13,368 hours were delivered for SMAT in 2025**, with 1,982 participants taking part in 241 training sessions organised into 36 different types of courses. The content ranges from **general and specific risk training, to training for supervisors and Health and Safety Representatives (RSLs), right through to specialist courses** on the use of equipment, personal protective equipment and emergency management – including first aid, fire safety, work in confined spaces and electrical hazards. A comparison with previous years highlights significant growth: compared with 2024, the number of sessions delivered has more than doubled and the total number of training hours has increased by over 95%, confirming the progressive strengthening of the safety culture within the organisation.

[ESRS S1-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With regard to the management of impacts, risks and opportunities affecting its own workforce, SMAT has set the objective of improving equity, inclusion and a sense of belonging, aiming to achieve **a score of 93 by 2028 in accordance with the UNI/PdR 125:2022 standard on gender equality**, compared with a baseline value of 91.5 recorded in 2024. To achieve this goal, SMAT has identified several dedicated courses of action: organising open-day events at its plants for its employees; communicating company projects and results internally to make all staff aware of their contribution to the common value; organising in-house events relating to PGDEI issues; obtaining UNI/PdR 159:2024 and ISO 30415:2021 certifications on diversity and inclusion and extending paternity leave.
These are complemented by other initiatives such as the continued provision of company vouchers to help cover the costs of childcare and after-school care, nurseries and pre-schools; the introduction of a Hour Bank' scheme for the accumulation and redemption of leave; and the provision of contributions towards elderly care services and guidance on local services.
SMAT also intends to develop three structured programmes to support employee's wellbeing, including the active promotion of personal wellbeing, support for healthy eating, and digital general practice services, with the aim of involving a growing number of employees by 2029.

Finally, with a medium- to long-term perspective, **SMAT is complementing these initiatives with a progressive investment in skills development, aiming to increase the average number of training hours to 25 per employee by 2029**. The training plan includes both technical and specialist courses and initiatives to develop transferable and managerial skills, with a growing focus on digital skills and the adoption of new tools (including emerging fields such as AI). This is complemented by compulsory training programmes on ethics, regulatory compliance and administrative liability (e.g. Legislative Decree 231/2001), as well as partnerships with the academic world to recruit young talent.

Objective and lines of action	KPIs	Base year (2024)	2025 Results	Progress Interim	2029 Target
Equity, inclusion and a sense of belonging	Score against Uni/PdR standard 125:2022	91.5	88.75	2026: 92	2028: 93
Organisation of facility open days for employees	*No. of participants per year*	*0*	*-*[43]	*2027: 100*	*2029: 100*
Organisation of in-house events relating to PGDEI topics	*No. of events per year*	*1*	*2*	*2027: 3*	*2029: 4*
Achievement of UNI/PdR 159:2024	*On/off*	*Off*	*Off*	-	*2029: on*
Achievement of ISO 30415 (Diversity and Inclusion)	*On/off*	*Off*	*Off*	-	*2029: on*
Continue to provide company vouchers to help cover the costs of before- and after-school care, day centres and winter/summer residential camps for children and young people	*Amount of funding provided*	*€ 29,000*	*€ 37,979*	*2027: € 31,700*	*2029: € 33,600*
Extend the duration of paternity leave	*Total days taken*	*10 days*	-	*2027: 15 days*	*2029: 15 days*
Provide a contribution towards nursery and pre-school	*Total amounts*	*€ 0*	-	*2027: € 20,000*	*2029: € 21,200*
Activate the monthly time bank for accruing/redeeming leave	*Total hours used / No. of active users (annual)*	*0h*	*0h*	*2027: 2h*	*2029: 3h*
Provide a grant for caregiving services (care for the elderly, guidance on local services)	*Total amounts*	*€ 0*	*€ 0*	*2027: € 20,000*	*2029: € 21,200*
People's wellbeing	Number of programmes supporting people's wellbeing	0	0	2027: 3	2029: 3
Programmes actively promoting personal wellbeing	Number of people taking part in sessions offered by the company	0	0	2027: 15	2029: 25
	Number of people taking advantage of discounts	0	0	2027: 8	2029: 10
	Number of people attending training sessions organised by the company	0	0	2027: 80	2029: 100
Healthy eating programmes	No. of people following the video lessons and audio podcasts provided	0	0	2027: 50	2029: 100
	number of people who take advantage of the nutritional advice with the discount offered	0	0	2027: 15	2029: 25
Digital general practice programmes and services	Number of people accessing general practice video consultations	0	0	2027: 50	2029: 100
	Number of people requesting electronic prescriptions for medicines or tests	0	0	2027: 80	2029: 120
Skills development	nº training hours per employee	15	15	22	25
Organisation of voluntary training activities for employees (technical, soft skills, managerial skills and digital-AI)	No. of training hours per employee (per year)	15	15	22	25
Organisation of work placements in collaboration with the Polytechnic and UNITO	No. of placements	3	3	-	10

[43] As of 2025, it has not yet been possible to isolate the data relating solely to SMAT employees who took part in the 'open day' events organised for the public; this information will be collected and made available from 2026 onwards.

[ESRS S1-6] Characteristics of the undertaking's employees

As of 2025, the SMAT Group employed a total of 1,197 employees[44] (+13% compared with 2024), all of whom were based in Italy. The workforce is predominantly male (around 76%), with a total of 1,181 permanent employees. The fact that almost all contracts are permanent (98.7%) confirms SMAT's commitment to ensuring stable and secure employment.
The overall staff turnover rate stood at 3%, indicating substantial stability in the workforce, whilst the recruitment rate recorded a significant increase, rising from 5% in 2024 to 14% in 2025. 54% of workers departures were due to retirement.

Employees by country (number of people)	2024		2025	
	No.	%	No.	%
Italy	1,056	100%	1,197	100%

Permanent employees by category and by gender (number of people)	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Total number of employees	785	256	-	1,041	892	289	-	1,181
Number of full-time employees	782	233	-	1,015	890	264	-	1,154
Number of part-time employees	3	23	-	26	2	25	-	27

Staff turnover and recruitment	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Employees who have left the company (no. of people)	26	9	-	35	22	2	-	24
Staff turnover rate (%)	3%	3%	-	3%	3%	2%	-	2%
Employees hired (no. of people)	46	8	-	54	130	35	-	165
Uptake rate (%)	6%	3%	-	5%	15%	12%	-	14%

[ESRS S1-7] Characteristics of non-employees in the undertaking's own ~~in the company's own~~ workforce

As of 2025, there were 21 non-employee workers, representing less than 2% of SMAT's total workforce.

Non-employees by country (no. of people)	2024	2025
	No.	No.
Italy	39	21
% of self-employed workers out of the total workforce	4%	2%

[ESRS S1-9] Diversity metrics

In 2025, the proportion of women in the Parent Company's senior management stood at 45%, up from 36% in 2024, confirming the commitment to increasingly inclusive and representative governance.
As regards the distribution by age group, the workforce is predominantly concentrated in the **over-50s age** group **(48%)**, followed by the **30–50 age group (41%)** and a smaller proportion of employees **under 30 (11%)**, reflecting a good generational balance.

Gender distribution in senior management (no. of people)	2024		2025	
	No.	%	No.	%
Total Management	11	100%	11	100%
Men	7	64%	6	55%
Women	4	36%	5	45%

[44] The number of employees reported refers to the workforce as at the end of the reporting period, i.e. 31 December 2025.

Distribution of employees by age (no. of people)	2024		2025	
	No.	%	No.	%
Total employees	1,056	100%	1,197	100%
Under 30	126	12%	126	11%
30–50 years	409	39%	487	41%
Over 50	521	49%	584	48%

[ESRS S1-13] TRAINING AND SKILLS DEVELOPMENT METRICS

In 2025, 8% of SMAT staff took part in periodic performance reviews.
In terms of training, SMAT delivered a total of **15,299 hours of training**, averaging **12.8 hours per employee**, confirming its ongoing commitment to strengthening internal skills and supporting the professional development of its staff.
The total number of hours of technical and cross-functional training remained broadly unchanged compared with the previous year. The main areas covered included specialist technical training (38%), IT and digitalisation (38%), and ethical values, corporate culture and cross-functional training (24%). In particular, the focus on environmental issues and corporate culture reflects SMAT's commitment to promoting greater internal awareness of sustainability, ethical values and corporate identity.
Seminars and experiential courses were also delivered on the themes of diversity, equity and inclusion (DEI) and gender equality, confirming the values-based approach that characterises the company.
Finally, seconded and agency staff received 879 hours of technical and cross-functional training and 239 hours of compulsory training.

Employees who took part in regular performance and career developmentt reviews	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Employees who took part in reviews	183	64	-	247	76	19	-	95
Number of employees	799	257	-	1,056	907	290	-	1,197
% of employees who took part in reviews	23%	25%	-	23%	8%	7%	-	8%

Average hours of training (no. of hours)	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Training hours	11,907	3,401	-	15,308	10,698	4,601	-	15,299
Number of employees	799	257	-	1,056	907	290	-	1,197
Average number of training hours	14.9	13.2	-	14.5	11.8	15.9	-	12.8

[ESRS S1-14] HEALTH AND SAFETY METRICS

98.3%[45] of SMAT Group staff are covered by the health and safety management system. In 2025, the Group recorded 30 accidents, with an accident rate of 15.32, a slight increase compared with the 13.5 recorded the previous year.
However, this increase is accompanied by an overall stable picture in terms of the severity of incidents: the severity index stands at 0.55, confirming that accidents have a limited impact on workers in terms of consequences. Furthermore, there were no fatalities or work-related occupational diseases.
An analysis of accident trends shows that a significant proportion of incidents can be attributed to behavioural factors (human error, carelessness) rather than structural or technical issues.

Health and safety systems	2024		2025	
	No.	%	No.	%
Total number of employees covered by health and safety schemes	1,036	98%	1,177	98

[45] Of the total number of SMAT Group employees, only the 20 employees of Società Risorse Idriche are currently not covered by health and safety schemes.

Workplace accidents	2024	2025
	No.	No.
Number of workplace accidents involving employees	24	30
Total hours worked	1,778,537	1,957,875
Workplace accident rate	13.5	15.32

Days lost	2024	2025
	No.	No.
Days lost by employees	606	1,071

[ESRS S1-15] Work-life balance metrics

In 2025, 4% of SMAT staff were entitled to leave for family reasons, with a higher proportion of women (7%) than men (3%). Of those eligible, **62% actually took the leave,** confirming the existence of a corporate environment conducive to a healthy work-life balance. Here too, the take-up rate was higher among women (89%) than among men (45%).

Employees entitled to family-related leave	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Employees entitled to family-related leave (head count)	26	19	-	45	33	19	-	52
Total employees	799	257	-	1,056	907	290	-	1,197
% of employees entitled to family leave (of the total number of employees)	3%	7%	-	4%	4%	7%	-	4%

Employees who have taken family-related leave	2024				2025			
	Men	Women	Other	Total	Men	Women	Other	Total
Employees who took leave for family-related reasons (head count)	11	17	-	28	15	17	-	32
% of employees who took family-related leave (among those eligible)	42%	89%	-	62%	45%	89%	-	62%

[ESRS S1-16] Remuneration metrics (pay gap and total remuneration)

In 2025, the gender pay gap stands at -7.3%. This figure, calculated using the ESRS methodology, indicates a pay differential in favour of women. The trend shows a narrowing of the gap, accompanied by an increase in the average hourly pay for both genders, signalling an overall rise in pay levels.
The slight differential in favour of women reflects a different workforce composition in terms of role, seniority and contractual status.
As regards the **total annual remuneration ratio**, the figure recorded is **4.2**. The median considers the remuneration of all employees, excluding that of the highest-paid individual, thus providing a more representative measure of the internal pay distribution. The ratio reflects the natural variation between different pay levels based on role, importance and responsibility.

Gender pay gap	2024				2025			
	Women	Men	Other	Gap	Women	Men	Other	Gap
[46] Gross hourly pay of employees (€)	16.70	15.52	-	-8%	17.14	15.98	-	-7%

[47] Annual Total Remuneration Report	2024			2025		
	Highest salary	Median	Ratio	Highest salary	Median	Ratio
Total annual remuneration (€)	140,179.12	33,208.10	4.2	140,179.12	33,651.02	4.2

[46] The total gross monthly remuneration of SMAT Group staff in post as at 31 December 2025 has been taken into account, considering only the fixed and recurring components thereof. For staff in pay grades 7, 8 and the managerial category, flat-rate overtime allowances were therefore not taken into account, as these are calculated on the basis of the average number of excess hours worked in the three-year period preceding their payment. The gross hourly rates (monthly remuneration divided by 167) and the corresponding averages for men and women were then calculated.
[47] The ratio of total annual remuneration is calculated as the total annual remuneration of the person receiving the highest salary divided by the median total annual remuneration of all employees (excluding the person with the highest salary).

ESRS S2 – WORKERS IN THE VALUE CHAIN

[ESRS 2 SBM-2] STAKEHOLDERS' INTERESTS AND VIEWS

Suppliers are an essential part of SMAT's operating model: **strong relationships** throughout the supply chain are considered a key enabler of service quality and the achievement of corporate objectives. For this reason, SMAT pays close attention to working conditions and respect for rights throughout the entire supply chain.

Respect for rights and working conditions is an essential requirement in our relationships with suppliers: every contract stipulates adherence to ethical principles, with the possibility of termination in the event of a breach. Participation in tenders is also conditional upon acceptance of the Code of Ethics and the company's Integrated Policy, and contracts are only actually activated where there is full compliance with applicable legislation.

Identifying the interests and views of stakeholders, including suppliers, forms part of SMAT's activities, in accordance with the principles of **the ISO 45001:2018 standard**. To support this work, SMAT uses an IT platform that enables the organisation and tracking of information gathered during site inspections, facilitating the operational involvement of staff from external contractors and the sharing of the evidence collected.

[ESRS 2 SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

SMAT recognises that its activities may have **an impact** on workers throughout the value chain, particularly **where suppliers fail to ensure adequate health and safety conditions**. For this reason, it has adopted a structured approach based on stringent contractual requirements, verification mechanisms and ongoing monitoring activities.

The workers potentially affected are mainly employed by upstream suppliers involved in the production and supply of materials, components, services and technologies. SMAT monitors these suppliers by requiring adequate training and, in higher-risk contexts, specific certifications (e.g. licences for drilling activities).

Potential health and safety impacts are generally limited to isolated, rare incidents that are indirect in relation to the company's operations. SMAT manages these through selection, monitoring and verification processes, in line with the principles of ISO 45001 certification.

Sub-topic	Sub-sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Working conditions	Health and safety		Negative impacts on workers in the supply chain where the company indirectly relies on suppliers that do not ensure adequate health and safety conditions		Across the entire value chain
			Reputational damage and penalties if it is identified that the Company relies on suppliers/contractors that do not ensure adequate working conditions (e.g. lack of appropriate health and safety measures) due to the absence of a process for identifying negative impacts across the supply chain		

Sottotema	Sotto-sottotema	IRO, potenziale/Attuale	Descrizione	Orizzonte temporale	Catena del valore
Condizioni di lavoro	Salute e sicurezza		Impatti negativi sui lavoratori nella catena di fornitura qualora l'impresa si affidi indirettamente a fornitori che non garantiscono condizioni di salute e sicurezza adeguate		Lungo tutta la catena del valore
			Danno reputazionale e sanzioni se si rileva che la Società si affida a fornitori / appaltatori che non garantiscono condizioni di lavoro adeguate (es. mancati presidi relativi alla salute e alla sicurezza) per la mancanza di un processo di identificazione delle esternalità negative sulla catena di fornitura		

[ESRS S2-1] POLICIES RELATED TO VALUE CHAIN WORKERS

Regulations governing the procurement of works, supplies and services below the European thresholds

SMAT has drawn up Regulations for the award for works, supplies and services contract s, which require the tenderer to declare **compliance with the rules and regulations in force, concerning the protection of working conditions and the health and safety of employees** throughout the entire supply chain.
These Regulations govern the procedures for awarding of works, services and supplies with a value below the European thresholds, through simplified procedures, in full compliance with the general principles of the Public Contracts Code (Legislative Decree 36/2023 and subsequent amendments). **The aim is to ensure operational uniformity and to respond effectively to business needs**.
The scope of application covers sub-threshold contracts in special sectors, excluding contracts subject to different specific regulations. The provisions focus primarily on the procurement phase, and the main parties involved are economic operators interested in contracting with SMAT. **Management of the contractual process is entrusted to the Sole Project Manager (RUP – Responsabile Unico del Progetto)**, appointed for each contract; in the absence of a specific appointment, the role of RUP is carried out by the District Manager responsible for the project.
The Regulations set **out selection criteria designed to ensure high-quality standards** and adequate economic competitiveness, whilst promoting the participation of economic operators through a Supplier Register that is updated periodically. The document is available on the institutional website, ensuring transparency and accessibility for all relevant stakeholders.

Code of Ethics

SMAT is committed to preventing any adverse impacts on the health and safety of its suppliers. To this end, **it shares the Code of Ethics with them and explicitly requires their acceptance**. In line with the principles of the Code, SMAT excludes any relationship with parties operating in breach of regulations on safety and the protection of employees' rights, recognising that relying, even indirectly, on non-compliant suppliers represents a significant risk. For further information on the Code of Ethics, see section ESRS E1-2 of this Sustainability Report.

Organisation, Management and Control Model (MOG) ex Legislative Decree 231/2001

In line with the provisions of the Organisation, Management and Control Model adopted by SMAT, ISO 45001 certification and the principles of the company's Code of Ethics, SMAT recognises the need to prevent, even indirectly, any risk of breaching occupational health and safety regulations, including negative impacts on employees in the supply chain, arising from reliance on parties that do not guarantee adequate conditions. To this end, the MOG adopted by SMAT provides for the adoption of **protocols and operating procedures aimed at ensuring responsible conduct**, **also by third parties**, in line with the internal control function and with the aim of safeguarding the interests of the company's stakeholders.

For further information on the Organisation, Management and Control Model, see section ESRS G1-1 of this Sustainability Report.

[ESRS S2-2] PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

SMAT manages any adverse impacts on workers in the supply chain, particularly where it indirectly engages contractors who may not guarantee adequate health and safety conditions. To monitor these aspects, periodic audits of the Integrated Quality, Health and Safety and Environment System are carried out at construction sites where external contractors operate, in accordance with the requirements of ISO 9001, 14001 and 45001 certifications, with the aim of verifying compliance with current regulations on occupational health and safety (OHS), the environment and quality.
During these audits, workers from external contractors are actively involved through interviews, with the aim of raising awareness of the risks and impacts of the activities carried out on behalf of SMAT.
In addition to periodic audits, daily monitoring of health and safety conditions is ensured by the On-Site Safety Coordinators (CSE) and SMAT site inspectors, using specific checklists which, once again, involve the direct participation of employees from external contractors.
Operational responsibility for ensuring that these engagement activities are carried out and that the relevant outcomes guide the company's approach lies with the Generale Manager.

[ESRS S2-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

Through the **whistleblowing procedure**, suppliers and workers have the opportunity to report, anonymously, illegal acts, ethical breaches or non-compliant behaviour. The system guarantees protection against any form of retaliation or discrimination against whistleblowers. Reports may concern breaches of the Code of Ethics, company policies or potential human rights abuses, including acts of discrimination.
This process is easily accessible via SMAT's corporate website, and the platform used for reporting is encrypted and managed by a non-governmental organisation, specifically chosen to ensure its independence and accessibility, including for workers throughout the value chain. For further information on whistleblowing, please refer to paragraph ESRS G1-1 of this Sustainability Report.
An additional tool is the **procedure on preventive measures in construction site contracts**, which provides for continuous monitoring by SMAT of the activities carried out by contractors, for example through the **daily completion of reports using specific *checklists***: this enables SMAT to promptly identify any adverse impacts on workers' health and safety. In 2025, the monitoring system was strengthened by upgrading **the** existing **IT platform**, which enabled the digitisation and systematisation of the management of contracted activities, ensuring full traceability and a certified date for every operation. Via the platform, contractors adapt the Operational Safety Plan (POS) directly within the system: for each Work Order (ODL), the contractor verifies the environmental conditions recorded by the SMAT Assistant, selects the preventive measures to be adopted and, once the adaptation is complete, submits the ODL to the system. Every update takes place in real time, with status changes tracked and notified by email to the contractor and/or the Works Management. All documentation – reports, forms, asbestos notifications and any other attachments deemed necessary – is uploaded directly to the platform, creating a comprehensive digital record of the work carried out.
Alongside these tools, **more traditional channels** also remain in place, such as the option to submit reports via a solicitor who liaises directly with SMAT's legal department to request specific actions. Suppliers are aware of the existence of these additional channels, as this information is clearly set out in the contracts and shared documentation.

[ESRS S2-4] TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS AND EFFECTIVENESS OF THOSE ACTIONS

SMAT manages potential health and safety impacts on workers within the value chain by requiring suppliers to **sign and accept documents** aimed at promoting social responsibility in business activities. It should be noted that, to date, **no reports of serious human rights issues or incidents** related to its supply chain **have been received**.

Management of supply contracts
SMAT has adopted a **structured procedure for the contractual management of suppliers**, which involves a rigorous **assessment of Technical and Professional Suitability** (ITP - *Idoneità Tecnico-Professionale*) in

accordance with the provisions of Legislative Decree 81/08. This assessment requires suppliers to submit specific documents, including the Risk Assessment Document (DVR - *Documento di Valutazione dei Rischi*), the Single Document of Contributy Regularity (DURC - *Documento Unico di Regolarità Contributiva*), certificates relating to staff training and health suitability, declarations regarding the absence of disqualification orders, and other requirements set out in current legislation. In addition, there are further requirements set out in the tender documents and technical specifications, such as overall regulatory compliance, the adoption of organisational and management models in accordance with Legislative Decree 231/2001, and the possession of environmental and quality certifications. In the environmental sphere, SMAT also incorporates the Minimum Environmental Criteria (CAM) into its contracts, where applicable[48] . The CAM for the Construction Sector, Ministerial Decree of 23 June 2022, are already systematically adopted in infrastructure projects – with regard to technical specifications for construction materials, the environmental management of construction sites and the use of vehicles with low emissions.

The aim of the procedure is to ensure that the suppliers involved guarantee adequate health and safety conditions for their employees; **it applies to the entire supply chain relating to works, services and supplies** contracted by SMAT, extends across the company's entire operational territory and also involves any subcontractors and sub-contractors.

Its implementation is monitored through documentary checks carried out both prior to and during the execution of activities, with contractual requirements formalised and supervised by **the RUP** and **the Works and Contract Execution Management**. Operational decisions are taken during the tender and contract commencement phases, involving specific personnel such as the RUP, the Works and Contract Execution Management and safety officers, using an approach that relies on contractual provisions as the primary control mechanism. In addition, during the execution of the contract, **compliance with the social obligations undertaken by the contractor is verified**: where required, the contractor is obliged to submit, within six months of the contract being signed, the documentation supporting the requirements set out during the tender process, including the gender report, the certification pursuant to Article 17 of Law 68/1999, and the report on the fulfilment of obligations regarding the right to work of people with disabilities.

In 2025, further reinforcing this approach, SMAT began updating its tender specifications in line with the provisions of the Amendment to **the Public Contracts Code**, which introduces the obligation to include social clauses in tender notices and invitations to tender to safeguard equal opportunities and employment stability, with effect from 2026. With regard to **equal opportunities**, a clause has been introduced requiring the contractor to allocate at least 30% of any recruitment necessary for the performance of the contract to young people and/or women. In addition, tender notices and invitations to tender must include an additional score to be awarded to bidders holding a Gender Equality certification issued in accordance with the UNI/PdR 125:2022 standard. In accordance with the Code, the contracting authority also specifies in the tender notices the **national collective labour agreement applicable** to staff employed under the contract; bidders may indicate in their tender a different agreement applied by them, provided that it guarantees equivalent economic and regulatory conditions for staff.

With regard to **employment stability**, SMAT has introduced a re-employment clause in all contracts for works and services of a non-intellectual nature, with the exception of direct awards: this clause requires the incoming contractor to **re-employ the outgoing contractor's staff**, to the extent compatible with its own organisational structure, in line with established case law on the matter. For contracts relating to SII maintenance and drainage works, in which outgoing contractors formally undertake to redeploy all employed staff in full, the social clause does not apply; this is explicitly stated in the relevant tender notices and invitations to tender.

[48] SMAT is implementing the new Minimum Environmental Criteria (CAM) for the construction sector in its projects; these were adopted by Ministerial Decree of 24 November 2025 by the Ministry of the Environment and Energy Security and came into force in February 2026. These criteria, which are divided into technical specifications, contractual clauses and incentive criteria, are incorporated – depending on the type of project – into contracts for the design and execution of works, including construction, renovation, maintenance and refurbishment projects.

Audits and checks on suppliers
SMAT carries out internal audits and checks on its suppliers, with the aim of **identifying non-conformities and issues relating to Management Systems**, such as Quality, Environment and Safety, and of implementing the resulting corrective and preventive measures. This activity aims to prevent systemic negative impacts and to improve the operational effectiveness of suppliers, in compliance with regulations and company standards.
The scope of application covers all business processes and suppliers potentially subject to audit (should any critical issues be identified), encompassing the entire upstream value chain and extending across all business processes. Audits are scheduled on an annual basis, and the results are analysed and reviewed as part of the Management Review.
Any non-conformities identified in internal processes or amongst suppliers may give rise **to specific corrective actions and targeted monitoring**. The audit cycle also involves verifying the implementation of follow-up actions and assessing their effectiveness, with evidence collected, documented and analysed on a regular basis. Decisions regarding the areas to be audited are taken by the Quality, Safety and Environment Manager (RQSA – Responsabile Qualità, Sicurezza e Ambiente) and the audit managers, involving resources such as internal auditors and external consultants; the entire process is carried out in accordance with the provisions of the UNI EN ISO 19011 standard. Employees involvement throughout the value chain occurs mainly during on-site audits, during which direct dialogue is established with operational workers and site supervisors.

Non-Conformities management, Corrective Actions and Improvement Plans
SMAT has adopted a **formal process for managing non-conformities** (NCs), **implementing corrective actions** (CAs) and **planning improvement plans** (IPs), which also applies to activities provided by third parties. Non-conformities may be reported at any stage of operations and, if confirmed, are dealt with urgently, particularly when they concern personal safety.
The main objective is to eliminate the systemic causes of non-conformities and to continuously improve operational conditions. The procedure applies to all suppliers, with particular attention paid to those involved in highly critical processes such as construction sites, network maintenance and contracted services. Non-conformities are dealt with promptly, whilst improvement plans may be drawn up on a medium-term basis, with deadlines set on a case-by-case basis.
Monitoring of the entire process, in accordance with the requirements of ISO 9001, 14001 and 45001, is entrusted to **the QSA Unit**, which verifies and documents the implementation status, closure and effectiveness of each corrective action; the results obtained are used as input for the Management Review. Decisions regarding the actions to be taken are based on the severity of the non-conformities and are adopted with the support of the QSA Unit, involving the QSA representatives themselves and the staff responsible for the processes under review. The entire process is tracked – from November 2024 onwards – using the *"aQua"* application.

[ESRS S2-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

With regard to the management of impacts, risks and opportunities along the value chain, SMAT has set the objective of achieving **100% supplier qualification based on ESG criteria** by 2029. To achieve this goal, SMAT has identified four dedicated lines of action: the adoption of a system for monitoring and assessing suppliers' ESG performance during the contract execution phase; the integration of ESG criteria into official company documents, including the Code of Ethics and internal regulations; the introduction, in tenders under the Most Economically Advantageous Tender (OEPV – Offerta Economicamente Più Vantaggiosa) regime, of bonus points for operators adopting ESG practices; and the involvement of strategic suppliers in training activities, including through collaborations with other companies in the sector.

Objective and lines of action	KPIs	Base year (2024)	2025 Results	Interim Interim	2029 target
Sustainable supply chain	% of suppliers certified against ESG criteria	0%	10%	2029: 100%	2029: 100%
Adoption of a system for monitoring and assessing suppliers' ESG performance during the contract execution phase	*% of suppliers assessed out of the total*	0%	*0%*	2027: 80%	*2028: 100%*
Integration of ESG criteria into official company documents: update of the code of ethics and internal company regulations	*On/off*	*Off*	*Off*	-	*2027: on*
In OEPV tenders, provide bonus points for operators who adopt ESG practices	*% of tenders with bonus mechanisms*	0%	*0%*	2027: 60%	*2029: 100%*
Training of strategic suppliers, where appropriate through partnerships with other companies in the sector	*% of strategic suppliers engaged through training initiatives*	0%	*0%*	-	*2029: 100%*

ESRS S3 – AFFECTED COMMUNITIES

[ESRS 2 SBM-2] Interests and views of stakeholders

SMAT systematically integrates the interests and views of local communities into its corporate strategy through **ongoing dialogue with key stakeholders** living or operating in the areas it serves, **such as institutions, businesses, citizens and third-sector organisations**. SMAT's public governance ensures alignment between the company's objectives and the interests of the local area, guaranteeing that collective needs and rights are fully integrated into the management model. Through **the Shareholders' Meeting and ongoing dialogue with member municipalities, the Area Authority, local authorities and associations, SMAT takes on board the needs of the local areas** and develops shared solutions to improve water services and promote equitable and sustainable development.

In addition to regulatory obligations, the company promotes engagement initiatives to strengthen its relationship with communities, prevent negative impacts and actively contribute to the economic, social and environmental well-being of the local area.

[ESRS 2 SBM-3] Significant impacts, risks and opportunities and their interaction with the strategy and business model

Among the impacts identified, **SMAT makes a positive contribution to the development of local communities** through its participation in **environmental education and awareness-raising** initiatives, often carried out in collaboration with member local authorities or local associations.

Legend

Sub-topic	Sub-sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Economic, social and cultural rights of communities	Local impacts		Positive impacts on community trust through participation in environmental education and awareness-raising initiatives, including in collaboration with member local authorities or associations		Downstream operations

Sottotema	Sotto-sottotema	IRO, potenziale/Attuale	Descrizione	Orizzonte temporale	Catena del valore
Diritti economici, sociali e culturali delle comunità	Impatti legati al territorio		Impatti positivi sulla fiducia delle comunità grazie alla partecipazione a iniziative di educazione/sensibilizzazione ambientale, anche in collabo-razione con i Comuni Soci o associazioni		A valle

[ESRS S3-1] Policies relating to affected communities

Code of Ethics

To enhance the positive impacts on the area it serves, the Group affirms, through its Code of Ethics, its commitment to **respecting and protecting local communities**. The principles set out in the Code emphasise transparency, impartiality and accountability as guiding principles for all corporate activities, ensuring that decisions are oriented towards the collective well-being. The Code also promotes transparent relationships with all local stakeholders, including public bodies, associations and partners, and requires every employee to act ethically, avoiding conflicts of interest and operating in line with the public and community interests that SMAT represents. For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

The Area Plan for territorial governance

SMAT adopts a regulated and participatory approach to managing its impact on the local area, in line with its role as the public operator of the Integrated Water Service. The Company's activities are governed by **the ATO3 Turin Area Plan**, approved at the Conference of the ATO3 Turin Area Authority and

implemented through specific resolutions of the Area Authority (e.g. 16/2024, 598/2016). This Plan sets out the long-term objectives for the protection of water resources, service quality and infrastructure investments, taking into account the needs of the areas served.
In support of the Plan, the tariff structure approved by ATO3 ensures a **balance between economic sustainability and the affordability of the service for all Users,** contributing to a fair redistribution of resources. The tariffs, which are publicly available, are structured in accordance with the criteria of social equity and environmental sustainability set out by ARERA, with protective measures for the most vulnerable sections of the population (supplementary water bonus.
Through these tools, SMAT implements a **policy of territorial impact based on shared planning, multi-level governance and transparency in decision-making**, ensuring that its activities effectively meet the needs of local communities, minimise potential negative impacts and maximise collective benefits.

[ESRS S3-2] PROCESSES FOR ENGAGING AFFECTED COMMUNITIES ABOUT IMPACTS

SMAT adopts a structured approach to engaging local communities, based on active listening and collaboration.
Among the most significant initiatives are:

- **public meetings** to present the launch of new infrastructure projects;
- **dialogue with communities on issues relating to the presence of micropollutants**, involving the Chair and the Management, as well as public communication characterised by transparency, clarity and accessibility, through institutional channels and dedicated consultation initiatives;
- **open dialogue between the public and the Member Municipalities**.

[ESRS S3-3] PROCESSES TO ADDRESS NEGATIVE IMPACTS AND CHANNELS ENABLING AFFECTED COMMUNITIES TO RAISE CONCERNS

SMAT employs a range of tools and processes to promptly address any negative impacts that may affect the area it serves, ensuring that affected communities have secure and effective channels through which to raise concerns, complaints or reports.
Among these, the **whistleblowing procedure** also enables members of the public to report, anonymously, misconduct, breaches of the Code of Ethics or potential impacts on human rights, with full protection against any form of retaliation.
At the same time, SMAT maintains various **communication channels – both digital and physical** – through which reports and requests can be collected and managed via a tracked system that allows the effectiveness of responses to be monitored and, where necessary, corrective action to be taken.
Due to the nature of the public service it manages, the communities affected by SMAT largely coincide with its end Users. For this reason, every tool aimed at end Users also serves as a direct means of listening to and protecting the communities concerned. For further information, please refer to section ESRS S4-3 of this Sustainability Report.

[ESRS S3-4] ACTIONS ADDRESSING SIGNIFICANT IMPACTS ON AFFECTED COMMUNITIES AND APPROACHES TO MANAGE SIGNIFICANT RISKS AND REALISE SIGNIFICANT OPPORTUNITIES FOR AFFECTED COMMUNITIES, AS WELL AS THE EFFECTIVENESS OF SUCH ACTIONS

Initiatives to raise awareness and engage the community

Water Points: responsible water consumption

SMAT promotes a **positive impact on the local area through environmental education and awareness-raising initiatives** aimed at the public. With this in mind, **SMAT's Water Points represent a concrete and ongoing initiative** to promote a culture of environmental sustainability and encourage the consumption of tap water.
Widespread across numerous municipalities in the Metropolitan City of Turin, the Water Points provide still water free of charge and sparkling water at a nominal cost, making a sustainable alternative to bottled water accessible. **By the end of 2025, 229 kiosks were operational across the territory**[49] **– 11 of which were inaugurated in 2025 – having distributed a total of over 40 million litres of water**. All kiosks operate in compliance with the UNI EN ISO 22000:2018 standard, guaranteeing food safety.

[49] You can view the full list of municipalities where SMAT Water Points are located, along with relevant information and opening hours, at this link: https://www.smatorino.it/punti-acqua/

The initiative helps to **significantly reduce plastic consumption** and emissions linked to the life cycle of bottled water. The scheme is set to continue in the coming years, with the aim of further expanding the service's geographical coverage.

The Festival of Innovation and Science

SMAT also plays an active role in the local community by **supporting science outreach activities aimed at the general public**. These include the **Festival of Innovation and Science in Settimo Torinese**, an annual event that SMAT has supported since its very first edition and which provides an important opportunity for dialogue with the local community.

The edition entitled '*Equilibrio*' saw SMAT organise two **water tasting *workshops***, during which participants, guided by certified sommeliers, were able to experiment with sensory analysis techniques for water and **gain a greater understanding of the organoleptic qualities of drinking water**.

The Group also presented the interactive experience '*A dive into the metaverse to discover* water', in which visitors were invited by the company's technical staff to put on **virtual reality** headsets and, using SMAT Oculus headsets, embarked on a journey accompanied by an avatar **to explore the drinking water treatment and wastewater treatment plants**.

By taking part in the Festival, SMAT is reinforcing its commitment to raising public awareness of environmental and scientific issues, promoting a culture of sustainability based on knowledge, responsibility and the active involvement of the community.

Biennale Democrazia – PFAS Conference

As part of the 9th edition of the Biennale Democrazia, SMAT helped organise the conference '*Water Contaminated by PFAS*'. The initiative provided an important opportunity for public discussion on the presence of PFAS in Piedmont's water supplies, in line with the Group's commitment to promoting transparent and accessible communication on issues with significant environmental and health implications for the communities it serves. During the meeting, the results of the monitoring campaign conducted by SMAT since 2023 were presented, reinforcing shared awareness of the issue and fostering open dialogue with citizens and institutions.

CinemAmbiente Festival

SMAT once again sponsored the 28th edition of the CinemAmbiente Festival, held at the Cinema Massimo in Turin, sharing the festival's aim of **promoting awareness of environmental challenges and a culture of sustainability**. During the event, at the festival venues, the company provided the public with tap water in large bottles.

The award for the best short film in the international competition section was also named after SMAT and presented by CEO Armando Quazzo. The award went to *Bloodline* by Wojciech Węglarz, a film depicting the human drama unfolding on the militarised border between Poland and Belarus in the Białowieża Forest.

Turin International Book Fair

SMAT took part in the Turin International Book Fair, presenting **the 'Marco' Educational Avatar**, an educational project aimed at primary and lower secondary schools in the Metropolitan City of Turin, developed in collaboration with the ATO3 Turin Water Authority, Hydroaid – International School of Water for Development, and the Piedmont Regional Education Office. The project was launched with the aim of contributing to **the development of a culture of water within the school curriculum**: *Marco* is a virtual character that can be activated on the interactive whiteboards in classrooms, capable of answering pupils' questions about water resources in real time and offering interactive quizzes on the topic. The tool will be made available to schools free of charge from the 2024/25 academic year.

Completing SMAT's presence at the exhibition is the installation of water dispensers connected to the mains water supply for the distribution of locally sourced chilled water, in support of the event's *plastic-free* design and in line with the Group's commitment to reducing plastic waste across the territory..

Coltivato Festival

SMAT confirmed its participation in the second edition of **Coltivato – International Festival of Agriculture**, taking part as a partner. The edition, entirely dedicated to the theme of water, explored from multiple

perspectives the challenges associated with the responsible and sustainable management of water resources in the agricultural sector and beyond.
As part of the Festival, SMAT took part in the session '*Clear, Fresh, Sweet and Delicious Waters We Drink*'. SMAT's Head of Laboratories and Water Quality took part in a discussion on the quality of tap water and the role of SMAT's laboratories' ongoing monitoring in ensuring it. The initiative provided a further opportunity to promote a culture of responsible water use and to strengthen dialogue with the public on issues of environmental and health importance.

European Researchers' Night
As part of **the European Researchers' Night** – the annual initiative that brings workshops, experiments, talks, exhibitions and performances dedicated to scientific research and its dissemination to town squares across Europe – SMAT made its own contribution, confirming its commitment to promoting scientific culture and dialogue between the research community and the public.
The talk *'Water Cubed: Stories of Cycles, Recycling and* Research', organised by SMAT's Research Centre, offered the public an insight into **the role of applied research in innovation within the water services sector**. Through presentations of the iMERMAID, LIFE CLIMAX PO and BIO-IDROGENO projects, the company's researchers illustrated how SMAT's research addresses some of the sector's most significant challenges: from climate change to water quality, and from energy efficiency to the circular economy.

Educational visits to company facilities
Among the most significant initiatives aimed at generating positive impacts on local communities, SMAT promotes **the opening of its facilities to the public and organises educational visits for students and citizens**. These activities provide an opportunity to raise awareness of issues relating to water, sustainability and the value of public infrastructure.
To mark the 57th edition of **the Ciriè–Pian della Mussa Cycle Race**, SMAT opened the Pian della Mussa facility to the public, offering visitors the chance to explore at close quarters one of the region's most impressive water infrastructure projects: inaugurated in 1922, it comprises a pipeline approximately 50 kilometres long, featuring 13 isolation tanks and a water collection system situated at an altitude of 1,800 metres above sea level.
SMAT also welcomed the **Environment Committee of District 4** to its corporate **Control Room**. The councillors were able to observe the remote monitoring of the facilities, gaining an in-depth understanding of the company's day-to-day operations and the ongoing districtisation project.

FAI Autumn Open Days: the water treatment plant opens to the public
As part of the FAI Autumn Open Days, **SMAT opened its spring water treatment plant in Villarbasse to the public**. The initiative, organised in collaboration with the Italian Environment Fund (FAI), provided a unique opportunity to raise public awareness of the importance of environmental protection and water resources. Over 1,300 visitors were welcomed by FAI volunteers and SMAT technicians to explore the historic plant, giving them the chance to see at first hand one of the most strategic pieces of infrastructure for the metropolitan area – a concrete example of the balance between technological innovation and landscape conservation.
The opening of the facility is part of SMAT's wider commitment to promoting environmental awareness and dialogue with the communities it serves, helping to enhance the local heritage and foster a culture of water sustainability.

iMermaid: raising awareness in schools
The **iMERMAID** project (*Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and Decontamination from Chemical Pollution*), funded by the European Union under the Horizon Europe programme, is continuing its activities and is due to conclude in May 2026.
On the educational front, between March and May 2025, SMAT had the opportunity to present the ***Schooling Workbook*** to teachers and pupils during educational visits to the Po drinking water treatment plant. The **workbook** contains activities for students to carry out at school or outdoors with the help of their teachers.
This resource was developed as part of the project with the aim of empowering and raising awareness among younger citizens about the correct use and disposal of chemicals, in order to reduce chemical pollution in drinking water. The Workbook was presented to teachers and students with a twofold aim:

on the one hand, to promote its use (the workbook can be downloaded in several languages, including Italian, from the project website at the following link: https://imermaid.eu/imermaid-schoolbook/; on the other, to gather suggestions on how to make it even more useful and accessible.
Between January and July 2026, there are also plans to share a **questionnaire** with the public **focusing on safeguarding water quality**. This questionnaire has been developed based on one of the activities in **the Schooling Workbook** and will be disseminated through multiple channels: digital noticeboards within SMAT premises, offices open to the public, official social media profiles, the company website, school visits, utility bills, and collaboration with the municipalities managed by SMAT and with the 'A come Ambiente' Museum. In March 2026, an awareness-raising activity is also planned at a lower secondary school in the Metropolitan City of Turin, involving three classes. During this activity, the questionnaire will be administered again and, based on the students' responses, certain topics will be explored in greater depth; an interactive activity on identifying chemicals that are hazardous to the environment will also be conducted.
The questionnaire has been translated into five languages and is currently being distributed in the United Kingdom, Bulgaria, Germany, Spain and Cyprus: at the end of the project, the responses collected across Europe will be analysed in an international comparative framework.

Partnerships for local development and water sustainability

Partnerships for the local area

Since 2023, the SMAT Group has been participating in ***the "Water Pact"* promoted by Utilitalia**, a strategic initiative **aimed at strengthening the national water system** by guaranteeing citizens an increasingly efficient, sustainable and universal service. The Pact commits companies in the sector to cooperate in order to overcome fragmented management, encourage mergers, improve service quality and develop resilient infrastructure.
In this context, SMAT is contributing to the transition towards integrated industrial water management, enhancing the quality and continuity of service at local and regional levels. **An integral part of this vision is participation in the Piedmont Utility Alliance network**, which currently brings together 18 public water operators in the region and promotes joint actions to support the communities they serve. The network enables the consolidation of institutional representation, access to shared supplies – including electricity – on favourable terms, and the sharing of operational solutions.
The impact on the region is significant: SMAT's work helps to **make essential services more accessible and resilient, particularly in small and medium-sized municipalities**, fostering economies of scale, territorial cohesion and greater investment capacity. Furthermore, active involvement in decision-making processes strengthens the voice of local areas within strategic processes, ensuring that public policies in the water sector are genuinely aligned with the needs of local communities.

Urban regeneration and heritage

The drainage system in Borgo Dora (Turin)

In 2025, in Borgo Dora, SMAT inaugurated the **new rainwater drainage system**, developed by the SMAT Research Centre in collaboration with the Polytechnic University of Turin to tackle recurrent flooding caused by increasingly intense storm events. The area, which **collects surface runoff** from a heavily sealed catchment area of over 640,000 square metres, is **one of the most vulnerable in the city**. The project involved the construction of three pumping stations, a surge tank, the upgrading of the collection network through the laying of four new pipes with a total length of 510 metres, and the creation of two new outlets into the Dora Riparia, representing a total investment of over € 5 million.

The restoration of the Piazza Maria Teresa Garden (Turin)

On 16 July 2025, the **historic Piazza Maria Teresa Garden**, in the heart of the Borgo Nuovo district, was returned to the public following the completion of a conservation restoration project promoted by the Turin Council for the Enhancement of Artistic and Cultural Heritage, in collaboration with the Friends of Piazza Maria Teresa Association, the City of Turin, SMAT and IREN. The project, **developed in line with Nature-Based Solutions**, pursued objectives of climate mitigation, reduction of air and noise pollution, and optimisation of water resources, through the planting of around 400 plants, the laying of over 500 square metres of turf, and the creation of over 270 linear metres of new evergreen hedges. SMAT's contribution to the water management aspect was particularly significant: **the garden's entire irrigation is provided by collecting wastewater from the nearby torèt** in a 5,700-litre underground storage tank.

[ESRS S3-5] Objectives relating to the management of significant adverse impacts, the enhancement of positive impacts, and the management of significant risks and opportunities

With regard to the management of significant negative impacts on the communities concerned, SMAT has set the objective of carrying out **180 initiatives per year to engage schools and local communities**. To achieve this target, SMAT has identified three dedicated lines of action: the provision of training programmes in schools, with a target of 100 registrations per event per year; the organisation of over 2,500 visits to the facilities per year, including public open days and educational visits for schools; and the engagement of local stakeholders through at least 150 initiatives per year.

Objective and lines of action	KPIs	Base year (2024)	Results for 2025	Interim Interim	2029 target
Engage local schools and communities	No. of initiatives per year	-	204	-	180
Delivery of training programmes in schools	No. of registrations/sessions	6	9	-	100
>2,500 visits to the facilities (facilities open to the public and educational visits for schools)	number of visitors per year	2,450	5,404	-	2,500
Stakeholder engagement events in the local area	No. of events per year	224	195	-	150

ESRS S4 – CONSUMERS AND END-USERS

[ESRS 2 SBM-2] STAKEHOLDERS' INTERESTS AND VIEWS

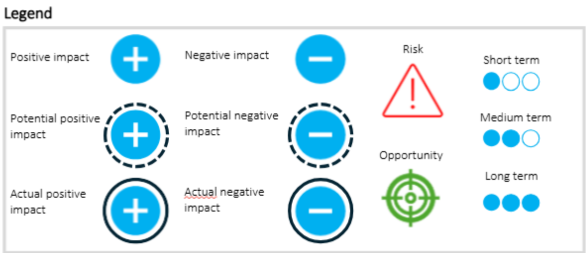
SMAT incorporates the interests, views and rights of **end Users** into its corporate strategy and business model, recognising them as key stakeholders. Indeed, the company's mission focuses on the quality and continuity of the water service, even in emergency situations. Active listening to Users is ensured through specific contact channels and feedback tools (e.g. complaints handling, satisfaction surveys), whilst **the Water Service Charter** sets out Users' rights, quality standards and the operator's commitments. Furthermore, SMAT promotes social inclusion through **support measures for vulnerable Users**.

[ESRS 2 SBM-3] SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

The main Users comprise **the end-Users of the Integrated Water Service**, namely the population of the City of Turin and the municipalities served by SMAT, including domestic, industrial and public Users.

Water Users by type of consumption	Domestic use	Non-domestic use
Turin	35,720	15,604
Remaining municipalities managed by SMAT	302,652	44,799
Total	338,372	60,403

SMAT generates positive impacts for its Users, ensuring access to essential services, high standards of water quality and safety, as well as transparency and the availability of information to support Users awareness. The company also promotes inclusion and accessibility to the service, including the most vulnerable groups, through dedicated policies.
However, potential reputational and operational risks remain, linked to possible service disruptions or data security incidents, which are managed through structured control and management systems.



Sub-topic	Sub-sub-topic	IRO, potential/actual	Description	Time horizon	Value chain
Impacts related to information provided to end-Users	Confidentiality		Reputational risks, costs and penalties in the event of a data breach (and subsequent disclosure of the incident)		Own and downstream operations
	Freedom of expression		Positive impacts resulting from continuously listening to Users, through the systematic collection of reports, concerns and feedback (including via the User Ombudsman), the handling of complaints and written requests for information, as well as the operation of the freephone number dedicated to telephone enquiries		Downstream operations
	Access to (high-quality) information		Positive impact on User awareness, ensured by high levels of transparency and comprehensiveness in the information provided by SMAT in accordance with current legislation and on a voluntary basis		Downstream operations
Personal safety of end-Users	Health and safety		Positive impact on Users' health and safety thanks to monitoring of water treatment processes		Downstream operations
Social inclusion of end-Users	Access to products and services		Positive impact on Users in financial difficulty through commercial policies on access to the service		Downstream operations
			Reputational risks and penalties associated with service interruptions to communities		Own operations

Sottotema	Sotto-sottotema	IRO, potenziale/Attuale	Descrizione	Orizzonte temporale	Catena del valore
Impatti legati alle informazioni per i consumatori e/o per gli utilizzatori finali	Riservatezza	⚠	Rischi reputazionali, costi e sanzioni in caso di data breach (e conseguente pubblicazione dell'incidente)	●○○	Operazioni proprie e a valle
	Libertà di espressione	⊕	Impatti positivi derivanti dall'ascolto continuativo dell'Utenza, attraverso la raccolta sistematica di segnalazioni, preoccupazioni e indicazioni (anche tramite il Garante dell'Utente), la gestione dei reclami e delle richieste scritte di informazioni, nonché il presidio del numero verde dedicato alle richieste telefoniche	●●○	A valle
	Accesso a informazioni (di qualità)	⊕	Impatto positivo sulla consapevolezza dell'Utenza, assicurato da elevati livelli di trasparenza e completezza nelle informazioni fornite da SMAT in conformità alla normativa vigente e su base volontaria.	●○○	A valle
Sicurezza personale dei consumatori e/o degli utilizzatori finali	Salute e sicurezza	⊕	Impatto positivo su salute e sicurezza degli Utenti grazie ai controlli dei processi di potabilizzazione	●○○	A valle
Inclusione sociale dei consumatori e/o degli utilizzatori finali	Accesso a prodotti e servizi	⊕	Impatto positivo su utenze in difficoltà tramite politiche commerciali di accesso al servizio	●●○	A valle
		⚠	Rischi reputazionali e sanzioni connesse a interruzioni del servizio erogato alle comunità	●●○	Operazioni proprie

[ESRS S4-1] POLICIES RELATED TO CONSUMERS AND END-USERS

Policies on Users' health and safety

Code of Ethics

The protection of Users' health and safety is pursued through the Company's commitment set out in the Code of Ethics to **ensure high standards of water service quality, based on the conservation and sustainable management of the resource**. In particular, the Company operates in full compliance with current environmental legislation and adopts procedures aimed at preventing all forms of surface and groundwater pollution, thereby ensuring the quality and safety of water intended for human consumption. For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Laboratory Quality Policy

SMAT's Laboratory Quality Policy aims to **protect the health and safety of Users through the reliability and quality of analytical tests throughout the water cycle**. SMAT ensures that laboratory tests are carried out in accordance with legal requirements and current regulations, guaranteeing the validity of the results and a level of service appropriate to the needs of the water service.
The adoption of recognised standards (UNI CEI EN ISO/IEC 17025 and Accredia), together with rigorous procedures and a risk-based approach, enables the prevention of critical issues and ensures the continuous monitoring of water quality, contributing directly to its potability and safety. The reliability of the tests and the protection of public health are supported by internal and external audits and the systematic review of processes. For further information on the Laboratory Quality Policy, please refer to section ESRS E1-2 of this Sustainability Report.

Integrated Water Service Charter

Through the Integrated Water Service Charter, approved by ATO3 Turin**, SMAT guarantees strict compliance with the quality requirements for human consumption**, as defined by current legislation, and through a structured system of checks and interventions throughout the entire distribution cycle.
SMAT carries out systematic analytical tests – microbiological, chemical-physical and organoleptic – at key points in the network, as well as throughout all stages of abstraction, conveyance, treatment and distribution, to ensure the safety of drinking water. Additional tests are carried out by the relevant local health authority (ASL) and any non-compliance is managed in collaboration with the ASL and the ATO to ensure the prompt adoption of measures to protect human health.

Based on the results of the analyses, action plans are implemented to restore and maintain compliance with statutory parameters, including final disinfection processes designed to ensure the absence of pathogenic bacteria. In the event of critical issues, the Operator also ensures prompt action and keeps Users informed, thereby strengthening the safety of the water supplied and the protection of public health.

Integrated Policy on Quality, Environment, Safety and Energy
SMAT ensures the health and safety of its Users by providing the Integrated Water Service in compliance with all mandatory requirements and the standards of quality, effectiveness and efficiency set out in ARERA and ATO resolutions. In this context, the Company promotes the conservation of water resources and the prevention of pollution throughout the entire cycle, from abstraction to discharge back into the environment, ensuring safe conditions for Users. The risk-management approach also enables the Company to effectively prevent and manage any emergency situations, with particular attention to protecting people's health, whilst ensuring the transparency and reliability of the service provided. For further information on the Integrated Policy on Quality, Environment, Safety and Energy, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Policies on data protection, freedom of expression, and Users' access to information and services

Integrated Water Service Charter
For a water operator, ensuring a reliable service means not only guaranteeing the quality of the water supplied, but also making commitments to its Users to continue improving the quality of relationships and the services provided. **The Integrated Water Service Charter sets out the principles and criteria for service provision in terms of continuity, metering and billing of consumption, management of the contractual relationship, information provided and complaints.**
This document serves as a fundamental safeguard to prevent risks and promote the protection of **personal data confidentiality**, **active listening** to feedback and the needs expressed by Users, **transparency of the information** made available, and **equitable access** to services, including for the most vulnerable groups. The adoption of measures compliant with Regulation (EU) 2016/679, the provision of dedicated channels for dialogue – such as a freephone number and a Customer Ombudsman, to which complaints and written requests can be submitted – the publication of service levels and support measures for Users in difficulty, all contribute to reducing reputational, regulatory and social risks, thereby strengthening User confidence.
The Charter addresses a series of indicators demonstrating the water service provider's commitment to its Users. These indicators were established by ARERA through Resolution No. 655/2015/R/IDR, which defined **42 contractual parameters** that are the same for all service providers. Operators must report to end Users and to the Authority itself on the extent to which the required standards have been met, in order to monitor and assess the quality of the service provided:

- **MC1 – Commencement and termination of the contractual relationship**: comprising 18 simple indicators relating to quotations, the carrying out of connections and works, and the activation and deactivation of the supply;
- **MC2 – Management of the contractual relationship and accessibility to the service**: comprising 24 simple indicators relating to billing, pressure level checks and the management of points of contact with Users.

In line with previous years, SMAT has confirmed its position in **Class A for both ARERA macro-indicators**, demonstrating the robustness of the model adopted and the effectiveness of the measures aimed at ensuring a fair, transparent and continuous service geared towards protecting Users' rights.

Regulations for the Integrated Water Service
SMAT's Integrated Water Service Regulations are the framework through which the Company defines its **operational policies regarding the supply of drinking water and the management of wastewater**, with a view to sustainability and respect for Users' rights. These Regulations apply to the entire water service, from abstraction to distribution and treatment, covering all types of Users – domestic, industrial and public – without any territorial or category-based exclusions. The main objective is to guarantee a continuous, accessible service that complies with current legislation, whilst protecting end-Users through clear contractual provisions and monitoring and intervention mechanisms.

SMAT is committed to protecting the confidentiality of Users' data by implementing **procedures for controlled access to contractual documents**.
SMAT implements inclusive policies aimed at ensuring access to the service even in situations of financial hardship, through measures such as the **payment of bills in instalments and the protection of the minimum essential supply for domestic Users**. Finally, aware of the risks associated with service interruptions, SMAT puts in place technical and organisational measures to limit their impact and ensures prompt action in the event of emergencies.
The Regulations refer to EU and national legislation, including the Legislative Decree on the quality of water intended for human consumption, ARERA provisions on metering and tariffs, as well as the UNI EN and OIML (International Organisation of Legal Metrology) technical standards applicable to meters. The document also refers to the national law on access to administrative documents[50].
To encourage active participation, it is available online, at SMAT service points and via official contact channels.
Finally, the Regulations promote dialogue with Users, which SMAT facilitates through its physical service centres, digital tools and direct interaction channels.

Information Security Policy
SMAT adopts a strategy aimed at mitigating reputational and financial risks associated with potential data breaches through a comprehensive system of policies, drawn up in accordance with the ISO/IEC standard 27001. The **Information Security Policy** sets out the essential principles and guidelines to ensure the protection of corporate information, guaranteeing **its confidentiality, integrity and availability**.
The aim is to establish an **effective information security management system that safeguards the quality and continuity of service**, whilst protecting the interests of shareholders, employees and third parties.
The Policy applies to the entire organisation, involving all persons working within SMAT and covering the entire information value chain. The document stipulates that access to data must be regulated according to the user's role and authorised by service managers, in compliance with current regulations.
Ultimate responsibility for implementing the Policy lies with the CEO and the General Manager; updating the Policy, however, is the responsibility of the IT and Information Security Department, which must also ensure that it is reviewed periodically and disseminated within SMAT. The Group is committed to complying with the main international standards and guidelines in this field, including the ISO/IEC 27001 standard[51] , the NIS Directive (Legislative Decree 138/2024) and the legislation on the processing of personal data. In 2025, SMAT renewed its **ISO/IEC 27001 certification** with the aim, over the coming years, of extending its scope to include **artificial intelligence**, in response to the growing adoption of AI tools within the organisation. The policy is available on SMAT's corporate website.
SMAT is committed to complying with the main international standards and guidelines in this field, including the ISO/IEC 27001 standard, the *NIST Cybersecurity Framework*[52] , the *CIS Critical Security Controls*[53] and the legislation on the processing of personal data.

Data Processing Notice
To prevent reputational risks, costs and penalties in the event of a personal data breach, the Group adopts appropriate security measures to protect Users' privacy, as set out in the Data Processing Policy, in compliance with current legislation on the protection of personal data (EU Regulation 2016/679, GDPR).
Since 2018, the BoD has appointed a *Data Protection Officer* (DPO), who carries out advisory and supervisory activities regarding the processing of personal data relating to employees, Users, suppliers and external collaborators. The DPO maintains constant contact with other corporate supervisory bodies, such as the Supervisory Board and the Officer responsible for the prevention of corruption and transparency.
The management of this area has also been formalised through the establishment of an organisational chart tailored to data protection regulations, the appointment of dedicated points of contact, and the implementation of a training programme aimed at managers – designated as *privacy contacts* – company managers and employees.

[50] Law 241/1990.
[51] An international standard setting out security criteria and guidelines for information management
[52] A set of guidelines and best practices for cybersecurity developed by the National Institute of Standards and Technology (NIST).
[53] A set of priority security measures to mitigate the most common cyber-attacks against systems and networks.

The main contents of the privacy notice include the processing of personal data for contractual, legal, administrative, credit management and dispute resolution purposes, as well as for regulatory compliance. Monitoring is carried out by the DPO and other internal supervisory bodies.
The policy applies to all data processing activities carried out by SMAT concerning Users, employees, suppliers and other parties in the value chain (e.g. contractors, call centre companies, software maintenance providers), with no geographical exclusions noted. It should be noted that no data is transferred outside the European Economic Area. The highest management body responsible for implementing this policy is the BoD. The policy has been drawn up taking into account the interests of stakeholders, as evidenced by the methods of data collection via forms available at public service counters and downloadable from the SMAT website, and by the dedicated communication channels for exercising rights (e-mail, postal address). Explicit consent is required for the processing of special categories of data (e.g. health). The privacy notice is made publicly available via the Company's official channels (website and service points), and data subjects may interact with us, object to the processing or withdraw their consent at any time by contacting SMAT or the DPO.

Unified Regulations Governing the Right of Access to Documents, Data and Information
To ensure transparency and completeness of information, SMAT has adopted a Single Regulation governing Users' right to participate in the company's activities and to have their rights protected. The Regulation promotes widespread forms of oversight over the company's operations and the use of public resources, in full compliance with data protection legislation and the right to privacy.
The document applies to SMAT's entire operational scope, with regard to activities carried out in the public interest, but provides for certain exclusions, for example in relation to documents covered by state secrecy, sensitive internal company documents, or requests for access that are excessively general or disproportionate. The person responsible for granting access to documents is the Head or Manager of the unit that drafted or holds the document. This person adopts and signs the documents relating to access. For procurement procedures, the person responsible is the Project Manager (RUP).
In accordance with the **access policies**, members of the public may submit requests for access, be involved in review procedures and receive a reasoned response in the event of a refusal, whilst interested parties may formally object to access, receiving appropriate notification. All information relating to the right of access and the procedures for exercising it is made available to the public both at company service desks and online, in *the 'Transparent Company'* section of the institutional website, ensuring that the Regulations are fully accessible.

Policy on the use of generative artificial intelligence
To responsibly govern the adoption of **Generative Artificial Intelligence** (GAI) **tools** within its processes, SMAT has drawn up a dedicated policy, drafted in accordance with the European Regulation on Artificial Intelligence (AI Act, EU 2024/1689) and relevant international standards, including UNI ISO 31000 and ISO/IEC 23894. The document sets out the **ethical principles, usage criteria and operational limits** that must guide the use of GAI by all parties operating within or in collaboration with SMAT – employees, suppliers, consultants and partners – ensuring that the adoption of these technologies always takes place in an informed, transparent and secure manner. The policy is based on **five fundamental pillars**: the responsible and ethical use of GAI tools; the protection of privacy and personal data in accordance with the GDPR; the cyber security of the infrastructure and models adopted; clear governance with designated responsibilities; and ongoing staff training to develop a corporate culture focused on artificial intelligence (*AI literacy)*. In particular, the policy stipulates that the use of AI tools is not permitted where it involves the processing of confidential information, personal data, proprietary computer code or login credentials, nor when the results generated could affect the rights of third parties without adequate safeguards for human oversight. Responsibility for implementing the policy lies with the Chief Executive Officer, whilst the management and updating of the policy – at least once a year – is entrusted to the IT Department. The document is available via the company's internal channels.

Code of Ethics
The Group values **transparency, listening** to Users **and access to high-quality information**, promoting these values in the Code of Ethics, which enshrines their importance as **fundamental principles in its relationship with Users**. SMAT aims to provide a high-quality service, in accordance with the Service Charter and contracts, ensuring fairness, transparency and active listening to Users' needs, with the aim

of effectively resolving any issues. For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Organisation, Management and Control Model (MOG) pursuant to Legislative Decree 231/2001

SMAT's Organisational, Management and Control Model (MOG), which complies with Legislative Decree 231/2001, is an essential tool for ensuring transparency, legality and accountability in corporate management. Among the risks managed, the **protection of confidentiality** is of particular importance, with IT security measures designed to prevent breaches of personal data and the associated reputational and regulatory consequences. The Model also promotes **freedom of expression** and engagement with stakeholders through dedicated channels, such as the whistleblowing system and the complaints handling process.

Great emphasis is placed **on access to clear and comprehensive information**, fostering User awareness and trust, and **on equitable access to services**, with policies to support Users in difficulty. The Model also addresses the risk of service disruptions, with protocols designed to ensure operational continuity and responsiveness. For further information on the MOG, please refer to paragraph ESRS G1-1 of this Sustainability Report.

[ESRS S4-2] Processes to engage consumers and end-users regarding impacts

SMAT attaches great importance to the Users' perspective, systematically incorporating it into its decision-making and operational processes. To this end, it fosters a constant and structured dialogue with User representatives through **established relationships with associations**, which take part in regular satisfaction surveys and ATO3 assessments. In addition to institutional channels, SMAT maintains direct contact with **block of flats administrators** and **local communities**, organising dedicated meetings on emerging environmental issues or when changes are made to the service, such as the introduction of specific tariffs and services.

To support these activities, SMAT conducts an annual ***User satisfaction* survey** by administering a questionnaire over the telephone to a representative sample of Users – both direct and indirect – residing within the Turin ATO3 area. This survey enables the collection of data useful for targeting specific improvements in service quality.

Stakeholder engagement takes place at various stages: from planning to reporting on activities, on a regular basis and through both consultative and participatory channels. SMAT adopts an active listening approach, aimed at identifying needs and critical issues, and adjusting strategies and interventions accordingly. Oversight of these activities is ensured through the direct involvement of senior management: **the Chief Executive and the Chairman** take part in public events with the local community and in meetings with stakeholders.

[ESRS S4-3] Processes to address negative impacts and channels enabling consumers and end-Users to raise concerns

The whistleblowing procedure offers consumers and end-Users the opportunity to report, anonymously, any illegal acts, misconduct or breaches of ethical and corporate standards. The system fully protects whistleblowers from any form of retaliation or discrimination. Reports may relate to breaches of the Code of Ethics or internal policies, or to potential human rights violations. Each case is carefully examined and, where appropriate, corrective action is taken. For further information, please refer to paragraph ESRS G1-1 of this Sustainability Report.

Furthermore, the Group adopts a structured approach to ensure dialogue with its Users by providing multiple channels for reporting needs, service disruptions or issues and receiving timely and effective assistance, including:

- **Service counters**: with 12 service points spread across the region, SMAT ensures direct contact with its Users. In 2025, 19,182 Users were served at these service points;
- **Online service**: this complements the traditional service point and is available on the website. To date, 86,422 Users have registered for the online service, with approximately 82,647 cases handled during 2025;
- **Call centre**: open Monday to Friday from 08:30 to 18:30 and on Saturdays from 08:30 to 12:30, it provides information on the service, handles complaints and manages activation, transfers and deactivation Requests. In 2025, the call centre answered 208,051 calls;

- **Emergency response**: this service responds to reports of faults, emergencies and all types of critical incidents; it is available 24 hours a day, 7 days a week, and handled 82,550 contacts during 2025;
- **SMAT app**: a free-to-download app that provides clear and accessible information on the services most frequently requested by Users.
- **Virtual assistant**: a new support channel using Artificial Intelligence (AI), **the avatar Claudia** is available round the clock, every day of the week, in Italian and English, and will be available in other languages in the future. Users can use the avatar to find the right contact person within the offices, book appointments and receive assistance with filling in forms. Furthermore, it can handle matters relating to bills, payments, connections, account transfers, water quality and water saving. The Claudia avatar offers an advanced approach, capable of interacting with Users by providing relevant responses to their enquiries.

When issues arising from the company's operations occur, SMAT **activates specific internal processes to analyse the reported cases** and, where necessary, implement corrective measures. These channels provide an accessible and dedicated interface for all information or operational needs, including the management of contractual or support matters. The report tracking system enables the collection of data useful for analysing and resolving issues, ensuring transparent and accountable management.
Monitoring the progress of enquiries and complaints, together with dialogue with stakeholders – including consumer associations and the Area Authority – enables SMAT to assess the effectiveness of the channels in place and to maintain a high standard of service quality, in line with the expectations and needs of the local community.

[ESRS S4-4] MEASURES ADDRESSING SIGNIFICANT IMPACTS ON CONSUMERS AND END-USERS, APPROACHES TO MITIGATING SIGNIFICANT RISKS AND CAPITALISING ON OPPORTUNITIES, AS WELL AS THE EFFECTIVENESS OF SUCH ACTIONS

Initiatives to protect the health and safety of Users

Monitoring and management of contamination in water sources
SMAT monitors the **risk of contamination of water resources near abstraction points** through systematic water quality monitoring, both discrete – via laboratory analysis – and continuous automatic (so-called 'online') monitoring, particularly for water supply systems of regional importance. This activity enables the prompt detection of anomalies such as the exceeding of sentinel parameters, sudden and unexplained variations in physico-chemical parameters, or analytical results inconsistent with historical trends.
In the event of an accidental spill near abstraction points – for example, of hydrocarbons, chemicals, effluent or leachate – **emergency management follows structured procedures** which include: a rapid preliminary assessment of the type of substance, the quantity and its hydraulic proximity to the abstraction point; the immediate involvement of the relevant authorities (ARPA, ASL, local authorities) in accordance with the established reporting chains; securing the water abstraction point, including the possible suspension or switching of the intake and the activation of alternative water supplies; prompt communication with the authorities and, where necessary, with the public, providing clear messages on any restrictions on use and precautionary measures. In Piedmont, reports of an environmental emergency are channelled through ARPA, which classifies critical issues by level of urgency. The process is subject to continuous review based on emerging evidence, in line with the *risk-based* approach required by the regulations governing the drinking water supply chain.

Advanced treatments and reduction of environmentally harmful reagents
Ensuring that the water supplied is of high quality and always available is one of the main objectives for water service operators. To achieve this objective, it is necessary **to constantly monitor water quality** right from the abstraction sources. SMAT guarantees the highest quality and safety of the drinking water supplied to its Users, in compliance with the rigorous standards set by the regulations.
In line with the commitments set out in its Integrated Policy and Code of Ethics, SMAT has adopted a comprehensive set of measures aimed at ensuring high quality standards in the production of drinking water and minimising the potential impacts arising from the process.

To ensure that drinking water meets the high-quality standards required by the regulations[54] , SMAT treats **part of the water using reagents**. The pollutants treated are categorised according to their origin as either natural pollutants – such as arsenic, iron, manganese, ammonia, sulphates, odour-causing substances, natural organic substances, and microorganisms such as algae, bacteria and protozoa – or anthropogenic pollutants – including nitrates, organic micropollutants such as chlorinated organic compounds, aromatic compounds, pesticides and their metabolites. Various processes are used to treat water for drinking purposes, including aeration, chemical oxidation with hypochlorite, chlorine dioxide or ozone, clarification and flocculation, sedimentation, filtration using sand or ion-exchange resins, microfiltration, ultrafiltration, adsorption on activated carbon and ultraviolet radiation.

To limit the use of chemical reagents and the associated by-products, as well as the resulting environmental impact, the Company has long been **pursuing a transition towards technologies with a lower environmental impact**, introducing solutions such as biological activated carbon and ultraviolet light. SMAT also applies **treatment processes in line with the most up-to-date regulations**, ensuring constant monitoring of processes and the adoption of advanced technologies, such as the use of granular ferric hydroxide for arsenic removal and the gradual introduction of biological treatment processes, which represent strategic choices for strengthening environmental protection and public health.

In 2025, SMAT launched a technological innovation project for the treatment of well water containing iron and manganese levels exceeding regulatory limits. To replace oxidation with sodium hypochlorite, an oxidation system based on the injection of pressurised pure oxygen via ejectors was adopted and installed at various operational sites in the Turin area.

The oxygenation system adopted, which is based on Venturi-type injectors, eliminates the need for dedicated dissolution tanks, thereby optimising plant space. At the same time, technical staff involved in managing the chemical dosing systems attended specific training sessions on dosing pumps to support the correct maintenance and programming of the equipment.

The Company is also committed to **the careful management of micropollutants**, through specific treatments aimed at removing organic compounds and pesticides, with systematic monitoring throughout all stages of the water cycle.

With a view to circular sustainability, the activated carbon used is recovered and reactivated by specialist companies, achieving a recycling rate of 81.4% by 2025 and bringing the total value of recycled reagents to 10.7%, in line with previous years.

Below is a summary of the main reagents used by SMAT.

Reagent (tonnes)	2024	2025
Sodium hypochlorite	1,145	1,102
Hydrochloric acid	245	225
Sodium chlorite	202	210
Aluminium polychloride	2,042	1,823
Silica microsand	34	33
Granular sea salt	435	409
Reactivated activated carbon	535	490
New activated carbon	101	112
Ferric chloride	7	9
Carbon dioxide[55]	142	155
Caustic soda	8	13
Other reagents	13	10

Checks to ensure the quality of the water supplied

In the current context, characterised by growing pressure on water resources and progressive contamination – from third parties – of water sources due to the presence of pollutants, SMAT plays a leading role. SMAT is, in fact, called upon to make water that is increasingly complex to treat fit for human consumption, ensuring high quality standards and full regulatory compliance.

[54] Legislative Decree No. 18 of 2023 – Implementation of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption.
[55] Used at Water Points

Monitoring the quality of the water supplied is a fundamental activity to safeguard SMAT's Users. The Group adopts a rigorous and scientific approach to this monitoring activity, contributing to surveillance in order to prevent public health impacts and minimise the risks associated with any penalties arising from non-compliance with regulations.

In implementation of Legislative Decree 18/2023, as amended – which transposes EU Directive 2020/2184 – SMAT has **strengthened its monitoring activities throughout the entire water supply chain**, with particular attention to new transparency obligations towards Users, risk management within internal networks, and compliance with new parameter values. The monitoring programme covered all the municipalities served within ATO3 and included the analysis, in 2025, of over **24,000 samples taken** (compared with 22,000 in 2024) from approximately 4,000 sampling points, with over 814,000 analytical tests carried out in the laboratory on chemical, microbiological parameters and micropollutants.

This initiative forms part of a **multi-year strategy to strengthen monitoring**, which has led, over the last ten years, to a steady increase in the number of parameters analysed per cubic metre of water supplied, rising to around 5 parameters per 1,000 m³ by 2025. Coverage is also ensured by a 24-hour emergency response system, capable of carrying out prompt chemical and microbiological tests in the event of reports of anomalies.

Over time, SMAT has improved its monitoring capabilities by increasing the number of parameters monitored and the reliability of the data **obtained.**

	2024	2025
Checks carried out in the water supply division (n)		
Total number of parameters analysed	834,749	845,175
Of which chemical parameters	712,609	716,575
Of which microbiological parameters	122,140	128,600
Parameters for the municipalities served	806,332	814,010
Figures for external customers	12,879	13,364
Parameters for research, quality control, bulk containers, etc.	15,538	17,801

Throughout the year, SMAT continued to monitor ARERA water quality indicators on a monthly basis in order to promptly assess the corrective measures to be taken. This enabled tocheck the data more frequently and to share the information with all relevant company departments, with a view to identifying improvement measures, implementing them and monitoring progress over time.

The **ARERA indicators relating to the quality of the water supplied**, which measure compliance with regulatory requirements and the reliability of the service, are set out below.

	2024	2025	Italy 2024[56]
M3 Quality of supplied water (ARERA)			
M3a – Incidence of orders declaring water unfit for consumption	0.0036%	0.0021%	0.068%
M3b – Rate of non-compliant samples	1.55%	0.98%	3.70%
M3c – Rate of non-compliant parameters	0.155%	0.108%	0.24%
ARERA Class	C	B	E

Water Safety Plans

SMAT has also embarked on a structured process to implement Water Safety Plans (WSP), in line with the provisions of Legislative Decree 18/2023, as amended, which establishes an approach based on risk assessment and management throughout the drinking water supply chain. Adopting a Water Safety Plan involves, for example, **identifying all possible risks that could compromise the proper management of processes** (from abstraction to distribution) and defining preventive or corrective measures to minimise the risk of disruption to the water supply and ensure that the water supplied meets quality requirements.

SMAT has begun drawing up the WSP and, to date, has prepared ten plans, including the one for the city of Turin – which has already been submitted to the Ministry for approval – which alone covers around 45% of water Users. All the WSPs, including Turin's, will be updated and harmonised in line with the

[56] ARERA, Annual Report 2025, State of Services

latest national guidelines and the requirements of the new ministerial platform (AnTeA – **Dynamic Territorial Register of Drinking Water**), and subsequently submitted in accordance with the deadlines set out in the legislation (January 2029).
In this context, specific site inspections were also carried out during 2025 in areas of interest to stakeholders (e.g. the Susa Valley), thereby maintaining an ongoing dialogue with local communities.
To support this process, the SMAT Research Centre has developed an internal management platform for the drafting, updating and monitoring of WSPs, which is currently being further developed to ensure full compliance with the requirements of the national platform. The system enables a structured and consistent approach to risk analysis, including tools for the operational management of control measures, continuous monitoring, the planning of improvement measures, the analysis of historical water quality data and the construction of risk matrices.
Through the adoption and gradual implementation of the WSPs, **SMAT helps to prevent pollution at source,** strengthens monitoring of potential vulnerabilities in the water network and ensures a systemic approach to safeguarding water quality.
In 2026, a comprehensive plan is also due to be drawn up to ensure full compliance by 2029, in line with regulatory developments and evolving guidelines.

Monitoring of PFAS in drinking water
In response to growing concerns regarding the presence of PFAS in drinking water, the European Union has introduced, through Directive (EU) 2020/2184, a limit value of **100 nanograms per litre (0.1 μg/L)** for the sum of **20 PFAS compounds,** applicable from January 2026.
In Italy, the transposition of the Directive via **Legislative Decree 18/2023** has strengthened these controls, extending monitoring to **24 PFAS compounds** whilst maintaining the same limit value. On this basis, SMAT has launched an extensive monitoring campaign across the entire area under its management, without identifying any particular issues. In 2025, the regulatory framework was updated and further strengthened by **Legislative Decree 102/2025**, which expanded the number of substances monitored to **30 PFAS compounds** and introduced a specific limit of **20 nanograms per litre** for the sum of **four priority PFAS**. In line with these updates, SMAT has progressively adapted its monitoring activities to the new requirements and, in order to carry out appropriate analytical tests, SMAT has upgraded its laboratory facilities by investing in state-of-the-art equipment capable of meeting the required analytical sensitivities.
Based on the results of the monitoring activities, carried out in accordance with the regulatory amendments, SMAT has built new drinking water treatment plants equipped with activated carbon treatment systems and has acquired mobile treatment units, with the aim of complying with the new regulatory requirements, even in emergency situations.
Throughout 2025, SMAT maintained an ongoing dialogue with citizens and stakeholders, reaffirming its commitment to this issue and promoting transparency in its activities. SMAT publishes the data collected in *the 'Water Quality'* section of its website, which is updated regularly and can be viewed by municipality – and by district in the case of the City of Turin – at the following link: smatorino.it/monitoraggio-acque.

Microplastics: monitoring regulatory and technological developments
SMAT plays an active role in European forums for technical and regulatory dialogue within the water sector, helping to monitor regulatory, scientific and technological developments regarding emerging pollutants, including microplastics, for both drinking water and urban wastewater treatment. The Group **participates in the European sector networks EurEau and Aqua Publica Europea (APE)**, which bring together water service operators across the continent, contributing to discussions on harmonised monitoring methodologies, the technical implications of new European policies, and the promotion of approaches based on scientific evidence and the proportionality of interventions.
At the regulatory level, Delegated Decision (EU) 2024/1441, which supplements Directive (EU) 2020/2184, has established for the first time a harmonised methodology for measuring microplastics in water intended for human consumption, defining common criteria for the sampling, identification and classification of particles. To date, this parameter has not been included in the checklist annexed to the Directive.

Initiatives to ensure Users' freedom of expression

Users' satisfaction survey

In order to ensure that Users feedback is consistently taken on board, SMAT conducts **an annual User satisfaction survey** with the aim of monitoring the perceived quality of the service and identifying any critical issues or areas for improvement.

In 2025, the survey was carried out using *Quality Monitor,* a structured system for continuous feedback based on a dashboard that collects responses in real time. Over 20,000 questionnaires were sent to Users who had been in contact with SMAT during the year, with **1,465 responses collected**. The sample comprised 41% women and 57% men (2% unidentified), predominantly aged over 60, with higher education qualifications and domestic Users.

The results show a **high overall** level of **satisfaction (92%)**. Water quality is confirmed as the main strength, with over 87% of positive ratings and a significant increase in the proportion of 'very satisfied' respondents (66.1% in 2025 compared with 30.7% in 2024). Smell and taste are also widely appreciated (93% and 92% of favourable ratings respectively).

The assessment of services is positive and shows a sharp rise in the proportion of 'very satisfied' Users (from 32.7% to 67.8%). Among the aspects rated most highly, with satisfaction levels exceeding 90%, are service continuity, staff courtesy and ease of payment. The clarity of bills has also improved (from 80.7% to 84.9% of positive ratings).

However, some areas for attention have emerged, with a decline in satisfaction regarding the timeliness of repairs (88.9%), information provided in the event of outages (83.8 %) and water quality checks (82.4%), as well as concerns about opening hours and waiting times at service counters (80.4% and 79.4% respectively).

Awareness of regulatory instruments remains low (Service Charter 25%, SII Regulations 20.5%). Complaints are few (3.2%) and are handled positively (up to 85.1%).

Although bills are generally understood, there appears to be less awareness of investments and inspections, whilst open-ended responses highlight requests for more information, concerns regarding meters and meter readings, and the need for more timely communications.

Overall, the 2025 survey confirms a solid position regarding service quality, highlights improvements in certain key areas and identifies priorities for action in the areas of information, timeliness and user experience management. The results should be interpreted in light of the change in survey methodology.

For SMAT, the survey serves as a **tool for monitoring** the effectiveness of its actions and as a guide for identifying measures proportionate to the impacts identified, to ensure effective, accessible and timely responses. Furthermore, the Group has considered the potential impact of its practices in terms of data distribution, information and use, highlighting the importance of balancing prevention and mitigation of negative impacts perceived by Users with internal operational and organisational needs.

Complaints management

SMAT ensures that it listens to Users and gathers their concerns through its complaints management process, reaffirming its ongoing commitment to protecting Users and improving the services it offers, in line with current legislation and its own internal quality standards. In 2025, the Group handled a total of **1,548 complaints**, representing an increase of approximately 3.6% compared with 2024. The complaints, collected via a **dedicated information system** and categorised as either contract or non-contract Users, were handled in accordance with legal provisions and certified company procedures, with the aim of ensuring the prompt resolution of reports and the rectification of any irregularities.

Complaint management involves a detailed analysis of all the circumstances contributing to a negative perception of the service provided, followed by an assessment of the validity of the reports received in order to tailor the necessary corrective actions as effectively as possible. **In 2025,** a total of **1,856 complaints** were analysed**, of which 19.83% were found to be valid**. The actions taken covered the entire catchment area of the Integrated Water Service, including both contract and non-contract Users, and involved all the main service areas.

In particular, the breakdown of complaints shows a prevalence in the billing and payments sectors (52.42% of the total) and administrative procedures (39.17%), followed by service shortcomings (4.52%), water quality (2.69%), sewerage and wastewater treatment (0.96%) and, to a lesser extent, issues relating to front-office services (0.21%).

The analysis covers the whole of 2025 and includes a comparison with the figures for 2024, which shows that the overall complaints index has remained largely stable. This indicator stands at **0.71 complaints per 1,000 inhabitants** for Users with a contract and at 0.85 for those without a contract.

The corrective measures adopted focused on resolving service disruptions reported in various areas, including discrepancies in billing amounts, network faults, insufficient water pressure and issues relating to water quality (such as changes in colour, taste and smell). A considerable number of administrative cases were also handled, relating to general information on contracts, requests for payment by instalments and access to incentives, as well as technical resolutions.
In all substantiated cases, SMAT implemented **specific corrective measures**, confirming its commitment to preventing, mitigating or remedying negative impacts on the service, including through ongoing dialogue with the **User Ombudsman**. The management procedure adopted complies with the UNI 10600 standard[57] and enables the effectiveness of the actions taken to be monitored and assessed, thanks in part to the detailed classification of complaint types. SMAT responds promptly through an organisational structure that ensures reports are handled, their validity assessed and corrective actions implemented. The approach adopted aims to resolve issues not only through specific responses, but also through systemic measures, such as improving communication with Users and the efficiency of internal processes. At the end of each year, a dedicated Complaints Report is drawn up.

Initiatives to ensure transparency and access to high-quality information for Users

Tariff transparency and access to information

SMAT attaches great importance to maintaining high levels of transparency and completeness in the information provided, including with regard to the tariffs set by ARERA following the preliminary investigation by the Area Authority (ATO3 Turin). The tariff methodology aims to meet both the operator's financial requirements and the Users' ability to pay.
SMAT provides **tariff details on its website to ensure that everyone understands how they are calculated**. The Group communicates information and data relating to the water service to Users via their bills. This includes meter status and readings, regulatory and tariff updates, changes to payment methods, service usage and any complaints. To assist with understanding the bill, the website features the '*How to read a bill*' guide, a sample bill that explains how to interpret the different sections.
In addition, up-to-date information on the status of construction sites is provided in the *'Construction Site Map'* section of the website, whilst the *'Water Quality in Your Municipality'* section sets out the average values of the parameters relating to the quality of the water supplied for each municipality .

Initiatives to protect vulnerable Users and ensure service continuity

Support for vulnerable Users

In order to ensure commercial policies that guarantee access to the service for Users in difficulty, within its area of jurisdiction SMAT provides a form of financial assistance to support households facing financial hardship: the **Social Water Bonus**[58] .
This bonus **automatically** applies **tariff reductions** to the water supply for all domestic Users experiencing financial or social hardship. In particular, direct and indirect Users who are part of households with an ISEE indicator of:

- not exceeding € 9,796.00;
- not exceeding € 20,000.00 with at least four dependent children;

SMAT pays out a social water bonus every year in accordance with the provisions of Acquirente Unico. Households with an ISEE indicator of less than € 12,000.00 and with fewer than 4 dependent children, who are recipients of the Social Water Bonus, are entitled to receive the **Supplementary Water Bonus** introduced by ATO3 to ensure that Users in a situation of economic vulnerability receive a form of relief not provided for by ARERA, in addition to this support.
These measures are in line with internationally recognised principles: the United Nations and the European Union recognise access to drinking water as a fundamental right for all citizens. In particular, the Water Framework Directive (Directive 2000/60/EC) requires Member States to ensure that the price of water charged to consumers is economically reasonable and to adopt specific measures to protect disadvantaged social groups or those who cannot afford the cost of water supply.

The SMAT Card

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[57] Submission and handling of complaints in the public services sector.
[58] ARERA Resolution 897/2017/R/idr, supplemented by Resolutions No. 63/2021/R/IDR, No. 13/2023/R/com and No. 2/2026/R

In accordance with ARERA Resolution No. 609/2021/R/idr, ATO Resolution No. 823 of 3 November 2022 approved amendments to the Service Charter, establishing **specific minimum safeguards for Users in the event of hidden leaks**. Among these, the most significant is the application of a reduced water tariff – set at half the basic rate provided for in the current contract – for the additional consumption resulting from hidden leaks, with no excess applied, as well as exemption from sewerage and wastewater treatment charges for the same additional consumption.
Notwithstanding the above, significant private leaks may still result in a considerable financial burden for Users. To this end, the Group has also introduced the **SMAT Card service**, which offers **insurance cover to compensate for excess consumption and guarantee a free emergency response**. The SMAT Card provides two types of insurance cover: the first compensates for excess consumption exceeding 50%[59] of average post-meter consumption, up to a maximum of € 20,000 per claim, whilst the second cover relates to emergency repairs. In 2025, SMAT renewed the policy by removing all excesses and overhauling an existing service , improving its accessibility and value for end Users. Key benefits include free assistance from a plumber 24 hours a day, 7 days a week, in the event of a leak, and affordable cover for damage resulting from accidental water consumption, with a low-cost annual fee ranging from € 0.17 to € 5.00 for blocks of flats. In 2025, 54,084 cards were issued, an increase of 5.1% compared with the previous year, and 797 interventions (up 6.0% on 2024) were carried out under the SMAT Card scheme.

Managing service interruptions

To prevent reputational risks and penalties associated with service interruptions affecting communities, SMAT relies on an **interconnected water network** that allows it to limit interruptions and carry out work on main pipes without compromising the water supply to Users. In the event of interruptions, the aim is to minimise disruption and restore the service as quickly as possible.
Water supply interruptions can be **planned** or **unplanned**. In the case of planned interruptions, the User is notified **at least 48 hours in advance**, so as to minimise disruption and allow them to organise their daily activities as effectively as possible. These works, which usually last a couple of hours, are often carried out **at night or at weekends**, precisely to accommodate Users' needs.
When **unplanned interruptions** occur, however, due to sudden faults, SMAT responds via its 24-hour **Emergency Response Service**. This service receives reports, immediately activates the processes set out in **the water emergency management procedures**, and mobilises **operational teams** to restore the service.
In 2025, SMAT carried out 593 **interventions** to repair critical faults (posing a hazard) on the water supply networks, responding **within a maximum of 18 hours** from the Emergency Response Team's assessment until the fault was fully repaired, achieving a compliance rate of **98.3%**.
To ensure high standards of **service continuity** and enhance its **resilience**, SMAT has launched and implemented various initiatives, including:

- **interconnection between local water mains and main systems**, to ensure operational flexibility in the event of maintenance or emergencies;
- **maintenance, repair and upgrading works** on water supply networks, water abstraction facilities, reservoirs and pumping stations.

Furthermore, a digital platform is currently being implemented for the real-time monitoring of construction sites and service interruptions; this will be progressively integrated with User information channels, enabling more timely and transparent communication (e.g. start time, duration and status of works), with implementation scheduled to begin in 2026.
In 2025, service interruptions stood at 0.97 hours, a figure down on 2024.

	2024	2025	Italy 2024[60]
M2 Service interruptions (ARERA)			
M2 Service interruptions (hours)	1.22	0.97	59.52
ARERA class	B	B	E

SMAT is also continuing a strategic project to **model the interconnections** between water networks, starting with the municipalities south of Turin, which enables it to:

[59] For leaks occurring up to 1 July 2025, claims may only be opened if the excesses exceed 75%
[60] ARERA, Annual Report 2025, State of Services

- analyse the performance of the interconnected networks and predict the system's behaviour under various operational scenarios;
- ensure resilience through optimal configuration and continuous monitoring;
- improve efficiency and reduce **energy costs** through smart management strategies for pumping systems.

[ESRS S4-5] OBJECTIVES RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

User health and safety

SMAT has set the target of achieving **a 6% reduction in the rate of non-compliant samples (ARERA indicator M3b)** by 2029. To achieve this goal, SMAT has identified several courses of action aimed at reducing the number of out-of-limit readings.

User Satisfaction

SMAT has set the objective of maintaining a **User satisfaction rate of over** 85% over time. To pursue this objective, the Company has identified five complementary courses of action. The first concerns the enhancement of measurement tools, through an increase in the number of contact points equipped with satisfaction survey systems. The second focuses on training staff in direct contact with Users, with the aim of developing appropriate interpersonal and communication skills. The remaining three lines of action focus on accessibility and innovation in service channels: plans include the implementation of the digital avatar 'Claudia' to assist with bill reading, the introduction of sign language communication tools at physical service counters, and the adaptation of the website to ensure full readability and accessibility, including for people with dyslexia or colour blindness.

Objective and lines of action	KPIs	Base year (2024)	2025 Results	Interim Interim	Target
Safe and good-quality water	% of non-compliant samples out of the total	1.55%	0.98%	2027: 1.29%	2029: 1.14% -6% annual reduction in the rate of non-compliant samples (M3b)*
Installation of protective cabinets at new sampling points	No. of cabinets installed per year	0	104	2026: 68	2027: 68
Installation of sampling boxes at Water Points	No. of boxes installed per year	0	40	2026: 110	2026: 110
Training and advocacy activities for service Users and the general public on emerging contaminants	No. of initiatives	26	30	2027: 30	2029: 30
Increase User satisfaction	%	96%	92%	2027: >85%	2029: >85%
Increase in the number of assessments carried out by Users	% of contact points equipped with measuring instruments	0%	-	-	2029: 100%
Training for staff who interact with Users on interpersonal and communication skills	percentage of staff who interact with the public who have received training	0%	-	2026: 100%	2028: 100%
Support for understanding bills via the Claudia avatar	on/off	*off*	*off*	-	2027: *on*
Implement tools for communication via sign language at physical service points	on/off	*off*	*off*	-	2029: *on*
Implement language support for avatars	on/off	*off*	*off*	-	2027: on
Implement tools to ensure the website is highly readable and accessible (e.g. for dyslexia and colour blindness)	on/off	*off*	*off*	-	2027: *on*

ESRS G1 – BUSINESS CONDUCT

[ESRS 2 GOV-1] Role of the administrative, management and supervisory bodies

SMAT's governance system is structured in accordance with the principles of **balance**, **representativeness** and **competence**, in line with sector regulations and the provisions of the company's articles of association.
The Board of Directors is responsible for **the strategic management of the company**, for key decisions necessary to achieve the company's objectives, and for supervising corporate activities, including oversight of ethical conduct. The power of representation is vested in the Chairman and, in accordance with delegated powers, also in the Chief Executive Officer. The Board of Directors may delegate specific functions to its members or to external parties, such as the General Manager, senior managers or authorised representatives, whilst retaining control over activities through periodic reports.
The Board of Directors comprises executive and non-executive directors, all of whom possess the professional expertise and skills appropriate to the tasks entrusted to them, as well as to the company's needs.
For further information regarding the Board of Directors and the Board of Statutory Auditors, please refer to paragraph ESRS 2, GOV-1 of this Sustainability Report.

[ESRS G1-1] Policies on corporate culture and business conduct

Code of Ethics
To build relationships of trust with stakeholders and prevent the risk of business disruption due to involvement in acts of corruption, SMAT has adopted the Code of Ethics, which aims to promote a **corporate culture based on the principles of honesty, integrity and responsibility**. The document sets out the commitments and responsibilities governing the management of the company's affairs and activities, ensuring transparency, fairness and mutual respect.
The Code applies to everyone acting on behalf of the Group – directors, employees, contractors and suppliers – requiring them to carry out their duties in compliance with applicable regulations and the highest ethical standards.
It sets out clear and binding rules on **the prevention of corruption**, prohibiting any form of favouritism, pressure or undue influence, whether directed at public authorities or private individuals. These measures are essential to safeguard the organisation's integrity and prevent operational and reputational risks linked to unlawful conduct.
Failure to comply with the provisions set out constitutes a breach of the relationship of trust with SMAT and may result in the imposition of sanctions, including the termination of contracts, as also provided for in the Organisational Model pursuant to Legislative Decree 231/2001. The sanctions system and the operational protocols adopted constitute an essential safeguard to ensure legality, continuity and sustainability over time.
For further information on the Code of Ethics, please refer to paragraph ESRS E1-2 of this Sustainability Report.

Organisation, Management and Control Model (MOG) pursuant to Legislative Decree 231/2001
The "Model 231" consists of a structured system of rules and procedures designed to reduce the risk of the offences covered by the Decree being committed. It comprises a general section (SMAT Organisational Model – General Section) and six special sections, relating to the types of offences they are intended to monitor. The MOG 231, like the Code of Ethics, is an effective tool for raising awareness amongst all those acting on behalf of SMAT, ensuring that, in the course of their activities, they are guided by behaviour inspired by ethical and social principles and in compliance with the provisions of the law.
A disciplinary system is in place to sanction non-compliance with the measures, including those relating to corruption.
With the aim of strengthening the trust of both external and internal stakeholders, the 231 Model, together with the Code of Ethics, helps to promote a **corporate culture based on transparency and fairness** and aims to implement a system of procedures and rules to reduce the risk of committing the offences set out in Decree 231/2001, through both preventive and ex-post control measures.
Oversight of the Model's operation and compliance is entrusted to the Supervisory Board, which is vested with independent powers of initiative and control. The Model applies to the Parent Company and to all parties acting on its behalf, including directors, managers, employees, contractors and suppliers.

The Board of Directors is responsible for adopting and, where necessary, updating the Model, and undertakes to comply with its provisions. The Supervisory Board, whilst not forming part of the strategic management, is tasked with monitoring the operation of and compliance with the Model, reporting directly to the Board of Directors.
The content of the general section of the Code is communicated to all company staff and partners via specific information notices and is available on the company intranet and website. The Code, in its entirety, is distributed to directors, members of the Board of Statutory Auditors, senior managers, middle managers and department heads.
In 2025, the MOG was updated to include new predicate offences provided for by Legislative Decree No. 231/2001. Furthermore, a review of the Code has been initiated to incorporate the new environmental offences, following the entry into force of Decree-Law No. 116/25, converted into Law No. 147/25, which broadens the scope of risks to be managed and requires an adaptation of the company's protocols and operating procedures.

The Whistleblowing Policy
Through its Whistleblowing Policy, SMAT encourages the reporting of wrongdoing by regulating the channels, procedures and conditions for making internal and external reports, thereby preventing corruption and regulatory breaches and protecting the anonymity of those who report misconduct in the interests of corporate integrity. The Policy **governs the reporting of administrative, accounting, civil and criminal offences**, including those covered by Legislative Decree 231/2001, and applies to employees, contractors, employees and contractors of subcontractors, consultants, directors and members of supervisory bodies. The application of the procedure is not geographically limited and also extends to companies with which SMAT collaborates.
The procedure is structured around the receipt, assessment, investigation and forwarding of reports to the relevant authorities. The RPCT (Head of Corruption Prevention and Transparency) is responsible for managing reports and must issue an acknowledgement of receipt within seven days and provide a response within three months. The RPCT is also responsible for conducting periodic analyses to identify critical issues and improve preventive measures and, where necessary, may call upon an internal working group, whilst ensuring the utmost confidentiality and recusing themselves in the event of a conflict of interest. The policy, approved by the Board of Directors, is subject to revisions proposed by the RPCT and complies with Legislative Decree 24/2023, which transposes EU Directive 2019/1937. It is based on the Guidelines of the National Anti-Corruption Authority (ANAC) and includes the handling of anonymous reports, provided they are substantiated.
SMAT has set up **confidential internal channels for reporting offences**, ensuring the **confidentiality of the whistleblower's identity**, the identities of those involved and the content of the report through the use of encryption tools. Reports may be made in writing via a dedicated online platform accessible from the company website, by email to rpct@smatorino.it, or by confidential post addressed to the RPCT at SMAT's head office. Reports may also be made verbally, via a telephone line indicated on the website or through a face-to-face meeting at the reporter's request, which will be recorded in writing and signed.
The Group guarantees the protection of whistleblowers acting in good faith against retaliation, defined as any harmful act or omission resulting from the report. Protection for the whistleblower includes safeguarding confidentiality by preventing the disclosure of their identity without consent, subject to exceptions provided for by law, and the use of encrypted systems to ensure data security. Any acts of retaliation must be reported to ANAC, which will assess their nature and may annul such acts by imposing sanctions.
To encourage the proper use of this mechanism and prevent improper practices, SMAT provides staff training on whistleblowing and uses various communication channels to raise awareness amongst employees. The procedure is published in the '*Transparent* Company' section of the company website, is available on the company intranet, and has been communicated to all staff. Furthermore, short training '*fact sheets*' published on the staff portal have explained the procedure and how to use the platform.

Integrated Compliance Management System
SMAT has set itself the objective of achieving **ISO 37301** certification – **Compliance Management Systems** – by 2027, through the gradual strengthening and optimisation of its corporate systems. The initiative involves, in particular, a more structured management of regulatory deadlines – for example, in the areas of health and safety, the environment and measurement systems – supported by a significant digitalisation process.

This approach will help reduce the risk of penalties arising from any regulatory non-compliance and, at the same time, improve the effectiveness and efficiency of compliance management, both in terms of timelines and operational procedures.

Cyber risk management and protection of critical infrastructure

The Group recognises cyber risk as a critical factor for the continuity of water services, particularly in relation to the potential compromise of remote control and plant management systems. To this end, it has progressively **strengthened measures to protect its technological and operational infrastructure** through an integrated approach.

Advanced **threat monitoring and detection systems** (SIEM and a 24-hour Security Operations Centre) have been introduced, along with **perimeter and *endpoint* protection solutions** (terminal devices), as well as tools for **managing and controlling privileged access**.

The Group has also launched a network segmentation process aimed at isolating critical systems and reducing the attack surface, alongside ongoing *vulnerability assessment* and *penetration testing* programmes to identify and mitigate vulnerabilities.

In terms of **operational resilience**, highly reliable architectures**, *backup and disaster recovery* systems** distributed across multiple sites, and regularly tested emergency procedures have been implemented to ensure the continuity of essential services even in the event of cyber incidents.

These initiatives are integrated within the Information Security Management System and supported by a structured process of compliance with international standards (ISO 27001) and key regulatory requirements, with the aim of ensuring continuous and progressively evolving management of cyber risk.

[ESRS G1-3] PREVENTION AND DETECTION OF ACTIVE AND PASSIVE CORRUPTION

Three-Year Plan for the Prevention of Corruption and Transparency (PTPCT)

In order to prevent the risk of disruption to business operations due to involvement in acts of corruption, SMAT updates its Three-Year Corruption Prevention and Transparency Plan annually, drawing on the guidance and guidelines provided by ANAC. The Three-Year Plan is a **strategic tool designed to strengthen the integrity and transparency of the company's operations**, defining SMAT's approach to managing corruption risk and promoting administrative transparency.

Strategic objectives include **strengthening the internal control system**, **managing corruption risk** in relation to European funds and the National Recovery and Resilience Plan (PNRR), implementing training on legal compliance, improving digitalisation, and updating the *'Società Trasparente'* portal.

In 2025, ANAC adopted a **more structured and strategic approach**, to which SMAT has aligned itself in drafting the PTPCT, defining specific lines of action, measurable objectives and KPIs to be monitored over time for each area of intervention. A key focus of ANAC's National Anti-Corruption Plan has been the **digitalisation of processes** relating to corruption prevention and transparency, with the aim of making control flows more efficient, improving the traceability of activities and increasing the accessibility of information for all stakeholders. This framework also includes the process initiated to obtain ISO 37301 certification, relating to the Integrated Compliance Management System, by 2027: the project involves streamlining the company's systems for managing mandatory deadlines in areas such as health and safety, the environment and regulatory compliance.

The Plan actively involves the Board of Directors, the Chief Executive Officer, senior management, employees and the Company's collaborators, with a central role assigned to the Compliance Officer, who is responsible for its drafting, implementation and oversight.

Particular attention is paid to the prevention of corruption through measures such as **ongoing training**, the whistleblowing scheme, the revision of the Code of Ethics, the management of conflicts of interest and the rotation of staff in sensitive roles. The PTPCT is therefore an essential tool for ensuring ethical and responsible governance, fully compliant with current legislation and ANAC guidelines, in line with all previously defined company policies.

Training on Anti-Corruption, MOG 231 and Whistleblowing

SMAT implements **training programmes for the prevention of corruption**, integrating them into a broader system of prevention and control. These programmes are multi-faceted and aimed at all staff, including both general training on the culture of legality and anti-corruption, and in-depth sessions on areas of risk and specific procedures, such as whistleblowing.

The general training, designed for all staff, is also delivered through '*short modules*' accessible via the intranet and, for new recruits, via the *onboarding* portal. The aim is to strengthen an ethical and compliant corporate culture.
During 2025, specific training was provided to all senior management on the update to the Management System (MOG) and the whistleblowing procedure. In addition, training was provided to all new employees following the acquisition of the SII business unit from ACEA Pinerolese. At the end of 2025, distance learning (*e-learning*) was launched for all staff via a dedicated platform.
As part of its Sustainability Plan, SMAT has set **a target** to deliver 2,000 hours of training in 2026 on the Code of Ethics, the MOG and the prevention of corruption, involving the entire workforce, with the aim of raising awareness of these issues amongst all staff.

[ESRS G1-4] CONFIRMED CASES OF ACTIVE OR PASSIVE CORRUPTION

During the two-year period 2024–2025, SMAT did not identify any confirmed cases of active or passive corruption.

[ESRS 2 IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The Disclosures and the related Disclosure Requirements were selected based on the results of the double materiality analysis, in accordance with the general provisions of ESRS 1. For the sustainability issues deemed material, the Group provides information on policies, actions and metrics, in accordance with the ESRS and the related Minimum Disclosure Requirements (MDRs), whilst also considering the mandatory application requirements. For further information, please refer to section ESRS 2 IRO 1 of this Sustainability Report.

Below is a list of the disclosure requirements met in the preparation of this Sustainability Report.

Code	Disclosure	Page
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BP-1	General criteria for the preparation of sustainability statements	55
BP-2	Disclosures relating to specific circumstances	55
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ESRS E1	Climate Change	
GOV-3	Integration of sustainability performance into incentive schemes	81
E1-1	Transition plan for climate change mitigation	81
SBM-3	Significant impacts, risks and opportunities and their interaction with the business strategy and model	81
IRO-1	Impacts, risks and opportunities arising from interactions with the business model	82
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E2-6	Expected financial impact of significant risks and opportunities related to pollution	102
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ESRS S1	Own workforce	
SBM-2	Stakeholders' interests and views	116
SBM-3	Significant impacts, risks and opportunities and their interaction with the strategy and business model	116
S1-1	Policies relating to the organisation's own workforce	116
S1-2	Processes for engaging the organisation's workforce and employee representatives regarding impacts	119

Appendix B - List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Duty to provide information and information item corresponding	SFDR reference	Reference Third Pillar	Reference to the Benchmarks Regulation	Reference EU climate legislation	Location of the information
ESRS 2 GOV-1 Gender diversity on the board, paragraph 21(d)	Annex I, Table 1, indicator No 13	-	Commission Delegated Regulation (EU) 2020/1816 (5), Annex II	-	GOV 1 – Role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of independent members of the Board of Directors, paragraph 21(e)	-	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	GOV 1 – Role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Reporting on due diligence, paragraph 30	Annex I, Table 3, indicator no. 10	-	-	-	GOV-4 Reporting on due diligence
ESRS 2 SBM-1 Involvement in activities related to the fossil fuel sector, paragraph 40(d)(i)	Annex I, Table 1, Indicator No. 4			-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to the production of chemicals, paragraph 40(d)(ii)	Annex I, Table 2, indicator No 9	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable
ESRS 2 SBM-1 Participation in activities related to controversial weapons, paragraph 40(d)(iii)	Annex I, Table 1, indicator No 14		Article 12(1) of Delegated Regulation (EU) 2020/1818(7) and Annex II to Delegated Regulation (EU) 2020/1816		Not applicable
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, paragraph 40(d)(iv)			Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816		Not applicable
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, paragraph 14				Article 2(1) of Regulation (EU) 2021/1119	E1-1 Transition plan for climate change mitigation
ESRS E1-1 Companies excluded from benchmarks aligned with the Paris Agreement, paragraph 16(g)	-	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Indicators of potential climate change-related transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(a) to (g) and (2) of Delegated Regulation (EU) 2020/1818	-	E1-1 Transition plan for climate change mitigation
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, Table 2, indicator No 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking Book – Indicators of potential transition risk related to climate change: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818	-	ESRS 2 SBM-1 – Strategy, business model and value chain
ESRS E1-5 Fossil fuel energy consumption broken down by source (climate-high-impact sectors only), paragraph 38	Annex I, Table 1, indicator No 5 and Annex I, Table 2, indicator No 5	-	-	-	E1-5 Energy consumption and energy mix
ESRS E1-5 Energy consumption and energy mix, paragraph 37	Annex I, Table 1, indicator No. 5	-	-	-	E1-5 Energy consumption and energy mix
ESRS E1-5	Annex I, Table 1, indicator No 6	-	-	-	E1-5 Energy consumption and energy mix

Energy intensity associated with activities in sectors with a high climate impact, paragraphs 40 to 43					
ESRS E1-6 Gross Scope 1, 2 and 3 emissions and total GHG emissions, paragraph 44	Annex I, Table 1, indicators 1 and 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, emissions and residual maturity	Article 5(1), Article 6 and Article 8(1) of Delegated Regulation (EU) 2020/1818	-	ESRS E1-6 Gross Scope 1, 2 and 3 emissions and total GHG emissions
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, Table 1, indicator No 3	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Indicators of potential transition risk related to climate change: alignment metrics	Article 8(1) of Delegated Regulation (EU) 2020/1818	-	ESRS E1-6 Gross Scope 1, 2 and 3 emissions and total GHG emissions
ESRS E1-7 GHG removals and carbon credits, paragraph 56	-	-	-	Article 2(1) of Regulation (EU) 2021/1119	Not applicable
ESRS E1-9 Exposure of the benchmark index portfolio to climate-related physical risks, paragraph 66	-		Annex II to Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816	-	Information subject to a phase-in
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets exposed to material physical risk, paragraph 66(c)	-	Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; Template 5: Banking book – Indicators of potential physical risk related to climate change: exposures subject to physical risk	-	-	Information subject to a phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	-	Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; Template 5: Banking book – Indicators of potential physical risk associated with climate change: exposures subject	-	-	Information subject to a phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	-		Annex II to Delegated Regulation (EU) 2020/1818	-	Information subject to a phase-in
ESRS E2-4 Quantity of each pollutant listed in Annex II to the E-PRTR Regulation (European Pollutant Release	Annex I, Table 1, indicator No 8; Annex I, Table 2, indicator No 2; Annex I, Table 2, indicator No 1; Annex I, Table 2, indicator No 3	-	-	-	E2-4 Air, water and soil pollution

and Transfer Register) released into the air, water and soil, paragraph 28					
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, Table 2, Indicator No. 7	-	-	-	ESRS E3-1 Water and marine resources
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, Table 2, indicator No 8	-	-	-	ESRS E3-1 Water and marine resources
ESRS E3-1 Sustainability of the oceans and seas paragraph 14	Annex I, Table 2, Indicator No. 12	-	-	-	Not applicable
ESRS E3-4 Total recycled and reused water, paragraph 28(c)	Annex I, Table 2, indicator No 6.2	-	-	-	Not applicable
ESRS E3-4 Total water consumption in m^3 relative to net revenue from own operations, paragraph 29	Annex I, Table 2, indicator no. 6.1	-	-	-	Not applicable
ESRS 2 IRO-1 – E4 paragraph 16(a)(i)	Annex I, Table 1, indicator No 7	-	-	-	Not applicable
ESRS 2 IRO-1 – E4 paragraph 16(b)	Annex I, Table 2, indicator No 10	-	-	-	Not applicable
ESRS 2 IRO-1 – E4 paragraph 16(c)	Annex I, Table 2, indicator No 14	-	-	-	Not applicable
ESRS E4-2 Sustainable agricultural or land-use policies or practices, paragraph 24(b)	Annex I, Table 2, indicator No 11	-	-	-	Not applicable
ESRS E4-2 Practices or policies for the sustainable use of the sea/oceans, paragraph 24(c)	Annex I, Table 2, indicator No 12	-	-	-	Not applicable
ESRS E4-2 Policies to tackle deforestation, paragraph 24(d)	Annex I, Table 2, indicator No 15	-	-	-	Not applicable
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, Table 2, indicator No 13	-	-	-	E5-5 Outgoing resource flows
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, Table 1, indicator No 9	-	-	-	E5-5 Outgoing resource flows
ESRS 2 – SBM3 – S1 Risk of forced labour, paragraph 14(f)	Annex I, Table 3, indicator No 13	-	-	-	Not applicable
ESRS 2 – SBM3 – S1 Risk of child labour, paragraph 14(g)	Annex I, Table 3, indicator No 12	-	-	-	Not applicable
ESRS S1-1 Political commitments on human rights, paragraph 20	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11	-	-	-	S1-1 Policies relating to the organisation's own workforce
ESRS S1-1 Policies on due diligence regarding the matters covered by International Labour Organisation Core Conventions Nos. 1 –8, paragraph 21	-	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	S1-1 Policies relating to the organisation's own workforce
ESRS S1-1 Procedures and measures to prevent trafficking in human beings, paragraph 22	Annex I, Table 3, indicator No 11	-	-	-	Not applicable
ESRS S1-1 Occupational accident prevention policy or management system, paragraph 23	Annex I, Table 3, indicator No. 1	-	-	-	S1-1 Policies relating to the organisation's own workforce
ESRS S1-3 Mechanisms for handling complaints/grievances, paragraph 32(c)	Annex I, Table 3, indicator No 5	-	-	-	S1-3 Processes for addressing adverse impacts and channels enabling the organisation's own workers to raise concerns

ESRS S1-14 Number of fatalities and number and rate of work-related injuries, paragraph 88(b) and (c)	Annex I, Table 3, indicator No 2	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	S1-14 Health and safety metrics
ESRS S1-14 Number of days lost due to injuries, accidents, fatal accidents or illnesses, paragraph 88(e)	Annex I, Table 3, indicator No 3	-	-	-	S1-14 Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, Table 1, indicator No 12	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	S1-16 Remuneration metrics (pay gap and total remuneration)
ESRS S1-16 Excess remuneration gap in favour of the chief executive, paragraph 97(b)	Annex I, Table 1, indicator no. 12	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	S1-16 Remuneration metrics (pay gap and total remuneration)
ESRS S1-17 Discrimination-related incidents, paragraph 103(a)	Annex I, Table 3, indicator No 8	-	-	-	S1-16 Remuneration metrics (pay gap and total remuneration)
ESR S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD, paragraph 104(a)	Annex I, Table 1, indicator no. 10 and Annex I, Table 3, indicator no. 14	-	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	-	S2 – SBM-3 Significant impacts, risks and opportunities and their interaction with the business strategy and model
ESRS 2 SBM-3 – S2 Significant risk of child labour or forced labour in the labour chain, paragraph 11(b)	Annex I, Table 3, indicators 12 and 13	-	-	-	S2 - SBM-3 Material impacts, risks and opportunities and their interaction with the business strategy and model
ESRS S2-1 Policy commitments regarding human rights, paragraph 17	Annex I, Table 3, indicator no. 9 and Annex I, Table 1, indicator no. 11	-	-	-	S2-1 Policies relating to workers in the value chain
ESRS S2-1 Policies relating to workers in the value chain, paragraph 18	Annex I, Table 3, indicators 11 and 4	-	-	-	S2-1 Policies relating to workers in the value chain
ESRS S2-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 19	Annex I, Table 1, indicator No 10	-	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	-	S2-1 Policies relating to workers in the value chain
ESRS S2-1 Due diligence policies on matters covered by International Labour Organisation Core Conventions Nos 1 to 8, paragraph 19	-	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	S2-1 Policies relating to workers in the value chain
ESRS S2-4 Human rights issues and incidents within the its upstream and downstream value chains, paragraph 36	Indicator number 14, Table 3 of Annex 1	-	-	-	S2-1 Policies relating to workers in the value chain
ESRS S3-1 Political commitments on human rights, paragraph 16	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11	-	-	-	S3-1 Policies relating to affected communities
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, the ILO principles or the OECD Guidelines, paragraph 17	Annex I, Table 1, Indicator No. 10	-	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	-	S3-1 Policies relating to affected communities
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, Table 3, indicator No 14	-	-	-	S3-1 Policies relating to affected communities
ESRS S4-1 Policies relating to consumers and end-Users, paragraph 16	Annex I, Table 3, indicator No 9 and Annex I, Table 1, indicator No 11	-	-	-	S4-1 Policies relating to consumers and end-Users

ESRS S4-1 Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Annex I, Table 1, Indicator No. 10	-	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	-	S4-1 Policies relating to consumers and end-Users
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, Table 3, indicator No 14	-	-	-	S4-1 Policies relating to consumers and end Users
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Annex I, Table 3, Indicator No. 15	-	-	-	G1-1 Policies on corporate culture and business conduct
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, Table 3, indicator No 6	-			G1-1 Policies on corporate culture and business conduct
ESRS G1-4 Fines imposed for breaches of laws against active and passive bribery, paragraph 24(a)	Indicator No. 17, Table 3 of Annex I	-			G1-4 Confirmed cases of active or passive bribery
ESRS G1-4 Legislation to combat active and passive bribery, paragraph 24(b)	Annex I, Table 3, indicator No. 16	-			G1-4 Confirmed cases of active or passive corruption

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SMAT GROUP CONSOLIDATED FINANCIAL STATEMENTS

IAS/IFRS STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Euro	Notes	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Tangible fixed assets	1	160,784,937	154,801,652
Goodwill	2	0	0
Other intangible assets	3	4,608,219	3,669,670
Assets under concession	4	1,205,135,567	1,049,011,861
Equity investments	5	11,951,985	11,814,577
Deferred tax assets	6	21,559,718	26,357,031
Non-current financial assets	7	1,455,236	1,429,294
Other non-current assets		0	0
Total non-current assets		1,405,495,662	1,247,084,085
Current assets			
Stock	8	9,914,274	9,578,420
Trade receivables	9	265,806,899	260,858,964
Current tax assets	10	460,640	489,446
Current financial assets	11	12,958	12,958
Other current assets	12	3,780,402	7,476,962
Cash and cash equivalents	13	134,685,489	77,585,621
Total current assets		414,660,662	356,002,371
Assets held for sale		0	0
TOTAL ASSETS		1,820,156,324	1,603,086,456

CONSOLIDATED BALANCE SHEET

Euro	Notes	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		345,533,762	345,533,762
Statutory reserve		31,578,539	29,960,114
Restricted reserve for implementation of the PEF		401,047,861	376,447,796
FTA reserve		(2,845,993)	(2,845,993)
Other reserves and retained earnings		5,760,016	5,388,770
Profit for the year attributable to shareholders of the parent company		50,665,660	32,631,910
TOTAL EQUITY OF THE PARENT COMPANY		831,739,845	787,116,359
Other reserves attributable to minority interests		446,907	406,876
Profit for the year attributable to minority interests		13,172	38,652
TOTAL EQUITY		460,079	445,528
TOTAL EQUITY	14	832,199,924	787,561,887
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	491,034,225	416,114,432
Provision for severance pay and other benefits	16	9,753,237	9,541,137
Provisions for risks and charges	17	33,455,187	20,041,888
Deferred tax liabilities	18	3,412,640	2,977,084
Other non-current liabilities	19	201,841,980	114,185,650
Total non-current liabilities		739,497,269	562,860,191
Current liabilities			
Current financial liabilities	15	30,227,443	39,849,621
Trade payables	20	141,836,971	137,103,527
Current tax liabilities	21	8,562,052	7,078,542
Other current liabilities	22	67,832,665	68,632,688
Other financial liabilities		0	0
Total current liabilities		248,459,131	252,664,378
Liabilities held for sale		0	0
TOTAL LIABILITIES		987,956,400	815,524,569
TOTAL EQUITY AND LIABILITIES		1,820,156,324	1,603,086,456

CONSOLIDATED INCOME STATEMENT

Euro	Notes	2025	2024
REVENUE			
Revenue	23	426,471,104	376,260,329
Revenue from design and construction activities	24	241,343,361	227,080,414
Other operating revenue	25	26,089,608	25,357,258
Total revenue		**693,904,073**	**628,698,001**
COSTS			
Consumption of raw materials and consumables	26	21,569,357	20,031,369
Costs for services and use of assets	27	135,312,072	142,330,625
Staff costs	28	77,462,710	66,087,954
Other operating expenses	29	29,689,528	26,840,897
Costs for design and construction activities	30	234,751,954	221,729,304
Total operating costs		**498,785,621**	**477,020,149**
Gross Operating Margin		**195,118,452**	**151,677,852**
Depreciation, amortisation, provisions and write-downs	31	(117,911,757)	(105,630,820)
Operating Profit (EBIT)		**77,206,695**	**46,047,032**
Financial income	32	8,440,539	10,837,796
Financial expenses	33	(13,523,034)	(10,601,189)
Total financial operations		**(5,082,495)**	**236,607**
Profit before tax		**72,124,200**	**46,283,639**
Tax	34	(21,445,368)	(13,613,077)
NET PROFIT FOR THE YEAR		**50,678,832**	**32,670,562**
Of which:			
Attributable to minority shareholders		**13,172**	**38,652**
Attributable to the parent company		**50,665,660**	**32,631,910**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025	2024
A. Profit for the financial year		50,678,832	32,670,562
Actuarial gains/(losses) on severance pay		83,814	100,077
Tax effect on gains/(losses) that will not be subsequently reclassified to the profit and loss account		0	0
B. Profits/(losses) recognised directly in equity which do not will subsequently be reclassified to the profit and loss account		83,814	100,077
Share of other profits/(losses) of companies accounted for using the equity method		0	0
Tax effect on profits/(losses) that will be subsequently reclassified in the income statement when certain conditions are met		0	0
C. Profits/(losses) recognised directly in equity which will subsequently be reclassified to the profit and loss account		0	0
D. Total profit for the financial year (A + B + C)		50,762,646	32,770,639
Of which:			
Attributable to minority shareholders		15,545	39,966
Attributable to the Parent Company		50,747,101	32,730,673

CONSOLIDATED CASH FLOW STATEMENT

Euro	Notes	2025	2024
A. Cash flows from operating activities		262,506,908	175,897,646
Net profit (loss) for the year		50,678,832	32,670,562
Adjustments for non-cash costs and revenues			
Amortisation of intangible assets		3,047,394	2,883,105
Depreciation of tangible assets		17,798,726	15,047,669
Depreciation of assets under concession		80,550,988	74,354,860
Increase/(Decrease) in provisions for risks and charges		13,413,299	1,070,668
Increase/(Decrease) in provisions for employee benefits		212,100	(319,056)
Change in deferred tax assets and liabilities		5,232,869	165,904
Change in other non-current assets/liabilities		87,630,388	29,343,856
Change in equity reserves			
Translation difference		0	0
Actuarial gains and losses		(2,373)	(1,314)
Other movements		86,177	(26,830)
Change in net working capital			
(Increase)/Decrease in trade receivables		(4,947,935)	(21,099,768)
(Increase)/Decrease in other assets		3,725,366	5,976,963
(Increase)/Decrease in inventories		(335,854)	(61,660)
Increase/(Decrease) in trade payables		4,733,444	34,441,760
Increase/(Decrease) in other liabilities		683,487	1,450,927
B. Cash flows from investing activities		(264,580,056)	(265,361,483)
Divestments / (investments) in intangible assets		(3,985,943)	2,374,743
Disposals / (acquisitions) of tangible fixed assets		(23,782,011)	(28,890,923)
Disposals / (acquisitions) of assets under concession		(236,674,694)	(238,693,632)
Change in equity investments		(137,408)	(151,671)
Change in the scope of consolidation			
C. Cash flows from financing activities		59,173,016	55,594,263
Proceeds from the issue of share capital		0	0
(Purchase)/Sale of shares		0	0
Change in financial liabilities		94,220,181	33,713,136
Other changes in financial liabilities		(28,922,566)	29,754,333
(Dividends paid)		(6,124,599)	(7,873,206)
D. Net cash flow from operating activities (A ± B ± C)		57,099,868	(33,869,574)
E. Opening cash and cash equivalents		77,585,621	111,455,195
F. Closing cash and cash equivalents (D ± E)		134,685,489	77,585,621

CHANGES IN CONSOLIDATED EQUITY

(in euros)	31/12/2023	Allocation of profit	Allocation Profit	Other movements	Profit for the year	31/12/2024
Share capital	345,533,762			0		345,533,762
Statutory reserve	27,887,553	2,072,561				29,960,114
Restricted reserve for implementation of the PEF	344,944,872	31,502,924				376,447,796
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings:						
• *Optional reserve*	34,342,561			0		34,342,561
• *Consolidation reserve*	5,026,588			22,093		5,048,681
• *Discounted severance pay reserve*	1,285,135			1,314	98,763	1,385,212
• *Negative reserve for own shares held in portfolio*	(32,993,018)			65		(32,992,953)
• *Rounding reserve*	7			(7)		0
• *Retained earnings*	(2,557,402)	8,037,860	(7,873,206)	(1,983)		(2,394,731)
Total other reserves and retained earnings	5,103,871	8,037,860	(7,873,206)	21,482	98,763	5,388,770
Profit for the year	41,613,345	(41,613,345)			32,631,910	32,631,910
TOTAL GROUP EQUITY	**762,237,410**	**0**	**(7,873,206)**	**21,482**	**32,730,673**	**787,116,359**
Minority interests in equity and reserves	465,092	90,173		(149,703)	1,314	406,876
Minority interest	90,173	(90,173)			38,652	38,652
TOTAL MINORITY INTERESTS	**555,265**	**0**	**0**	**(149,703)**	**39,966**	**445,528**
TOTAL CONSOLIDATED EQUITY	**762,792,675**	**0**	**(7,873,206)**	**(128,221)**	**32,770,639**	**787,561,887**

(in euros)	31/12/2024	Allocation of profit	Distribution Profit	Other movements	Profit for the year	31/12/2025
Share capital	345,533,762			0		345,533,762
Statutory reserve	29,960,114	1,618,425				31,578,539
Restricted reserve for implementation of the PEF	376,447,796	24,600,065				401,047,861
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings:	0					
• *Optional reserve*	34,342,561			0		34,342,561
• *Consolidation reserve*	5,048,681			0		5,048,681
• *Discounted severance pay reserve*	1,385,212			2,373	81,441	1,469,026
• *Negative reserve for own shares held in portfolio*	(32,992,953)			0		(32,992,953)
• *Rounding reserve*	0			(9)		(9)
• *Retained earnings*	(2,394,731)	6,413,420	(6,123,605)	(2,374)		(2,107,290)
Total other reserves and retained earnings	5,388,770	6,413,420	(6,123,605)	(10)	81,441	5,760,016
Profit for the year	32,631,910	(32,631,910)			50,665,660	50,665,660
TOTAL GROUP EQUITY	**787,116,359**	**0**	(6,123,605)	(10)	50,747,101	**831,739,845**
Minority interests in equity and reserves	406,876	38,652	(994)		2,373	446,907
Minority interest	38,652	(38,652)			13,172	13,172
TOTAL MINORITY INTERESTS	**445,528**	0	(994)	0	15,545	**460,079**
TOTAL CONSOLIDATED EQUITY	**787,561,887**	0	(6,124,599)	(10)	50,762,646	**832,199,924**

NOTES TO THE FINANCIAL STATEMENTS OF THE SMAT GROUP

Set out below are the main accounting policies and principles applied in the preparation and presentation of the Group's consolidated financial statements (the *"Consolidated Financial* Statements"). These accounting principles have been applied consistently for all financial years presented in this document.

Principles for the preparation of the financial statements

European Regulation (EC) No 1606/2002 of 19 July 2002 introduced the obligation, with effect from the 2005 financial year, to apply the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("IFRS" or "*International Accounting* Standards") for the preparation of the financial statements of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. On 13 April 2017, SMAT S.p.A. issued a bond with a nominal value of € 135 million, which was subscribed by institutional investors, and listed it on the Irish Stock Exchange. In accordance with the legislative provisions referred to above, SMAT S.p.A. is therefore required to prepare its consolidated and separate financial statements in accordance with IFRS from the financial year ended 31 December 2016.

These financial statements have therefore been prepared in accordance with the IFRS in force at the date of their approval. The term 'IFRS' refers to the new International Financial Reporting Standards, the revised International Accounting Standards ('IAS'), and all interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), formerly known as the Standing Interpretations Committee ('SIC'), as endorsed and adopted by the European Union.

The financial statement formats and accounting information set out in the Notes to the Financial Statements are consistent with the accounting records from which they are directly derived. IFRS have been applied consistently to all periods presented in this document.

The financial statements, as required by IAS 1, include figures for the previous financial year for the purposes of comparison. Where necessary, the previous year's figures have been appropriately restated to ensure comparability.

These consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, with the exception of certain accounting items which are recognised at *fair value*, in accordance with the provisions of International Financial Reporting Standards.

Presentation of amounts in the Notes to the Financial Statements

Unless otherwise stated, the amounts reported in the Notes to the Financial Statements are expressed in euros, rounded up to the nearest whole number where the fraction is 50 or more.

IFRS accounting standards, amendments and interpretations applied from 1 January 2025

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time with effect from 1 January 2025:

- On 15 August 2023, the IASB published an amendment entitled **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"**. The document requires an entity to identify a methodology to be applied consistently in order to assess whether one currency can be converted into another and, where this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The adoption of this amendment had no impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations of IFRS accounting standards endorsed by the European Union, not yet mandatory and not early adopted by the Group as at 31 December 2025

As at the date of this document, the relevant bodies of the European Union have completed the endorsement process necessary for the adoption of the amendments and standards described below; however, these standards are not yet mandatory and have not been early adopted by the Group as at 31 December 2025:

- On 30 May 2024, the IASB published the document **"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"**. The document clarifies certain issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:

    - clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for assessing the SPPI test;
    - specify that the settlement date for liabilities settled via electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy allowing it to derecognise a financial liability before delivering cash on the settlement date, provided certain specific conditions are met.

  With these amendments, the IASB has also introduced further disclosure requirements relating, in particular, to investments in equity instruments designated at fair value through other comprehensive income (FVOCI).

  The amendments will apply to financial statements for annual periods beginning on or after 1 January 2026, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

- On 18 December 2024, the IASB published an amendment entitled "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to assist entities in reporting the financial effects of contracts for the purchase of electricity generated from renewable sources (often structured as Power Purchase Agreements). Under such contracts, the quantity of electricity generated and purchased may vary depending on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - clarification regarding the application of the 'own use' requirements to this type of contract;
    - criteria to allow such contracts to be accounted for as hedging instruments; and,
    - new disclosure requirements to enable users of the financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendment will apply from 1 January 2026, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

- On 18 July 2024, the IASB published a document entitled "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and the related guidance on the implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements; and
    - IAS 7 Statement of Cash Flows.

  The amendments will apply to financial statements for financial years beginning on or after 1 January 2026. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations of IFRS not yet endorsed by the European Union as at 31 December 2025

As at the date of this document, the relevant bodies of the European Union have not yet completed the endorsement process required for the adoption of the amendments and standards described below.

- On 9 April 2024, the IASB published a new standard, ***IFRS 18 Presentation and Disclosure in Financial Statements,*** which will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. Specifically, the new standard requires:

    - classify revenue and costs into three new categories (operating, investing and financing sections), in addition to the 'tax' and 'discontinued operations' categories already present in the income statement;
    - present two new subtotals: operating profit and profit before interest and tax (i.e. EBIT).

  The new standard also:
    - requires more information on performance indicators defined by management;
    - introduces new criteria for the aggregation and disaggregation of information; and,
    - introduces certain changes to the cash flow statement format, including the requirement to use operating profit as the starting point for presenting the cash flow statement prepared using the indirect method, and the removal of certain classification options for some existing items (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will come into force on 1 January 2027, but early adoption is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On 9 May 2024, the IASB published a new standard, ***IFRS 19 Subsidiaries without Public Accountability: Disclosures (***together with the *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures* published on 21 August 2025)***.*** The new standard introduces certain simplifications regarding the disclosures required by the IFRS Accounting Standards in the financial statements of a subsidiary that meets the following criteria:
    - it has not issued any equity or debt instruments listed on a regulated market and is not in the process of issuing any;
    - its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will come into force on 1 January 2027, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

- On 13 November 2025, the IASB published a document entitled **"Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21",** which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
    - its functional currency is that of a non-hyperinflationary economy and it is translating its financial results and financial position into the currency of a hyperinflationary economy; or,
    - it is translating the financial results and financial position of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, into the currency of a hyperinflationary economy.

The amendments will apply to financial statements for annual periods beginning on or after 1 January 2027. The directors do not expect the adoption of this amendment to have any impact on the Group's consolidated financial statements.

- On 30 January 2014, the IASB published ***IFRS 14 – Regulatory Deferral Accounts,*** which allows only first-time adopters of IFRS to continue recognising amounts relating to assets subject to regulated tariffs (*"Rate Regulation* Activities") in accordance with previously adopted accounting standards. As the Group is not a *first-time adopter*, this standard is not applicable.

Structure and content of the financial statements

The format used for the profit and loss account is a step-down format, with individual items analysed by nature. It is considered that this presentation, in line with international practice, best represents the company's results. The statement of comprehensive income is presented, as permitted by IAS 1 (revised), in a separate document from the profit and loss account, distinguishing between reclassifiable and nons reclassifiable to the profit and loss account. The other components of comprehensive income are also shown separately in the statement of changes in equity. The balance sheet distinguishes between current and non-current assets and liabilities. The cash flow statement is prepared using the indirect method, as permitted by IAS 7.

The general accounting policy adopted in the preparation of these financial statements is the cost method, with the exception of financial assets and liabilities (including derivative instruments), which are measured at *fair value*. The preparation of the financial statements required management to make estimates; the main areas characterised by particularly significant valuations and assumptions, together with those having a material effect on the financial statements presented, are set out in the section *'Use of estimates*'. The balance sheet and income statement are all expressed in euros, as are the figures included in the explanatory notes, unless otherwise indicated.

Consolidation principles

The principles adopted for the preparation of the consolidated financial statements are set out below.

1. SCOPE OF CONSOLIDATION AND REFERENCE DATA

These consolidated financial statements include, in addition to the financial statements of the Parent Company – SMAT S.p.A. – the financial statements of the companies over which it exercises control (these financial statements, approved by their respective Boards of Directors, have been appropriately adjusted/reclassified to bring them into line with the Parent Company's financial reporting standards and to ensure consistency with IAS/IFRS international accounting standards). Control exists when the Parent Company has the power to direct the significant activities of the company and is exposed to fluctuations in its results.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date on which such control ceases to exist.

Joint control arrangements may be classified as (i) *"interests in joint* ventures" if the Group holds rights to the net assets of the arrangement—as, for example, in the case of companies with their own legal personality—or (ii) *"jointly controlled* operations" if the Group holds rights to the assets and obligations in respect of the liabilities relating to the arrangement. The classification of arrangements is based on an analysis of their rights and obligations.

Companies over which *"significant influence"* is exercised have been accounted for using the *"equity method*".

In addition to the parent company SMAT S.p.A., the scope of consolidation includes:

- **Risorse Idriche S.p.A.**, over which the Parent Company exercises direct control (97.91%) pursuant to Article 2359 of the Italian Civil Code;
- **AIDA Ambiente S.r.l.**, in which the parent company exercises direct control (51.00%) pursuant to Article 2359 of the Italian Civil Code;

There are no discrepancies in the balance sheet dates of the companies belonging to the Group.

The investment in **SAP S.p.A. in liquidation**, in which the Parent Company exercises joint control together with IRETI S.p.A., each holding 47.55%, has been valued using the equity method.

2. CONSOLIDATION PRINCIPLES

The criteria adopted by the Group for defining the scope of consolidation and the related consolidation principles are set out below.

Full consolidation

Consolidation using *the 'full consolidation* method' consists, in summary, of recognising the assets and liabilities, costs and revenues of the consolidated companies, regardless of the size of the shareholding held, and attributing to minority shareholders, under a specific heading in equity entitled *'Minority* interests', the share of profit and reserves attributable to them.

Risorse Idriche S.p.A. and AIDA Ambiente S.r.l. are consolidated using the full consolidation method.

The assets and liabilities, as well as the income and expenses of the above companies, are included in full (line by line).

The following are subject to elimination:

a) equity interests in subsidiaries and the corresponding portions of their equity held by the Parent Company, attributing to the individual items of assets and liabilities their fair value at the date of acquisition of control; any residual difference, if positive, is recognised, where the conditions are met, under the asset heading "Goodwill"; if negative, it is charged to the profit and loss account;
b) receivables and payables between companies included in the scope of consolidation;
c) income and expenses relating to transactions carried out between these companies;
d) profits and losses arising from transactions between these companies and relating to items included in equity;
e) the reversal of dividends received from consolidated companies.

In particular, the consolidation process required the elimination of the carrying amounts of equity investments and the corresponding shares of equity in the subsidiaries. This elimination was carried out on the basis of the carrying amounts as at the date on which the subsidiaries were first included in the consolidation (for Risorse Idriche S.p.A. as at 31 December 2004, and for AIDA Ambiente S.r.l. as at 31 December 2009).

Over the various financial years, this elimination resulted in:

- **Risorse Idriche S.p.A.:** a higher value of the investment in 2004, which was recognised in the consolidated financial statements under equity in an item entitled *'Consolidation* Reserve'; adjusted in 2007, following an increase in the percentage of control (from 83.67% to 91.62%), with the amount recognised in the consolidated financial statements under Intangible Assets in an item entitled *"Consolidation* Difference"; and updated in 2024 following the increase in the percentage of control from 91.62% to 97.91%, with the amount recognised under *"Consolidation Reserve*".
- **AIDA Ambiente S.r.l.:** no difference.

Any excess or shortfall in the price paid compared with the corresponding proportion of equity, arising from the acquisition of additional shares in subsidiaries, is recognised as a reduction or increase in equity.

Acquisitions of controlling interests within the same Group (i.e. *"business combinations under common* control") are accounted for on a continuity of values basis.

Elimination of intra-group profits/losses

For the purposes of the consolidated financial statements, the Group's profit or loss arises solely from transactions with third parties.

Profits/losses arising from intra-group transactions are eliminated, where applicable, as part of the consolidation process, with the adjustment allocated proportionally between the Group's share and the minority interest, taking tax effects into account.

Valuation of equity investments using the equity method

Investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Any goodwill included in the carrying amount of the investment is subject to an *impairment test*. The acquisition cost is allocated to the investor's proportionate share of *the fair value* of the identifiable assets and liabilities of associates or *joint ventures*, and the remainder to goodwill. The investor's share of the investee's profit or loss for the period is recognised in the investor's profit or loss statement, with the exception of the effects relating to other changes in the investee's equity, other than transactions with shareholders, which are recognised directly in the Group's statement of comprehensive income. In the event of any losses exceeding the carrying amount of the investments, the excess is recognised in a specific provision on the liabilities side to the extent that the parent company is committed to fulfilling legal or implied obligations towards the investee or, in any event, to covering its losses.

Dividends received from an investee reduce the carrying amount of the investment.

Valuation criteria

Tangible fixed assets

Tangible fixed assets are recognised at purchase or production cost, inclusive of incidental expenses, or at a value based on valuations of the business's assets in the case of business acquisitions, net of accumulated depreciation and any impairment losses. Production cost includes direct and indirect costs reasonably attributable to the asset (for example: staff costs, transport costs, customs duties, costs of preparing the installation site, testing costs, notary and land registry fees). The cost includes any professional fees and, for certain assets, capitalised finance costs up to the date the asset becomes operational. The cost also includes any site remediation costs relating to the land on which the tangible fixed asset is situated, provided they meet the requirements of IAS 37.

Routine maintenance costs are charged in full to the profit and loss account. Costs relating to improvements, modernisation and conversions that increase the asset's value are capitalised.

The carrying amount of tangible fixed assets is reviewed to identify any impairment losses, particularly when events or changes in circumstances indicate that the carrying amount cannot be recovered.

Tangible fixed assets are stated gross of capital grants, which are recognised in the profit and loss account over the period necessary to match them with the related costs; in the balance sheet, they are presented by recording the grant as deferred income.

Depreciation commences when the assets enter the production cycle; for new acquisitions, it is calculated at 50% of the full rate, as this is considered representative of the actual use of the assets. Assets under construction comprise the costs relating to tangible fixed assets for which the process of economic utilisation has not yet commenced. Tangible fixed assets are systematically depreciated in each financial year on the basis of economic and technical rates deemed representative of the remaining useful life of the assets. The Notes to the Financial Statements provide detailed tables showing the depreciation rates used for the depreciation of the assets.

As required by IAS 16, the estimated useful lives of property, plant and equipment are reviewed at the end of each financial year to assess whether they need to be revised. Should it transpire that the estimated useful lives do not adequately reflect the expected future economic benefits, the relevant depreciation schedules must be revised in line with the new assumptions. Such changes are recognised in the profit and loss account on an accrual basis.

During the financial year ended, no changes were made to the depreciation schedules for any category of property, plant and equipment.

Land is not depreciated.

The item *"Assets under construction and advance* payments" includes payments made to suppliers as advances relating to the acquisition of tangible fixed assets.

In accordance with IFRS 16 – *Leases,* with effect from 1 January 2019, the Group accounts for lease contracts, previously classified as operating leases, as follows:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using *the incremental borrowing rate* applicable at the transition date for each contract;
- a right-of-use asset equal to the value of the financial liability at the transition date, net of any accrued income and prepaid expenses relating to *the lease* and recognised in the balance sheet at the balance sheet date.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sales proceeds and the net book value of the asset and are recognised in the profit and loss account at the time the risks and rewards associated with ownership of the asset are transferred to the buyer.

Goodwill and other intangible assets

Identifiable and controllable intangible assets, the cost of which can be reliably determined on the assumption that such assets will generate future economic benefits, are recognised in the accounts. These assets are recognised at cost, determined in accordance with the criteria set out for tangible fixed assets, and, where they have a finite useful life, are amortised on a straight-line basis over their estimated useful life. Amortisation commences from the moment the asset is ready for use, or in any event begins to generate economic benefits for the company. Assets under construction comprise costs relating to intangible assets for which the process of economic use has not yet commenced.

Intangible assets with a finite useful life are amortised on a straight-line basis from the moment the asset is available for use over its expected useful life. Goodwill and other assets with an indefinite useful life are not subject to systematic amortisation, but are subject to at least an annual impairment test conducted at the level of the individual Cash Generating Unit (CGU) or groups of CGUs to which assets with an indefinite useful life can reasonably be allocated; the test is described below under *'Impairment of assets'*. Any write-downs recognised in respect of goodwill cannot be reversed at a later date.

Goodwill acquired for consideration in connection with the disposals of the SAC (1 January 2014) and SAP (1 July 2015) business units was reclassified in 2024 as *"Concession* rights" and is being amortised on a straight-line basis until the end of the current concession (2033).

Intangible assets recognised as a result of a business combination are accounted for separately from goodwill if their fair value can be reliably measured.

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in the profit and loss account at the time the risks and rewards associated with ownership of the asset are transferred to the purchaser.

Concession assets

Concessions consist mainly of rights relating to networks, plant and other assets pertaining to the integrated water service entrusted to SMAT S.p.A., which are necessary for the operation of that service. These concessions, stated gross of grants, are classified under a specific heading in accordance with IFRIC 12 – Service Agreements. With regard to depreciation, IFRIC stipulates that this should be calculated in accordance with the terms of the agreement and, in particular, on a straight-line basis over the shorter of the economic and technical life of the assets under concession and the term of the concession itself, until the residual value specified in the agreement is reached.

In particular, the value of the rights to use the state-owned assets constituting the water supply system of the City of Turin and the C.I.A.C.T., determined in accordance with the expert valuation reports at the time of transfer, has been recognised in these financial statements on the basis of the duration of the relevant agreement, as extended by the Turin Area Authority No. 3. Depreciation of improvements made to the aforementioned assets after the date of transfer has been calculated on the basis of their estimated economic and technical useful life. Depreciation on improvements made to the facilities of external water systems entrusted to the Company for direct management has been calculated with reference to the estimated economic and technical useful life of the improvements carried out.

The extensions to the City of Turin's water supply system, received as a contribution and for which the previous concession agreement between the City of Turin and AAM Torino S.p.A. (now in liquidation) contractually stipulated the obligation to transfer them free of charge at the end of the concession, have been depreciated on the basis of the estimated economic and technical useful life of the extensions carried out.

The concession includes rights to networks, plant and other assets relating to the Integrated Water Service connected to services managed by SMAT S.p.A. The implementation of IFRIC 12 has made it necessary to apply IAS 11 to these same infrastructures, since if the concessionaire constructs or improves an infrastructure over which it has no control, the related construction and improvement works carried out on behalf of the grantor constitute genuine contract work. Given that the majority of works are contracted out and that, for construction activities carried out in-house, the contract margin cannot be identified separately from the benefits recognised in the service remuneration tariff, such infrastructure is recognised on the basis of the costs actually incurred.

The cost includes any site remediation costs relating to the property, plant and equipment, provided they meet the requirements of IAS 37.

The item "*assets under construction and advance* payments" comprises costs incurred for the acquisition or in-house production of intangible assets, primarily works carried out on the concession network that have not yet become operational, and includes advance payments made to suppliers in respect of the acquisition of intangible assets.

Investments

Investments in associates are accounted for using the equity method, from the date on which significant influence begins until such time as that significant influence ceases to exist.

Investments in other companies are measured at fair value recognised in other comprehensive income. Excluded from this approach are investments held exclusively for the purpose of subsequent disposal, for which changes in fair value are recognised in profit (loss) for the year. The risk arising from any losses exceeding the carrying amount of the investment is recognised in a specific provision to the extent that the investor is committed to fulfilling legal or constructive obligations towards the investee or, in any event, to covering its losses.

To ensure the accuracy of the carrying amount, investments in associates and other companies have been subject to impairment testing. In practice, for the purposes of this assessment, the reference carrying amount of these investments was determined and subsequently compared with the recoverable amount identified through a valuation prepared by an independent external valuer.

Where the Company's share of the investee's losses exceeds the carrying amount of the investment, the carrying amount of the investment is written down to zero and the portion of any further losses is recognised as a provision on the liabilities side if the Company is obliged to bear them.

Dividends received are recognised in the profit and loss account when the right to receive payment is established. Where the investee has distributed dividends, the following factors are also considered as possible indicators of impairment:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets, including the related goodwill;
- the dividend exceeds the investee's total comprehensive income for the period to which the dividend relates.

Financial assets which the Company intends and is able to hold to maturity are recognised at cost, which is the fair value of the initial consideration given in exchange, plus transaction costs. Following initial recognition, financial assets are measured at amortised cost using the effective interest rate method.

Non-current financial assets

This category includes assets that are not derivatives and are not quoted on an active market, from which fixed or determinable payments are expected. These assets are measured at amortised cost using the effective interest rate method. Where there is objective evidence of impairment, the value of the assets is reduced to the discounted value of future cash flows: impairment losses determined through impairment testing are recognised in the profit and loss account. If, in subsequent periods, the reasons for previous write-downs no longer apply, the value of the assets is reversed up to the amount that would have resulted from applying the amortised cost method had the impairment test not been carried out. These assets are classified as current assets, except for those maturing in more than 12 months, which are included under non-current assets.

Inventories

Inventories are measured at the lower of weighted average cost per transaction and the corresponding market value; in order to reflect situations of technical obsolescence or slow turnover, a specific provision for write-downs is recognised, which is charged directly against inventories to bring their cost in line with their expected realisable value.

Receivables

Receivables are initially recognised at their *'fair* value' and, subsequently, at amortised cost, where material, using the effective interest rate, net of any impairment losses. Impairment losses on receivables are recognised in the profit and loss account when there is objective evidence that the Group will not be able to recover the receivable. The amount of the impairment loss is measured as the difference between the carrying amount and the present value of expected future cash flows. The value of receivables is stated in the balance sheet net of the provision for bad debts.

With regard to the impairment test, IFRS 9 – Financial Instruments: Recognition and Measurement, effective from the 2018 financial year, requires that the estimation of credit losses be carried out on the basis of the expected losses model (rather than the incurred losses model used under IAS 39), using supportable information available without unreasonable cost or effort, including historical, current and prospective data. The standard stipulates that this impairment model applies to all financial instruments, namely financial assets measured at amortised cost, those measured at fair value, receivables arising from lease agreements and trade receivables. The Group has developed a credit analysis model, which includes receivables that have not yet fallen due in the estimate of the provision for bad debts and determines the write-down percentages to be applied to the various categories of overdue receivables.

Financial and other current assets

These are initially recognised at their *'fair* value' (including costs incurred on purchase or issue) at the transaction date. Subsequently, they are measured at amortised cost using the effective interest rate method, where applicable, with any impairment losses recognised in the profit and loss account.

Segment reporting

The disclosure relating to operating segments has been prepared in accordance with the provisions of IFRS 8 *"Operating* Segments", which require the presentation of information consistent with the methods adopted by management for making operational decisions.

Consequently, the identification of operating segments and the information presented are based on the internal reporting used by management for the allocation of resources to the various segments and for the analysis of their performance.

An operating segment is defined by IFRS 8 as a component of an entity that: I) engages in business activities that generate revenue and incur costs (including revenue and costs relating to transactions with other components of the same entity); II) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions regarding the resources to be allocated to the segment and assessing its results; III) for which separate financial information is available.

Management has identified a single operating segment, which encompasses all the main services and products provided to customers, as the company's business consists of the management of the Integrated Water Service, which is not broken down further for the purposes of internal strategic reporting.

Cash and cash equivalents

Cash comprises cash on hand, including cheques, and demand deposits. Cash equivalents consist of financial investments with a maturity of three months or less (from the date of purchase), which are readily convertible into cash and carry an insignificant risk of change in value.

These items are accounted for at *fair* value; gains or losses arising from any changes in *fair* value are recognised in the profit and loss account.

Treasury shares

Treasury shares are recorded at purchase cost. The proceeds from their disposal are also recorded with a corresponding entry against equity, without any impact on the profit and loss account.

Provisions for risks and charges, employee benefits

Provisions for risks and charges relate to costs and charges of a specific nature, the existence of which is certain or probable, but the amount or timing of which is undetermined at the balance sheet date. Provisions are recognised when: (i) it is probable that a present obligation, whether legal or constructive, exists as a result of a past event; (ii) it is probable that the settlement of the obligation will result in an outflow of resources embodying economic benefits; (iii) the amount of the obligation can be reliably estimated.

Provisions represent the best estimate of the costs required to meet the obligation at the balance sheet date (assuming there is sufficient information to make such an estimate) and are discounted when the effect is material and the necessary information is available. In such cases, provisions are determined by discounting future cash flows at a pre-tax discount rate that reflects current market assessments and takes into account the risks associated with the company's operations. When discounting is applied, the increase in the provision due to the passage of time is recognised as a finance cost. If the liability relates to tangible assets (e.g. site restoration), the provision is recognised as a contra-entry to the asset to which it relates, and the expense is recognised in the profit and loss account through the depreciation of the tangible fixed asset to which the expense relates. In the event of a remeasurement of the liability, the methods set out in IFRIC 1 are applied.

The explanatory notes also set out any contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; (ii) present obligations arising from past events, the amount of which cannot be reliably estimated or the settlement of which is unlikely to be onerous.

Employee benefits (Severance pay)

Liabilities relating to defined-benefit schemes (such as the severance pay for the portion accrued prior to 1 January 2007 and other employee benefits) are determined net of any plan assets on the basis of actuarial assumptions and on an accrual basis, consistent with the service required to earn the benefits; the liability is measured with the assistance of independent actuaries. The value of actuarial gains and losses is recognised in other comprehensive income. Following Finance Act No. 296 of 27 December 2006, for companies with more than 50 employees, the TFR is treated as a defined-contribution scheme for the portions accrued from 1 January 2007 onwards.

Payables trade and other liabilities

Trade payables and other payables are initially recognised at fair value, net of directly attributable incidental costs, and are subsequently carried at amortised cost, where material, using the effective interest rate method.

Costs and revenues

Costs and revenues are recognised net of adjusting items, namely returns, discounts, rebates and any changes in estimates, and are recognised upon the transfer of control over the product sold to the customer; in the case of services, they are recognised in the accounting period in which the services are rendered.

In particular, with regard to revenue:

- revenue from the provision of services is recognised on the date on which the services are completed;
- revenue from the sale of water is recognised and accounted for at the time of supply and includes a provision for supplies made but not yet invoiced (estimated on the basis of historical analysis determined in relation to past consumption);
- revenue from the sale of products is recognised when control over the product sold is transferred to the customer, which generally coincides with the delivery or dispatch of the goods.

Costs are recognised on an accrual basis.

Grants for plant and equipment

Grants for plant and equipment are recognised in the financial statements when supporting documentation is available evidencing the imminent receipt of funds from the granting authority. They contribute to the formation of the profit or loss for the period in accordance with the accrual basis of accounting, determined in relation to the remaining economic and technical useful life of the assets to which they relate.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis. Dividends from other companies are recognised in the profit and loss account when the right to receive payment is established.

Taxes on income for the year

Income tax for the financial year represents the sum of current and deferred tax. Current tax is based on the taxable profit for the financial year. Taxable profit differs from the profit reported in the profit and loss account as it excludes positive and negative items that will be taxable or deductible in other financial years and excludes items that will never be taxable or deductible. *'Current tax* liabilities' are calculated using the tax rates in force at the balance sheet date. In determining the tax for the financial year, the Company has taken due account of the effects arising from the IAS tax reform introduced by Law No. 244 of 24 December 2007 and, in particular, the strengthened principle of derivation laid down in Article 83 of the TUIR, which now provides that, for entities applying international accounting standards, the following apply—even in derogation from the provisions of the TUIR— *"the criteria for recognition, timing and classification in the financial statements provided for by those accounting* standards" *shall apply*.

Deferred taxes are calculated with regard to temporary differences in taxation and are recognised under the heading *'Deferred tax liabilities'*. Deferred tax assets are recognised to the extent that it is considered probable that, in the financial years in which the related temporary differences will reverse, there will be taxable income at least equal to the amount of the differences that will be offset. Deferred and prepaid taxes are determined on the basis of the tax rates expected to apply in the financial year in which the tax asset will be realised or the tax liability settled, based on the tax rates established by legislation in force or substantially in force at the balance sheet date. These changes are recognised in the profit and loss account or in equity, depending on how the original difference was recognised.

Impairment testing

The carrying amounts of the Group's assets are assessed at each balance sheet date to determine whether there are any indications of impairment; if so, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The recoverable amount of non-financial assets is the higher of their *fair* value less costs to sell and their value in use. To determine value in use, the estimated future cash flows are discounted using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the type of asset. In the case of assets that do not generate cash inflows that are largely independent, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Where, subsequently, an impairment loss on an asset, other than goodwill and other assets with an indefinite useful life, ceases to exist or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised immediately in the profit and loss account.

Use of estimates

The preparation of the financial statements and the related explanatory notes requires the board of directors to make estimates that affect the carrying amounts of assets and liabilities in the financial statements and the disclosures relating to contingent assets and liabilities at the balance sheet date.

The current situation of widespread economic and financial crisis necessitates the use of assumptions regarding future performance, which may be characterised by uncertainty; consequently, it cannot be ruled out that results differing from those estimated may materialise in the future, which could therefore require adjustments to the carrying amounts of the relevant balance sheet items that cannot currently be estimated or predicted.

Estimates are used in various areas, such as the provision for bad debts, provisions for contingent liabilities, depreciation and amortisation, the valuation of assets relating to investments in associates and subsidiaries, sales revenue, costs and expenses relating to the management of the Integrated Water Service, and income tax.

The estimates and assumptions are reviewed periodically by the Group on the basis of its best knowledge of the business and other factors that can reasonably be inferred from current circumstances, and the effects of any changes are recognised immediately in the income statement.

SEGMENT REPORTING

The identification of operating segments and the related information is based on the factors that management uses to make its operational decisions. In particular, the internal reporting reviewed and used periodically by the Group's senior management refers to a single operating segment, which encompasses all the main services provided to customers, as the company's business consists of the management of the Integrated Water Service.

NON-CURRENT ASSETS TIVES

1. Tangible fixed assets € 160,784,937

The breakdown of property, plant and equipment and the related movements during the financial year are set out in the following table:

2024 Categories	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other Assets	Assets under Leasing	Assets under construction and advances	Total general
Historical cost as at 31 December 2023	107,067,274	320,854,350	28,659,552	23,834,359	7,830,618	24,093,781	512,339,934
Advance payments to suppliers as at 31 December 2023	0	0	0	0	0	849,803	849,803
Accumulated fund as at 31 December 2023	(49,474,654)	(281,986,700)	(17,031,390)	(20,576,672)	(3,161,923)	0	(372,231,339)
Net value as at 31 December 2023	57,592,620	38,867,650	11,628,162	3,257,687	4,668,695	24,943,584	140,958,398
Reclassifications	0	0	0	0	0	0	0
Works in progress to be completed in 2024	498,786	9,900,172	5,910,043	157,023	0	(16,043,697)	422,327
Divestments during the financial year	(175,552)	(55,871)	(1,701,653)	(369,067)	(63,362)	(159,978)	(2,525,483)
Adjustments	0	0	0	0	0	(226,045)	(226,045)
Reversals of advance payments to suppliers 2023	0	0	0	0	0	(151,821)	(151,821)
Increases in advance payments to suppliers 2024	0	0	0	0	0	490,969	490,969
Meters purchased and installed in the 2024 financial year	0	0	5,340,149	0	0	(5,340,149)	0
Increases during the financial year	933,041	2,160,987	9,785,903	2,077,817	781,365	13,176,440	28,915,553
Reclassification/adjustment to depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(3,270,980)	(5,962,891)	(2,945,151)	(1,469,211)	(1,399,438)	0	(15,047,671)
Use of funds	3,334	4,191	1,576,989	342,415	38,496	0	1,965,425
Historical cost as at 31 December 2024	108,323,549	332,859,638	47,993,994	25,700,132	8,548,621	15,500,352	538,926,286
Advance payments to suppliers as at 31 December 2024						1,188,951	1,188,951
Accumulated fund as at 31 December 2024	(52,742,300)	(287,945,400)	(18,399,552)	(21,703,468)	(4,522,865)	0	(385,313,585)
Historical cost as at 31 December 2024	107,067,274	320,854,350	28,659,552	23,834,359	7,830,618	24,093,781	512,339,934
Net value as at 31 December 2024	55,581,249	44,914,238	29,594,442	3,996,664	4,025,756	16,689,303	154,801,652

2025 Categories	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other Assets	Assets under Leasing	Assets under construction and advances	Total general
Historical cost as at 31 December 2024	108,323,549	332,859,638	47,993,994	25,700,132	8,548,621	15,500,352	538,926,286
Advance payments to suppliers as at 31 December 2024						1,188,951	1,188,951
Provision for depreciation as at 31 December 2024	(52,742,300)	(287,945,400)	(18,399,552)	(21,703,468)	(4,522,865)	0	(385,313,585)
Net value as at 31 December 2024	55,581,249	44,914,238	29,594,442	3,996,664	4,025,756	16,689,303	154,801,652
Reclassifications	(519,934)	519,934	0	142,715	0	(6,833)	135,882
Works in progress to be completed in 2025	642,195	2,500,986	5,257,812	173,210	0	(8,574,203)	0
Divestments during the financial year	0	(69,163)	(2,905,085)	(127,589)	(167,791)	0	(3,269,628)
Adjustments	0	0	0	0	0	(290,853)	(290,853)
Reversals of advance payments to suppliers 2024	0	0	0	0	0	(239,987)	(239,987)
Increases in advance payments to suppliers 2025	0	0	0	0	0	0	0
Acquisition of the ACEA business unit	1,126,247	0	408,065	87,571	0	0	1,621,883
Meters purchased and installed in the 2025 financial year	0	0	2,160,689	0	0	(2,160,689)	0
Increases during the financial year	654,030	3,903,444	8,717,780	2,396,127	1,418,225	6,451,070	23,540,676
Reclassification/adjustment to depreciation provision	200,893	(200,893)					0
Depreciation and amortisation for the financial year	(3,213,923)	(6,913,140)	(4,479,850)	(1,550,973)	(1,640,840)	0	(17,798,726)
Use of funds	0	5,188	2,044,547	120,460	113,843	0	2,284,038
Historical cost as at 31 December 2025	110,226,087	339,714,839	61,633,255	28,372,166	9,799,055	10,918,844	560,664,246
Advance payments to suppliers as at 31 December 2025						948,964	948,964
Provision for depreciation as at 31 December 2025	(55,755,330)	(295,054,245)	(20,834,855)	(23,133,981)	(6,049,862)	0	(400,828,273)
Net value as at 31 December 2025	54,470,757	44,660,594	40,798,400	5,238,185	3,749,193	11,867,808	160,784,937

As indicated in the valuation criteria, tangible fixed assets also include the recognition of directly attributable financial charges relating to certain major projects currently being depreciated.

The assets owned by the Company have been depreciated on an ordinary basis in accordance with the valuation criteria detailed in these Notes to the Financial Statements and on the basis of rates reflecting their estimated remaining useful life at the date of these financial statements. Reduced rates of 50% have been applied to additions made during the financial year.

The item *"Plant and* machinery" also includes the value of spare parts intended for long-term use.

Since 2021, the item *"Industrial and commercial* equipment" has included the value of measuring instruments, previously classified under *"Assets under concession*".

The item "*Other tangible* assets" includes furniture and fittings, standard office equipment, electromechanical and electronic equipment, hardware, passenger cars, commercial vehicles and other vehicles.

From 2021, this heading also includes the value of coal, previously classified under *'Assets under concession*'.

The item *"Assets under construction and advance* payments" includes the value, based on the stage of completion, of works in progress at the end of the financial year, as well as advance payments made to suppliers.

Following the application of IFRIC 12, *"Agreements for Service Concessions",* the assets to be transferred free of charge relating to the City of Turin's water supply system have been reclassified under intangible fixed assets, within *"Assets under concession*".

The item *"Leased* assets" represents the recognition of assets subject to leases within fixed assets, following the adoption of IFRS 16 – *Leases*, effective from 1 January 2019, and relates primarily to long-term vehicle hire contracts.

Below is a breakdown of movements in *the "Leased assets"* category:

Categories	Leasing – Rentals Hardware	Leasing- Rental Cars	Leasing – Hire Other vehicles	Leasing – Rentals Property	Leasing – Rentals Land	ASSETS UNDER LEASE
Historical cost as at 31 December 2024	0	465,614	6,915,478	841,171	326,358	8,548,621
Accumulated fund as at 31 December 2024	0	(237,280)	(3,702,985)	(363,025)	(219,575)	(4,522,865)
Net value as at 31 December 2024	0	228,334	3,212,493	478,146	106,783	4,025,756
Reclassifications	0	0	0	0	0	0
Works in progress to be completed in 2025	0	0	0	0	0	0
Divestments during the financial year	0	0	(108,154)	(35,592)	(24,045)	(167,791)
Adjustments	0	0	0	0	0	0
Lease increases	0	7,524	842,079	568,622	0	1,418,225
Depreciation and amortisation for the financial year	0	(97,136)	(1,311,356)	(192,746)	(39,602)	(1,640,840)
Use of funds	0	0	54,206	35,592	24,045	113,843
Historical cost as at 31 December 2025	0	473,138	7,649,403	1,374,201	302,313	9,799,055
Accumulated fund as at 31 December 2025	0	(334,416)	(4,960,135)	(520,179)	(235,132)	(6,049,862)
Net value as at 31 December 2025	0	138,722	2,689,268	854,022	67,181	3,749,193

Intangible fixed assets € 1,209,743,786

The breakdown of intangible assets and the related movements during the financial year are set out in the following table:

2024 Categories	Goodwill	Start-up and expansion	Development costs	Patent rights and rights to use of intellectual property	Concessions, licences, trade marks and similar rights	Assets under construction and advance payments	Other	Total Other Fixed assets Intangible	Assets under concession	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 31 December 2023	5,928,005	60,807	249,266	210,060	30,308,504	550,518	561,108	31,940,263	1,445,127,781	1,482,996,049
Advances to suppliers as at 31 December 2023	0	0	0	0	0	0	0	0	42,156,134	42,156,134
Accumulated fund as at 31 December 2023	0	(60,807)	(249,266)	(210,060)	(28,180,815)	0	(239,802)	(28,940,750)	(602,610,826)	(631,551,576)
Net value as at 31 December 2023	5,928,005	0	0	0	2,127,689	550,518	321,306	2,999,513	884,673,089	893,600,607
Reclassifications	(5,928,005)	0	0	0	0	0	0	0	5,928,005	0
Works in progress completed in 2024	0	0	0	0	640,009	(541,858)	0	98,151	(520,476)	(422,325)
Disinvestments during the financial year	0	0	0	0	0	0	0	0	(1,330,884)	(1,330,884)
Adjustments	0	0	0	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2023	0	0	0	0	0	0	0	0	(14,771,523)	(14,771,523)
Increases Advance payments to suppliers 2024	0	0	0	0	0	0	0	0	22,137,348	22,137,348
Increases for the financial year	0	0	0	0	3,437,111	17,999	0	3,455,110	227,080,414	230,535,524
Reclassification/ adjustment to depreciation provision	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	0	0	0	0	(2,871,161)	0	(11,943)	(2,883,104)	(74,354,860)	(77,237,964)
Use of funds	0	0	0	0	0	0	0	0	170,748	170,748
Historical cost as at 31 December 2024	0	60,807	249,266	210,060	34,385,624	26,659	561,108	35,493,524	1,676,284,840	1,711,778,364
Advances to suppliers as at 31 December 2024								0	49,521,959	49,521,959
Provision for depreciation as at 31 December 2024	0	(60,807)	(249,266)	(210,060)	(31,051,976)	0	(251,745)	(31,823,854)	(676,794,938)	(708,618,792)
Net value as at 31 December 2024	0	0	0	0	3,333,648	26,659	309,363	3,669,670	1,049,011,861	1,052,681,531

2025 Categories	Goodwill	Start-up and expansion	Development costs	Patent rights and of use of intellectual property	Concessions, licences, trademarks and similar rights	Assets under construction and advance payments	Other	Total Other Fixed assets Intangible	Assets under concession	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 31 December 2024	0	60,807	249,266	210,060	34,385,624	26,659	561,108	35,493,524	1,676,284,840	1,711,778,364
Advances to suppliers as at 31 December 2024	0	0	0	0	0	0	0	0	49,521,959	49,521,959
Accumulated fund as at 31 December 2024	0	(60,807)	(249,266)	(210,060)	(31,051,976)	0	(251,745)	(31,823,854)	(676,794,938)	(708,618,792)
Net value as at 31 December 2024	0	0	0	0	3,333,648	26,659	309,363	3,669,670	1,049,011,861	1,052,681,531
Reclassifications	0	0	0	0	0	0	0	0	(135,882)	(135,882)
Works in progress to be completed in 2025	0	0	0	0	18,000	(18,000)	0	0	0	0
Disinvestments during the financial year	0	0	0	0	0	0	0	0	(1,433,663)	(1,433,663)
Adjustments	0	0	0	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2024	0	0	0	0	0	0	0	0	(18,120,679)	(18,120,679)
Increases Advance payments to Suppliers 2025	0	0	0	0	0	0	0	0	166,181	166,181
Acquisition of the ACEA business unit	0	0	0	0	8,207		2,548	10,755	14,377,498	14,388,253
Increases for the financial year	0	0	0	0	3,154,405	820,783	0	3,975,188	241,343,362	245,318,550
Reclassification/ adjustment to depreciation provision	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	0	0	0	0	(3,034,812)	0	(12,582)	(3,047,394)	(80,550,988)	(83,598,382)
Use of funds	0	0	0	0	0	0	0	0	477,877	477,877
Historical cost as at 31 December 2025	0	60,807	249,266	210,060	37,566,236	829,442	563,656	39,479,467	1,930,436,155	1,969,915,622
Advances to suppliers as at 31 December 2025									31,567,461	31,567,461
Provision for depreciation as at 31 December 2025	0	(60,807)	(249,266)	(210,060)	(34,086,788)	0	(264,327)	(34,871,248)	(756,868,049)	(791,739,297)
Net value as at 31 December 2025	0	0	0	0	3,479,448	829,442	299,329	4,608,219	1,205,135,567	1,209,743,786

For details of movements in the *'Assets under* concession' category, please refer to the relevant section.

2. Goodwill € 0

In view of the nature of the business and the fact that industry practice (regulated businesses) requires the excess value paid at the time of acquiring a business to be allocated to the concession enabling operations in that business, from the 2024 financial statements onwards, "Goodwill" relating to the 2015 acquisition of the business unit of Società Acque Potabili S.p.A. (now in liquidation), paid for for € 5.8 mio, and to the 2014 acquisition of the business unit of Società Acque Ciriacese S.r.l. (€ 0.1 million), has been reclassified as *"Concession* rights", with the asset being amortised on a straight-line basis until the end of the current concession (2033).

3. Other intangible fixed assets € 4,608,219

"Other intangible assets" are recognised in the balance sheet as assets intended for long-term use. No value adjustments have been made to the acquisition or production costs of intangible assets.

The item *"Concessions, licences, trade marks and similar* rights" includes costs incurred for the acquisition of software licences, which are amortised over three financial years, and for the registration of trade marks, which are amortised over ten financial years.

The item *"Assets under construction and advance* payments" comprises the value of certain projects currently being completed.

4. Assets under concession € 1,205,135,567

2024 Categories	Concession rights	Improvements to SII assets of the City of Turin	Improvements to SII assets in outlying municipalities under management	Works in progress and advance payments on Improvements to SII assets of the City of Turin	Works in progress and advance payments on improvements to SII assets of external municipalities under management	Assets transferable free of charge	Assets under concession
Historical cost as at 31 December 2023	54,705,639	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advance payments to suppliers as at 31 December 2023				12,508,898	29,647,236	0	42,156,134
Accumulated fund as at 31 December 2023	(43,779,264)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at 31 December 2023	10,926,375	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089
Reclassifications	5,928,005			0	0	0	5,928,005
Works in progress to be completed in 2024	0	13,392,473	89,081,003	(13,566,998)	(89,426,954)	0	-520,476
Disinvestments during the financial year	0	-154,024	(698,134)	-158,805	(319,921)	0	(1,330,884)
Adjustments	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2023				(2,313,702)	(12,457,821)		(14,771,523)
Increases in advance payments to suppliers 2024				17,885,560	4,251,788		22,137,348
Increases during the financial year	0	14,121,798	23,432,056	41,085,302	148,441,258	0	227,080,414
Reclassification/adjustment of depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(1,685,637)	(13,670,565)	(58,985,499)	0	0	(13,159)	(74,354,860)
Use of funds	0	14,383	156,365	0	0	0	170,748
Historical cost as at 31 December 2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advance payments to suppliers as at 31 December 2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated fund as at 31 December 2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 31 December 2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861

2025 Categories	Concession rights	Improvements to SII assets of the City of Turin	Improvements to SII assets in outlying municipalities under management	Works in progress and advance payments on Improvements to SII assets of the City of Turin	Works in progress and advance payments on improvements to SII assets of external municipalities under management	Assets transferable free of charge	Assets under concession
Historical cost as at 31 December 2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advance payments to suppliers as at 31 December 2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated fund as at 31 December 2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 31 December 2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861
Reclassifications		6,833			(142,715)	0	(135,882)
Projects in progress to be completed in 2025	0	31,467,731	43,546,334	(31,461,792)	(43,552,273)	0	0
Disinvestments during the financial year	0	(35,350)	(1,213,714)	(3,170)	(181,429)	0	(1,433,663)
Adjustments	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2024				(5,396,731)	(12,723,948)		(18,120,679)
Increases in advance payments to suppliers 2025					166,181		166,181
Acquisition of ACEA business unit			14,377,498				14,377,498
Increases during the financial year	0	16,719,334	35,197,326	44,908,926	144,517,776		241,343,362
Reclassification/adjustment to depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(1,685,637)	(16,034,917)	(62,817,274)	0	0	(13,160)	(80,550,988)
Use of funds	0	3,535	474,342	0	0	0	477,877
Historical cost as at 31 December 2025	60,633,644	350,963,467	1,104,163,485	99,484,276	309,784,919	5,406,364	1,930,436,155
Advance payments to suppliers as at 31 December 2025	0	0	0	22,684,025	8,883,436	0	31,567,461
Accumulated fund as at 31 December 2025	(47,150,538)	(153,969,636)	(550,446,712)	0	0	(5,301,163)	(756,868,049)
Net value as at 31 December 2025	13,483,106	196,993,831	553,716,773	122,168,301	318,668,355	105,201	1,205,135,567

The item “Concession rights” comprises:

- the right to use the assets constituting the water supply system, which is of a mandatory nature, already recognised by the City of Turin at the time of the transfer to the former shareholder AAM Torino S.p.A. and subsequently transferred by the latter to SMA Torino S.p.A.;
- the right to use the water supply system received by way of transfer on 1 January 2003 from C.I.A.C.T. in liquidation;
- from 2024, the reclassification of ‘Goodwill’ relating to the acquisition of the SAP and SAC business units.

The values are presented in accordance with the expert valuations drawn up for the purposes of the transfers themselves and are amortised in line with the expiry date of the agreement between the Turin Area Authority No. 3 and SMAT S.p.A..

Following the adoption of IFRIC 12, improvements made to enhance the assets received for use from the City of Turin, as well as the facilities of the external water systems entrusted to the Company for direct management, are recognised under ‘Assets under concession’ and amortised on the basis of their estimated remaining economic and technical useful life.

As indicated in the valuation criteria, intangible fixed assets also include the recognition of directly attributable financial charges relating to certain major projects currently being amortised.

The item "*Work in progress and* advance payments" comprises the value of works in progress at the end of the financial year, as well as the value of advance payments made to suppliers for the construction of integrated water service works for municipalities outside Turin and for the City of Turin.

The item "*Assets* to be transferred *free of* charge" shows the value of the extensions originally carried out by the former shareholder AAM Torino S.p.A. to the City of Turin's water supply system and received by the Company as a contribution, for which a contractual obligation exists to transfer them free of charge at the end of the relevant concession of use. Depreciation is calculated on the basis of the estimated economic and technical useful life.

5. Equity investments € 11,951,985

The table below shows the carrying amounts of investments in associated companies and other entities as at 31 December 2025.

Categories	Associates	Other companies	Grand total
Historical cost as at 31/12/2024	43,102,340	3,566,923	46,669,263
Value adjustments as at 31/12/2024	(34,776,560)	(78,126)	(34,854,686)
Net value as at 31 December 2024	8,325,780	3,488,797	11,814,577
Increases in 2025			
Decreases in 2025			
Value adjustments 2025	137,408		137,408
Historical cost as at 31/12/2025	43,102,340	3,566,923	46,669,263
Value adjustments as at 31/12/2025	(34,639,152)	(78,126)	(34,717,278)
Net value as at 31 December 2025	**8,463,188**	**3,488,797**	**11,951,985**

Investments in associates

Pursuant to Article 2427, paragraph 1, point 5 of the Italian Civil Code, the investment in associates, as at 31 December 2025, relates to:

- An equity interest in **Acque Potabili S.p.A. in liquidation**, with its registered office at Corso XI Febbraio No. 22, Turin, having the following characteristics:

Shareholding in **Acque Potabili S.p.A., which is in liquidation (since 1 June 2021)**

a)	Share capital of the investee	€	7,633,096
b)	Shares held	No.	3,429,125
c)	Nominal value per share	€	NA
d)	Acquisition cost	€	43,102,341
e)	Percentage held	%	47.55
f)	Consolidated balance sheet value	€	8,463,188
g)	Equity	K/€	17,800
h)	Profit for the last financial year	K/€	433

The value of the shareholding in Acque Potabili S.p.A. in liquidation, amounting to 8.5 million euro, has been adjusted to reflect the corresponding change in equity.

The Extraordinary General Meeting of Acque Potabili held on 29 April 2021 resolved to wind up the company early pursuant to Article 2484(1)(6) of the Italian Civil Code, with the company consequently being placed into liquidation. This resolution was registered with the Turin Companies Register on 31 May 2021. With effect from that date, the resolution to wind up Acque Potabili took full effect.

The Extraordinary General Meeting of Acque Potabili held on 31 May 2021 amended Article 5 of the Articles of Association, removing the par value of the shares. Given that the share capital remained unchanged (at € 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary General Meeting of Shareholders of SAP S.p.A. in liquidation, held on 29 April 2026, approved the financial statements for the 2025 financial year (the fifth interim liquidation financial statements), which closed with a profit s of 433 thousand euros. At the end of 2025, shareholders' equity stood at 17,800 thousand euros (IAS/IFRS standards), compared with shareholders' equity of 17,511 thousand euros as at 31 December 2024.

Other shareholdings

Set out below are the equity interests held by the Company in other companies, showing the respective ownership stakes and share capital (or equity fund).

a) The investment in Acque Potabili Siciliane S.p.A., following its admission to the Special Administration procedure on 7 February 2012 and its entry into bankruptcy on 29 October 2013, is classified under 'Other Companies' and has been fully written down in the year-end financial statements. As further detailed in the Management Report, it has consequently been excluded from the SMAT Group's scope of consolidation.
b) On 19 July 2016, by means of a specific notarial deed, the Water Alliance – Acque del Piemonte network of companies (now Utility Alliance del Piemonte) was established, with its registered office in Turin at Viale Maestri del Lavoro No. 4. As at 31 December 2025, the equity fund amounted to € 95,000, with SMAT S.p.A. holding a 5.56% stake. As at 31 December 2025, this network of companies comprises 18 Piedmontese water companies that have signed a specific 'network agreement' aimed at enhancing their competitive capacity through the joint representation of their interests vis-à-vis institutional and associative stakeholders and within decision-making processes.
c) SII S.p.A. of Vercelli – 19.99% stake – share capital of 131 thousand euros
d) NOS S.p.A. of Turin (Nord Ovest Servizi S.p.A.) – 10% stake – share capital of 7,800 thousand euros.
e) Mondo Acqua S.p.A. of Mondovì – 4.92% stake – share capital of 1,100 thousand euros.
f) Environment Park S.p.A. of Turin – 3.38% stake – share capital of 11,407 thousand euros.
g) Galatea S.c.a.r.l. of Alessandria – 0.50% stake – share capital of 10 thousand euros.
h) Hydroaid – International School of Water for Development – 10.24% stake – endowment fund of 15,000 euro.

Investments in associates, carried at cost (adjusted where necessary for impairment), and investments in other companies were subject to impairment testing by an independent adviser, who also carried out a valuation of the investments in other companies using either the asset-based or income-based method.

The independent expert used the asset-based valuation method for the companies Acque Potabili S.p.A. (in liquidation), Nos S.p.A. and Environment Park S.p.A.; for the other shareholdings, the income-based method was used, based on a weighted average cost of capital (WACC) of 6.85%.

The fair value measurement of the other equity investments resulted in a value substantially in line with the cost of the investment, recognised as at 31 December 2025, amounting to € 3.5 million. Although the profitability of some investee companies appears to be positive in the medium term, the carrying amounts have not been adjusted as they are not considered material.

6. Deferred tax assets € 21,559,718

This item (€ 26,357,031 in the previous financial year) includes the credit arising from deferred tax assets calculated on provisions for costs to be deducted in future periods and for revenue subject to advance taxation.

Compared with the previous financial year, this item shows a reduction of € 4,797,313, mainly attributable to the reversal of deferred tax assets recognised in previous financial years, in particular in relation to the utilisation of the provision for bad debts.

These effects are set out in the detailed table below:

Description	Deferred expenses multi-year	Accrual Provision for Risks and Expenses	Provision Provision Receivables	Amortisation Goodwill and Trade Marks	Depreciation Stock	Maintenance costs exceeding the allowable	Interest expense on arrears	Other (local - administrative fees)	Tax Effects Intra-group	TOTAL
taxable base as at 31 December 2024	7,823,787	14,873,161	83,230,396	17,270	220,000	79,668	22,853	9,049	0	106,276,184
tax credit paid in advance as at 31 December 2024	2,206,309	4,089,468	19,975,295	4,870	52,800	19,120	5,485	2,172	1,512	26,357,031
uses 2025 baseline	(577,402)	(2,714,104)	(50,895,770)			(14,137)		(4,051)		(54,205,464)
uses taxes for 2025	(162,827)	(765,330)	(12,214,985)			(3,393)		(972)		(13,147,506)
adjustments 2025 baseline				63						63
adjustments taxes 2025				18						18
Provisions 2025 baseline		17,102,243	14,938,938				910	55,004		32,097,095
provisions taxes 2025		4,751,411	3,585,345				218	13,201		8,350,175
taxable base as at 31 December 2025	7,246,385	29,261,300	47,273,564	17,333	220,000	65,531	23,763	60,002	0	84,167,878
tax credit paid in advance as at 31 December 2025	2,043,482	8,075,549	11,345,655	4,888	52,800	15,727	5,703	14,401	1,512	21,559,718

7. Non-current financial assets € 1,455,236

			31 December 2025	31 December 2024
–	Security deposits receivable	€	1,401,389	1,364,135
–	Customers		53,847	65,159
	Total	**€**	**1,455,236**	**1,429,294**

Non-current financial assets due from customers consist of a receivable recognised following the signing of an agreement governing the use of land situated in the municipalities of Scalenghe and Airasca, covering the years 2011 to 2018, with a repayment plan extending until 2031.

The receivables are recognised in the financial statements at amortised cost, as required by *IFRS 9 – Financial Instruments*.

CURRENT ASSETS

8. Inventories € 9,914,274

This item comprises:

			31 December 2025	31 December 2024
–	Raw materials, ancillary materials and consumables	€	9,873,129	9,537,275
–	Finished products and goods	€	41,145	41,145
–	Deposits	€	0	0
	Total	**€**	**9,914,274**	**9,578,420**

Inventories consist of materials which are not intended for long-term use. These inventories are valued in the balance sheet at the lower of the weighted average cost and the market price. The value of inventories is adjusted by a provision for depreciation relating to slow-moving stock amounting to € 990,000.

No financial charges have been allocated to the value of inventories.

The increase in inventories compared with last year is mainly attributable to the acquisition of the Acea Pinerolese business unit.

9. Trade receivables € 265,806,899

The nominal value of trade receivables is broken down as follows:

		31 December 2025	31 December 2024
Trade receivables			
• *Bills and invoices issued*	€	246,320,327	274,967,820
• *Bills and invoices to be issued*	€	66,653,909	68,437,397
• *Provision for bad debts*	€	(48,850,196)	(84,963,476)
Total trade receivables	€	264,124,040	258,441,741
Receivables from associates	€	20,000	40,000
Receivables from parent companies	€	1,310,758	1,470,896
Receivables from others	€	352,101	906,327
Net book value	**€**	**265,806,899**	**260,858,964**

TRADE RECEIVABLES € 264,124,040

The net value of trade receivables shows an increase of approximately € 6 million compared with the previous financial year, mainly driven by the combined effect of the reduction in the provision for bad debts, following the non-recourse sale of trade receivables, and the decrease in receivables for bills and invoices issued and to be issued. Of the total receivables recorded, approximately € 77 million was collected during the first few months of the 2026 financial year.

Receivables are subject to a careful assessment of the risk of non-payment and are recognised at their estimated realisable value, taking into account estimated future losses based on historical data, in accordance with the provisions of IFRS 9 – Financial Instruments.

RECEIVABLES FROM ASSOCIATES € 20,000

This item (€ 40,000 in the previous financial year) consists of receivables from SAP, a company in liquidation.

RECEIVABLES FROM PARENT COMPANIES € 1,310,758

This item (€ 1,470,896 in the previous financial year) includes receivables from the City of Turin arising from normal commercial transactions, carried out on arm's length terms, relating to water supplies, fees, services and ancillary works.

RECEIVABLES FROM OTHERS € 352,101

This item (€ 906,327 in the previous financial year) consists of residual trade receivables. The change compared with the previous financial year is mainly due to lower receivables for invoices yet to be issued to public bodies.

10. Current tax assets € 460,640

This item, which has fallen slightly compared with the previous financial year (€ 489,446), mainly comprises tax credits for investments in capital goods, the Art Bonus tax credit and other tax credits.

11. Current financial assets € 12,958

		31 December 2025	31 December 2024
– Receivables from customers	€	12,958	12,958
Total	**€**	**12,958**	**12,958**

Financial receivables from customers relate to the current portion of non-current financial receivables. For further details, please refer to the notes in the relevant section.

12. Other current assets € 3,780,402

		31 December 2025	31 December 2024
• Accrued income	€	0	0
• Prepaid expenses	€	891,559	855,515
• Other assets	€	2,888,843	6,621,447
• *Amounts due to staff for sums to be recovered via withholding tax*	*€*	*118,184*	*122,769*
• *Receivables from others*	*€*	*2,770,659*	*6,498,678*
Total	€	3,780,402	7,476,962

Prepaid expenses include the portion of costs settled during the financial year that relates to future periods.

The item "Other assets – Due from others" mainly comprises sundry receivables relating to credit notes to be received.

The decrease is mainly attributable to the reduction in miscellaneous receivables relating to credit notes to be received.

13. Cash and cash equivalents € 134,685,489

Cash and cash equivalents comprise:

		31 December 2025	31 December 2024
– Bank and postal deposits	€	134,648,804	77,545,152
– Short-term fixed-term deposits	€	0	0
– Cheques	€	18,336	19,326
– Cash and cash equivalents	€	18,349	21,143
Total	€	134,685,489	77,585,621

All the above-mentioned balances are liquid and fully available at the balance sheet date without any restrictions whatsoever, subject to the 'subject to collection' clause on cheques.

NET ASSETS AND LIABILITIES ITY

14. Shareholders' Equity € 832,199,924

Equity attributable to the Group € 831,739,845

The figure shown in the financial statements takes into account the resolutions passed by the Ordinary General Meeting of Shareholders on 25 June 2025 regarding the allocation of the Parent Company's profit for the 2024 financial year.

SHARE CAPITAL € 345,533,762

The share capital is fully subscribed, paid up and registered in the Companies Register in accordance with the law and, as at the balance sheet date, consists of 5,352,963 ordinary shares with a nominal value of € 64.55 each, held by the shareholders.

There were no changes to the share capital during the financial year.

STATUTORY RESERVE € 31,578,539

The statutory reserve, amounting to € 31,578,539 as at 31 December 2025, increased during the financial year by € 1,618,425, as resolved by the Ordinary General Meeting of Shareholders on 25 June 2025.

RESTRICTED RESERVE FOR PEF IMPLEMENTATION € 401,047,861

This reserve, amounting to € 401,047,861 as at 31 December 2025, increased during the financial year by € 24,600,065 as a result of the allocation of profit resolved by the Ordinary General Meeting of Shareholders on 25 June 2025.

FTA RESERVE € (2,845,993)

This reserve reflects the impact on equity of the FTA arising from the adoption of international accounting standards.

OTHER RESERVES AND RETAINED EARNINGS € 5,760,016

Other reserves include:

		31 December 2025	31 December 2024
• Discretionary reserve	€	34,342,561	34,342,561
• Consolidation reserve	€	5,048,681	5,048,681
• Reserve for discounting severance pay	€	1,469,026	1,385,212
• Negative reserve for treasury shares held	€	(32,992,953)	(32,992,953)
• Rounding reserve	€	(9)	0
• Retained earnings	€	(2,107,290)	(2,394,731)
Total	€	5,760,016	5,388,770

The reserve for discounting severance pay (TFR) comprises the gains/losses arising from actuarial valuations carried out in accordance with IAS 19 on severance pay (TFR) and pension entitlements accrued as at 31 December 2025.

The negative reserve for treasury shares held in the portfolio, amounting to € 32,992,953 as at 31 December 2025, relates to 492,959 treasury shares purchased pursuant to authorisation granted by the Ordinary General Meeting of Shareholders.

Retained earnings increased during the financial year by a total of € 287,441, in accordance with the resolution passed by the Shareholders' Meeting on 25 June 2025 regarding the allocation of the profit for the 2024 financial year.

PROFIT FOR THE FINANCIAL YEAR € 50,665,660

		31 December 2025	31 December 2024
Net profit for the financial year	€	50,665,660	32,631,910

This corresponds to the balance of the Profit and Loss Account, representing the difference between total revenue and total costs, and has been subject in full to ordinary and deferred taxation for the purposes of IRES and IRAP.

EQUITY ATTRIBUTABLE TO MINORITY INTERESTS € 460,079

This item represents the share of equity attributable to minority interests in the consolidated subsidiaries and comprises:

			31 December 2025	31 December 2024
–	Share capital and reserves attributable to minority interests	€	446,907	406,876
–	Profit for the year	€	13,172	38,652
	Total	€	460,079	445,528

RECONCILIATION STATEMENT BETWEEN THE PARENT COMPANY'S EQUITY AND NET PROFIT FOR THE YEAR AND CONSOLIDATED EQUITY AND NET PROFIT FOR THE YEAR

	31/12/2025		31/12/2024	
	net equity	of which: profit for the financial	net equity	of which: profit for the year
Net equity and profit for the financial year as reported in the parent company's annual financial statements	829,570,624	49,908,995	785,718,461	32,368,506
From the elimination of the carrying amount of consolidated investments:				
- Effect of consolidation transactions	1,009,629	115,513	723,539	(44,186)
- Pro-rata results achieved by investee companies	503,744	503,744	155,919	155,919
From valuation using the equity method of :	655,847	137,408	518,439	151,672
Equity and profit for the year attributable to the group	831,739,845	50,665,660	787,116,359	32,631,910
Equity and profit for the year attributable to minority interests	460,079	13,172	445,528	38,652
Equity and profit for the year as reported in the consolidated financial statements	832,199,924	50,678,832	787,561,887	32,670,562

LIABILITIES € 987,956,400

15. Non-current and current financial liabilities 521,261,668

Financial liabilities as at 31 December 2025 are broken down by type in the table below:

		31 December 2025	31 December 2024
Non-current financial liabilities			
Bonds	€	89,727,507	89,669,465
Mortgage liabilities	€	399,249,670	323,819,407
Liabilities for leased assets	€	2,057,048	2,625,560
Other financial liabilities	€	0	0
Total	€	**491,034,225**	**416,114,432**
Current financial liabilities			
Short-term portion of bonds	€	0	0
Short-term portion of mortgage liabilities	€	24,580,499	5,555,556
Amounts owed to banks and accrued interest	€	3,851,297	32,773,863
Payables for leased assets – short-term portion	€	1,795,647	1,520,202
Other financial liabilities – current portion	€	0	0
Total	€	**30,227,443**	**39,849,621**
Total financial liabilities	€	**521,261,668**	**455,964,053**

Financial liabilities consist of:

- medium- to long-term borrowings (bonds and bank loans), the total value of which amounts to € 513,557,676, net of the remaining amortised cost of € 272,493 for the bond issue and € 614,276 for bank loans;
- the item *"Bank borrowings and accrued* interest" amounting to € 3,851,297, which includes other short-term transactions amounting to € 94,950 and accrued interest amounting to € 3,756,347, the latter relating mainly to interest on the bond issue for the portion attributable to the period;
- from liabilities for leased assets, the total value of which amounts to € 3,852,695, net of the residual amortised cost of € 134,284.

The movements in medium- to long-term borrowings during the financial year are as follows:

		Bonds	Mortgages	Total
Balance as at 31 December 2024	**€**	**89,669,465**	**329,374,963**	**419,044,428**
New loans	€	0	100,000,000	100,000,000
Amortised cost	€	0	(105,231)	(105,231)
Adjustment to amortised cost	€	58,042	115,993	174,035
Refunds for the financial year	€	0	(5,555,556)	(5,555,556)
Balance as at 31 December 2025	**€**	**89,727,507**	**423,830,169**	**513,557,676**

Medium- to long-term borrowings, gross of amortised cost, are detailed in the table below:

Loans		Debt as at 31 December 2025
Bonds	**€**	**90,000,000**
Loans		
European Investment Bank IV	€	44,444,444
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
BPER Bank	€	80,000,000
European Investment Bank VII	€	100,000,000
Total loans payable	**€**	**424,444,444**
Total	**€**	**514,444,444**

The following table sets out liabilities by nature as at 31 December 2025, indicating the portion due within the next financial year, between the 2nd and 5th year, and beyond the 5th year, on a gross basis at amortised cost.

Type	Amount remaining	Portion due within the following financial year	Amount for the 2nd–5th year	Amount after the 5th year
Bonds	90,000,000		90,000,000	
Mortgages payable	424,444,444	24,580,499	149,410,431	250,453,514
Amounts owed to banks and accrued	3,851,297	3,851,297		
Payables for leased assets	3,986,921	1,795,647	2,154,027	37,247
Other financial liabilities				
Total	**522,282,662**	**30,227,443**	**241,564,458**	**250,490,761**

The main contractual terms are set out below.

Loans	Value Loan Credit	Duration years	Maturity	Instalment	Rate
Ordinary non-convertible bonds	90,000,000	5	13 April 2029	annual	fixed
BPER Banca	80,000,000	8	31 December 2032	half-yearly with constant principal	variable
European Investment Bank IV	50,000,000	13	14 December 2033	half-yearly, with constant principal	fixed
European Investment Bank V	50,000,000	13	19 July 2034	half-yearly, with constant principal	fixed
European Investment Bank VI • 1st tranche € 100,000,000 • 2nd tranche € 50,000,000	150,000,000	 16 16	 18 November 2038 15 December 2039	quarterly with constant principal quarterly with constant principal	 fixed fixed
European Investment Bank VII	100,000,000	18	15 December 2043	quarterly, with constant principal	variable

The ordinary non-convertible bond issue was issued on 13 April 2017.

The Bondholders' Meeting of 14 March 2024 resolved to approve the extension of the bond's maturity from 13 April 2024 to 13 April 2029, whilst maintaining the non-convertible status at a rate of 4.546%. Following the exercise of the put option by certain bondholders, on 15 April 2024 (as 13 April 2024 was a non-working day), € 45 million was repaid, bringing the outstanding principal to € 90 million as at today.

The bonds are listed on the regulated market of the Dublin Stock Exchange (ISE – Irish Stock Exchange); they are backed by a rating issued by Standard & Poor's, which on 29 November 2022 upgraded the Senior Unsecured rating to "BBB+" (for further details, please refer to the Management Report).

The drawdown of the loan from institutional lenders, to finance the investments in the expansion and modernisation of the networks and facilities for the production, distribution, collection and treatment of water, as set out in the ATO3 Investment Plan, did not require any guarantees from the Shareholders and provides for the maintenance, throughout its term, of the following financial ratio calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual agreements:

- Net Financial Position/EBIT (EBIT + Depreciation and Amortisation): less than or equal to 5.

The loan agreement entered into with BPER Banca to provide the funds required by the Area Intervention Plan, and following the delay in the disbursement of PNRR funds, was concluded on 27 December 2024 with a term of 8 years, including a 1-year grace period, and is not secured by any guarantee.

It provides for the maintenance, throughout its term, of the following financial parameters, calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual provisions:

- Net Financial Debt/EBIT (EBIT + depreciation and amortisation): less than or equal to 5;
- Net Financial Debt/Equity: less than or equal to 1.

In the event of failure to comply with even one of the above financial parameters, BPER Banca is entitled to terminate the contract early.

The loans contracted with the European Investment Bank to provide the funds required by the investment plan included in the Area Plan are unsecured.

These credit facilities have been fully utilised in line with the progress of the works for which they were arranged.

More specifically:

- a loan of € 50 million for the construction of the works set out in the 2020–2024 investment programme, agreed and disbursed in 2020, with a term of 13 years, including a 4.5-year grace period;

- a loan of € 50 million for the construction of the works set out in the 2020–2024 investment programme, agreed and disbursed during 2021, with a term of 13 years, including a 4.5-year grace period;
- a loan of € 150 million for the implementation of the works set out in the 2022–2027 investment programme, agreed in 2022, of which the first tranche of € 100 million was disbursed on 18 November 2022, with a term of 16 years, including a 4-year grace period, and the second tranche of € 50 million disbursed on 15 December 2023, with a term of 16 years, including a 4-year grace period;
- a loan of € 100 million, supported by the European Union under the InvestEU Fund, for the implementation of the works set out in the 2025–2027 investment programme agreed in 2025 and disbursed on 15 December 2025, with a term of 18 years, including a 3.25-year grace period.

For the aforementioned loans, the following financial ratios are applicable throughout their term, calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual agreements:

- Net Financial Debt/EBITDA (EBIT + depreciation and amortisation): less than or equal to 5;
- Gross Financial Debt/EBITDA (EBIT + depreciation and amortisation): less than or equal to 4.5;
- EBITDA (EBIT + depreciation and amortisation)/Net Financial Expenses (excluding impairment losses on financial assets): greater than 5;
- Net Financial Debt/Equity: less than or equal to 1;
- Residual Value/Gross Financial Debt: greater than or equal to 1.30, where the residual value is calculated on the basis of the net book value of fixed assets excluding goodwill.

In the event of failure to comply with even one of the above financial parameters, the European Investment Bank is entitled to terminate the contract early.

It should be noted that as at 31 December 2025, all the above financial parameters have been met.

16. Severance pay fund and other benefits € 9,753,237

The severance pay fund as at 31 December 2025 reflects the severance pay accrued by employees up to 31 December 2006, which will be exhausted through payments made upon termination of employment or any advance payments in accordance with the law. In 2025, the provision increased as a result of the acquisition of the ACEA Pinerolese business unit with effect from 1 April 2025, with the addition of 93 employees.

The movements in the provision (not affected by the amounts accrued during the financial year) were as follows:

Severance Pay Provision

–	**Balance at 31 December 2024**	**€**	**8,700,812**
–	Severance pay arising from the acquisition of the ACEA Pinerolese business unit	€	760,070
–	Social security costs	€	43,791
–	Withdrawals, adjustments, allowances and advances paid during the financial year	€	(774,584)
–	Interest expense arising from IAS 19	€	276,455
–	Actuarial losses/(gains)	€	(164,043)
	Balance as at 31 December 2025	**€**	8,842,501

Other benefits relate to the estimated value of long-service awards that may be payable to employees who meet the relevant requirements set out in the company’s regulations, as shown below:

Pension fund			
–	**Balance as at 31 December 2024**	**€**	**840,325**
–	Pension cost	€	45,307
–	Withdrawals, adjustments, allowances and advances paid during the financial year	€	(80,566)
–	Interest expense arising from IAS 19	€	25,441
–	Actuarial losses/(gains)	€	80,229
	Balance as at 31 December 2025	**€**	910,736

The following tables set out, respectively, the economic, financial and demographic assumptions adopted for the actuarial valuation of the liability in question.

Economic and financial assumptions		
–	Annual discount rate	3.37%
–	Annual inflation rate	2.00%
–	Annual rate of increase in severance pay	3.00%

Demographic assumptions		
–	Mortality	ISTAT 2022
–	Disability	INPS tables by age and gender
–	Retirement age	Fulfilment of eligibility criteria
–	Percentage of early retirement claims	1.50%
–	Turnover rate	0.50%

17. Provisions for risks and charges € 33,455,187

These provisions consist of:

A) Provisions for disputes and charges € 25,521,024

Provisions for disputes and charges reflect the assessment, based on the available information, of potential liabilities arising from judicial and extrajudicial disputes currently in progress, as well as other charges of various kinds that are certain or likely to arise in the future, such as tax disputes, other local charges and the provision set aside to account for the estimated value of credit notes to be issued to customers for private water losses.

The utilisation relates primarily to the settlement of administrative offences and, to a lesser extent, to legal costs.

–	**Balance as at 31 December 2024**	**€**	**15,559,992**
–	Provision for the financial year	€	13,489,324
–	Use of funds for the financial year	€	(1,999,832)
–	Estimation adjustments	€	(1,528,460)
	Balance as at 31 December 2025	**€**	**25,521,024**

The balance of provisions for disputes and charges as at 31 December 2025 is considered adequate to cover estimated contingent liabilities.

B) Provision for routine maintenance costs *€ 1,500,000*

The provision for cyclical maintenance costs reflects the valuation of the cost that has technically accrued but has not yet been settled at the balance sheet date in respect of routine maintenance programmes with a multi-year recurrence, for which the timing cannot be determined with certainty, relating to continuous production plants.

The balance of the provision as at 2025 is considered adequate to cover the estimated potential liabilities.

–	**Balance as at 31 December 2024**	**€**	**1,500,000**
–	Provision for the financial year	€	0
–	Withdrawal for the financial year	€	0
	Balance as at 31 December 2025	**€**	**1,500,000**

C) Provisions under Piedmont Regional Law No. 61 of 29 December 2000 *€ 1,051,804*

This provision represents the allocation of administrative penalties imposed pursuant to Article 54 of Legislative Decree 152/99, to be used to finance measures to prevent and reduce pollution of water bodies, net of activities already carried out.

–	**Balance as at 31 December 2024**	**€**	**946,622**
–	Provision for the financial year	€	105,182
–	Adjustment to the estimate for the financial year	€	0
	Balance as at 31 December 2025	**€**	**1,051,804**

D) Provision for area management costs *€ 4,732,359*

This figure reflects the best estimate of the potential costs and risks associated with Area management activities.

The provision includes provisions for penalties for failure to meet technical quality targets: M6 (2021), M3 (2023) and M1 and M3 (2025), determined respectively by ARERA Resolutions No. 183/2022/R/idr of 26 April 2022 (€ 72,434), No. 477/2023/R/idr of 31 October 2023 (€ 89,683) and No. 225/2025/R/idr of 27 May 2025 (€ 419,292), which are earmarked for the financing of new investments.

The movement in the fund is as follows:

–	**Balance as at 31 December 2024**	**€**	**1,385,274**
–	Provision for the financial year	€	3,347,737
–	Use of provisions for the financial year	€	0
–	Adjustment to the estimate for the financial year	€	(652)
	Balance as at 31 December 2025	**€**	**4,732,359**

E) Provision for charges relating to other companies *€ 650,000*

This provision reflects potential liabilities arising from the shareholders' commitments to guarantee the Dexia-BIIS loan granted to APS S.p.A., which has been in liquidation since 2013, and has not been affected by any movements during the current financial year.

–	**Balance as at 31 December 2024**	**€**	**650,000**
–	Provision for the financial year	€	0
–	Adjustment to the estimate for the financial year	€	0
	Balance as at 31 December 2025	**€**	**650,000**

18. Deferred tax liabilities € 3,412,640

This item comprises deferred income tax liabilities (IRES and IRAP), calculated at the rates in force on costs eligible for advance deduction.

The increase in the deferred tax provision compared with the 2024 financial year (€ 2,977,084 in the previous financial year) is due to the deferral of taxation on income statement items.

These effects are set out in detail in the table below:

Description	Depreciation Prepaid	Interest on Arrears	Dividends not received	TOTAL
taxable base as at 31 December 2024	1,037,341	11,181,305	4,335	12,222,981
deferred tax as at 31 December 2024	292,530	2,683,514	1,040	2,977,084
basic utilisation for 2025		(3,295,308)	(4,335)	(3,299,643)
tax withdrawals for 2025		(790,874)	(1,040)	(791,914)
2025 base adjustments				
2025 tax adjustments				
2025 base provisions		5,114,458		5,114,458
2025 tax provisions		1,227,470		1,227,470
taxable base as at 31 December 2025	1,037,341	13,000,455	0	14,037,796
deferred tax liability as at 31 December 2025	292,530	3,120,110	0	3,412,640

19. Other non-current liabilities € 201,841,980

This item comprises the following:

			31 December 2025	31 December 2024
•	Acquapoint security deposits	€	174,518	183,491
•	Grants to be paid	€	20,747	20,747
•	Deferred income	€	201,646,715	113,981,412
Total		**€**	**201,841,980**	**114,185,650**

The item "Long-term deferred income" relates to investment grants and also includes the amount of € 189,089 carried forward to subsequent financial years from grants recognised by the Italian Revenue Agency on capital assets pursuant to Article 1, paragraphs 184–197 of Law No. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law No. 178/2020. The increase stems mainly from grants received relating to the PNRR funds and the FoNI tariff components included in the tariff adjustment, net of the recognition in the profit and loss account of the portions relating to depreciated investments.

20. Trade payables € 141,836,971

DEPOSITS € 204,917

This item (€ 243,712 in the previous financial year) comprises amounts paid in advance by customers for site inspections relating to work yet to be carried out at the balance sheet date.

AMOUNTS PAYABLE TO SUPPLIERS € 122,406,055

Trade payables comprise:

		31 December 2025	31 December 2024
• Suppliers in Italy	€	41,616,567	53,497,993
• Foreign suppliers	€	45,118	23,116
• Invoices receivable	€	80,744,370	63,024,115
Total	**€**	**122,406,055**	**116,545,224**

All trade payables are due within one year and are in no way secured by any guarantee, apart from the 0.5% retention on works.

PAYABLES TO ASSOCIATED COMPANIES € 16,380

		31 December 2025	31 December 2024
• Payables to associated companies	€	16,380	16,380

This item, detailed in the relevant section of the Management Report, includes payables to SAP S.p.A. in liquidation arising from residual commercial transactions carried out on normal market terms.

PAYABLES TO PARENT COMPANIES € 703,569

		31 December 2025	31 December 2024
• Payables to parent companies	€	703,569	763,217

This item, referred to in the relevant section of the Management Report, represents trade payables to the City of Turin, none of which are secured by a charge on the company's assets, as confirmed by a sworn statement.

PAYABLES TO OTHERS € 18,506,050

		31 December 2025	31 December 2024
• Payables to others	€	18,506,050	19,534,994

This item mainly comprises a liability to Acea amounting to € 18,489,156.

21. Current tax liabilities € 8,562,052

		31 December 2025	31 December 2024
• Tax withholdings made from employees and third parties as withholding agents in accordance with the law	€	2,205,600	1,935,437
• VAT payable to the Treasury	€	2,658,494	3,015,987
• IRAP/IRES	€	3,697,958	2,127,118
Total	**€**	**8,562,052**	**7,078,542**

Current tax liabilities show an increase of € 1,483,510 compared with the previous financial year, mainly attributable to the rise in tax payables for IRAP and IRES, in line with the higher current tax burden for the 2025 financial year. The change also reflects the increase in tax withholdings made from employees and third parties acting as withholding agents, which rose from € 1,935,437 to € 2,205,600, partially offset by the reduction in VAT payable to the tax authorities, amounting to € 2,658,494 compared with € 3,015,987 in the previous financial year.

22. Other current liabilities € 67,832,665

Other payables comprise:

		31 December 2025	31 December 2024
• Payables to social security and welfare institutions	€	5,028,013	4,230,856
• Accrued liabilities	€	0	0
• Deferred income	€	111,393	147,908
• Payable to others:	€	62,693,259	64,253,924
• *Local authority fees*	€	*2,099,031*	*3,377,074*
• *Mountain Community Contributions*	€	*43,059,008*	*43,967,987*
• *Amounts owed to local authorities for ancillary services*	€	*594,905*	*406,691*
• *Other payables to public bodies and local authorities*	€	*3,546,887*	*3,825,932*
• *Payments due to staff*	€	*5,653,838*	*5,071,935*
• *Miscellaneous payables*	€	*7,739,590*	*7,521,005*
• *Dividends payable*	€	*0*	*83,300*
Total	€	67,832,665	68,632,688

Liabilities to pension and social security institutions are due within one year and are in no way secured by guarantees or subject to interest.

The balance of liabilities to social security and welfare institutions as at 31 December 2025 has increased compared with the previous financial year due to the acquisition of the Acea business unit.

At the time of preparing these financial statements, these liabilities have been paid as due.

Liabilities relating to fees payable to local authorities and contributions to mountain communities show a decrease compared with the 2024 financial year.

Fees payable to local authorities relate primarily to amounts due in 2025 for instalments under the repayment plan for loans taken out by municipalities, based on decisions taken by the Turin Area Authority No. 3 in the early months of the 2026 financial year.

With regard to payables for contributions to Mountain Communities, it should be noted that these are disbursed on the basis of specific notifications issued by the Area Authority.

Payables to local authorities for ancillary services represent the outstanding balance due under specific service contracts for operational activities within the relevant territory.

The balance of ‘Other payables to public bodies and local authorities’ mainly comprises payables to CSEA for the UI equalisation components relating to the last two-month period.

The liability for staff entitlements to be settled relates to accrued but unused holiday leave, performance bonuses and other entitlements.

Miscellaneous payables mainly include payables for security deposits (primarily to customers), collections to be passed on to the insurance company for SMAT card charges, and the remaining liability for the social water bonus and supplementary allowance to be paid to customers.

Notes to the Income Statement items

Revenue

23. Revenue **€ 426,471,104**

Revenue is made up as follows:

			2025	2024
–	Water supply service	€	188,919,708	164,901,062
–	Sewerage service	€	60,959,205	54,980,458
–	Wastewater treatment service	€	178,170,707	160,188,792
–	Fire hydrants	€	6,227,773	5,720,704
–	Restricted '*FoNi*' revenue	€	(15,949,012)	(21,426,789)
–	Other revenue	€	8,142,723	11,896,102
	Total	**€**	**426,471,104**	**376,260,329**

All revenue relating to institutional activities was generated within the ATO 3 Turin territorial area, as defined by Piedmont Regional Law No. 13 of 20 January 1997, and includes the best estimate of revenue attributable to the financial year for water supply, sewerage, wastewater treatment and fire hydrants provided in the 293 municipalities incorporated as a result of the reunification process.

These figures derive from the new tariff structure applied, as communicated by the Turin Area Authority following ATO Resolution No. 16 of 24 October 2024 and ARERA Resolution No. 569/2024/R/IDR of 17 December 2024, which approved the update to the tariff proposal for the years 2024–2029, representing a 9.83% increase compared with the previous financial year.

An analysis of changes in consumption in 2025 compared with 2024 reveals an increase in consumption across the three services (Water Supply, Sewerage and Wastewater Treatment), totalling approximately 162.1 million cubic metres, compared with approximately 160.1 million cubic metres in the 2024 financial statements. The change in consumption is also linked to the installation of 'smart metering' meters, which, thanks to more frequent monthly readings, have improved the accuracy of consumption measurement and the associated billing.

The positive effect on revenue described above was offset by an increase in credit notes for water losses from private installations (–15,924 thousand euros, +3,074 thousand euros compared with 2024), driven both by technical issues during the large-scale replacement of meters and by the delayed recording of consumption on private properties. The upward trend in credit notes is reflected in the figures for the first quarter of 2026, the accrual for which is entirely attributable to 2025 and has therefore been subject to detailed analysis and provisioning, as described below.

Following the amendments to the tariff proposal, approved by the aforementioned ARERA resolution, the 'Revenue' item has been net of the FoNI tariff components, which have decreased compared with the previous financial year.

Revenue from water supply, sewerage and wastewater treatment services is shown net of the 50% tariff reduction for municipal and provincial utilities used for public purposes, totalling 7,625,613 euro.

'Other revenue' mainly comprises ancillary revenue from users, industrial water supply, invoicing for work carried out on behalf of users and third parties – in particular for modifications to the water and sewerage networks – revenue from biomass analysis and processing, and the sale of energy products such as biomethane and self-generated electricity.

Compared with the previous financial year, there was a decrease mainly due to the provision for risks and charges relating to credit notes to be issued, as outlined above (–9,219 thousand euros). This decrease is offset by higher revenue relating to the recognition of service quality bonuses for the two-year period 2022–2023 (+7,087 thousand euros), as provided for by ARERA in Resolution No. 225/2025/R/idr of 27 May 2025 for technical quality and Resolution No. 277/2025/R/idr of 24 June 2025 for contractual quality, and revenue from the sale of energy products (+234 thousand euros).

24. Revenue from design and construction activities — € 241,343,361

		2025	2024
– Revenue from design and construction activities	€	241,343,361	227,080,414

This item relates to *the "design and construction* activities" for assets under concession, which, as required by IFRIC 12, are recognised as revenue; the corresponding costs, net of capitalised costs for internal additions, are recognised under the item *"Costs for design and construction activities*".

25. Other operating revenue — € 26,089,608

Other operating revenue comprises the following:

			2025	2024
– Grants for the financial year	(A)	€	4,033,082	3,929,894
– Capital grants	(B)		11,460,630	7,860,586
– Other revenue:				
▪ Miscellaneous revenue		€	6,421,600	6,057,243
▪ Extraordinary income and write-offs of liabilities		€	2,645,184	3,236,788
▪ Adjustments/provisions for miscellaneous risks and charges		€	1,529,112	4,272,747
	(C)	€	10,595,896	13,566,778
Total Other operating revenue (A+B)		**€**	**26,089,608**	**25,357,258**

The item "Grants for the financial year" mainly includes the incentive for biomethane production and for photovoltaic energy generation.

The item "Capital grants" comprises the economically attributable portions of capital grants, as previously discussed under the item "Deferred income" in these Notes to the Financial Statements.

This item shows an increase attributable to the release of PNRR grants relating to the Digitalisation Project and the FoNI components included in the tariff adjustment.

The item "Other revenue" comprises miscellaneous revenue (such as rental income, stamp duty refunds and other refunds), contingent assets and the write-off of liabilities, as well as adjustments made to liability provisions, as already discussed in the relevant section "Liabilities" of these Notes to the Financial Statements.

The decrease is mainly attributable to lower contingent assets, the write-off of liabilities and a smaller adjustment made to provisions for liabilities.

Operating costs

26. Costs of raw materials and consumables — € 21,569,357

This item comprises:

		2025	2024
– Maintenance materials, net of changes in stock	€	11,689,830	9,952,433
– Chemicals	€	7,754,860	8,128,760
– Other materials	€	2,336,898	2,242,020
– Increases due to internal works	€	(212,231)	(291,844)
Total	**€**	**21,569,357**	**20,031,369**

The increase is attributable to higher costs for materials used in routine and non-routine maintenance, as well as expenditure on fuel and lubricants, partly as a result of the acquisition of Acea's SII business unit.

27. Costs for services and use of assets € 135,312,072

This item comprises:

			2025	2024
– Electricity	(A)	€	50,627,726	47,332,302
– Maintenance, works and industrial services	(B)	€	59,693,767	69,845,130
– General services:				
▪ Services		€	15,032,278	14,532,838
▪ Provision for miscellaneous risks and charges		€	858,734	1,610,787
	(C)	€	15,891,012	16,143,625
– Royalties to local authorities	(D)	€	4,591,653	5,067,861
– Rental income and concession fees, leases and hire charges	(E)	€	4,507,914	3,941,707
Total costs for services and use of assets (A+B+C+D+E)		**€**	**135,312,072**	**142,330,625**

The decrease in "Costs for services and use of assets" is mainly attributable to lower costs for services provided by SOGs following the acquisition of the Acea business unit, which results in these costs being recognised directly by nature.

Compared with the previous financial year, there was an increase in the Parent Company's electricity costs of approximately +3 million euros as a result of the combined effect of a rise in consumption of 17,428,374 MWh and a reduction in the average green tariff of -0.00174 € /kWh. This change is attributable to the integration of Acea's customers in connection with the aforementioned corporate transaction.

Electricity	Financial Statements 31/12/2025	Financial Statements 31/12/2024	Change
kWh	237,262,551	219,834,177	17,428,374
Average tariff	0.21196	0.21370	-0.00174

The decrease in costs for *'Maintenance, works and industrial services'* is due to the discontinuation of charges relating to the operational management contract with Acea, partially offset by higher maintenance costs incurred directly by Smat in the Pinerolo area.

The reduction in costs is offset by higher costs for work carried out on behalf of third parties and for third-party management services relating to the service contract with Acea.

Within *"General Services"*, costs for *"Services"* recorded a slight increase, attributable to higher expenditure on software maintenance fees, training, meal vouchers and other staff costs, offset by lower postal costs.

In the 2025 financial year, there were also lower provisions for disputes.

'*Fees payable to local* authorities' show a reduction in line with the amortisation schedules for loans taken out by municipalities and communicated by ATO 3 Turin.

The increase in costs for *"Fees and concession charges, leases and* hire" is due to the rise in fees and concession charges and hire costs, as a result of the acquisition of the Acea business unit.

28. Staff costs € 77,462,710

The breakdown of staff costs is as follows:

		2025	2024
– Wages and salaries	€	52,990,438	45,990,068
– Social security contributions	€	16,432,888	14,157,724
– Employees' severance pay	€	3,379,833	2,940,841
– Pension and similar benefits	€	45,307	47,034
– Other costs	€	4,744,515	2,962,933
– Increase due to internal works	€	(130,271)	(10,646)
Total	€	77,462,710	66,087,954

Changes in the workforce during the financial year were as follows:

	Senior managers	Middle managers	Clerks	Manual workers	Total Staff	Other contract types[61]	Total workforce force
Workforce as at 31 December 2024	11	24	688	333	1,056	38	**1,094**
Workforce as at 31 December 2025	11	29	767	390	1,197	17	**1,214**
Change	0	5	79	57	141	-21	**120**

For the financial year, the average workforce at[62] was as follows:

– Senior management	11
– Middle managers	28
– Clerks	746
– Manual workers	378

Labour costs rose by approximately 11 million euros compared with the previous year. This change is mainly attributable to the acquisition of 93 employees from the Acea business unit, and to increases under the National Collective Labour Agreement (CCNL) with effect from 1 September 2024 and 1 July 2025, which entail an increase in the related remuneration components.

As at 31 December 2025, there were 21 active temporary agency work contracts.

29. Other operating expenses € 29,689,528

This item comprises:

		2025	2024
– Miscellaneous tax charges	€	1,167,514	985,429
– Operating expenses	€	19,254,197	18,911,496
– Other miscellaneous expenses	€	4,934,200	4,624,315
– Provision for risks and miscellaneous expenses	€	4,304,217	2,252,277
– Supplementary water allowance		29,400	67,380
Total	€	29,689,528	26,840,897

[61] Excluding those on leave

[62] Including long-term leave, of which one executive on leave under Article 15 of the National Collective Labour Agreement for Executives of Public Utility Companies dated 16 October 2019

The item “Miscellaneous tax charges” mainly comprises charges relating to IMU, government concession fees and various local taxes. The change is primarily attributable to the IMU cost relating to properties acquired in the Pinerolo area.

The item “Area-specific charges” comprises approximately € 17.4 million relating to contributions to Mountain Communities (as specified by the Area Authority at 5% of revenue for the year 2023), an increase compared with the previous financial year, operating costs of the Area Authority and the contribution to ARERA, in accordance with the resolutions and communications received.

The item “Other miscellaneous expenses”, which includes expenses for membership fees, compensation for damages and indemnities, contingent liabilities and capital losses on the disposal of assets, shows an increase attributable to higher capital losses on the disposal of assets and contingent liabilities, offset by lower write-offs of assets.

“Provisions for risks and miscellaneous charges” are intended to cover risks relating to costs of a tax, administrative or other nature, whether certain or probable, for which, however, the exact amount or the date of occurrence cannot yet be determined. During the financial year, this item recorded an increase attributable to higher provisions; it includes the penalties imposed by ARERA under the aforementioned technical quality resolution.

The cost of the “Supplementary Water Bonus” introduced by ARERA Resolution 897/2017/R/IDR and ATO Resolution 697/2018 shows a decrease compared with the previous financial year.

30. Costs for design and construction activities € 234,751,954

		2025	2024
– Costs for design and construction activities	€	234,751,954	221,729,304

This item relates to *the “Costs for design and construction* activities” of assets under concession, net of capitalised costs for internal improvements which, as required by IFRIC 12, are recognised as costs; the corresponding revenue is recognised under the item *“Revenue from design and construction activities*”.

31. Depreciation, provisions and write-downs € 117,911,757

The breakdown of this item is as follows:

		2025	2024
– Depreciation of tangible fixed assets	€	17,798,726	15,047,669
– Amortisation of other intangible assets	€	3,047,394	2,883,105
– Depreciation of assets under concession	€	80,550,988	74,354,860
– Write-down of receivables	€	16,514,649	13,345,186
– Other provisions	€	0	0
Total	**€**	**117,911,757**	**105,630,820**

Taking into account the provisions set out in the valuation criteria, and the principle of consistency, depreciation and amortisation for the financial year amounted to € 101.4 million (compared with € 92.3 million in the previous financial year) following the application of the following standard rates:

Intangible assets:	
– Assets under concession (improvements to third-party assets and assets reverting to the state free of charge)	Based on the estimated economic and technical useful life of the various types of assets in question
– Assets under concession (right of use)	Based on the duration of the service agreement ATO 3 and SMAT S.p.A. service agreement (2033)
– Software licences	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years

– Surface rights	Based on the estimated useful life, which is to the duration of the Company as set out in the Articles of Association
Tangible fixed assets:	
– Buildings and fencing	3.50%
– Photovoltaic systems	9.00%
– Lightweight structures	10.00%
– Specialised and filtration systems	8.00%
– Measuring instruments	10.00%
– Laboratory equipment and miscellaneous	10.00%
– Furniture and fittings	12.00%
– Office machinery	12.00%
• Electronic equipment	20.00%
• Hardware	20.00%
• Cars	25.00%
• Commercial vehicles and other vehicles	20.00%
• Activated carbon	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed hydraulic structures	2.50%
– Collectors	5.00%
– Wastewater treatment plants	15.00%
– Machinery	12.00%
– Leased assets	Depending on the contract term

Rates equal to 50% of those indicated above have been applied to the 2025 increases in tangible fixed assets, as this best represents the average rates based on the months of use.

The increase compared with the 2024 Financial Statements stems from the effect of the implementation of investments made during the financial year and works carried out in previous financial years.

This item also includes provisions for the Bad Debt Provision of approximately € 16.5 million, calculated in accordance with IFRS 9 – Financial Instruments, as already reported in the relevant asset item of these Notes to the Financial Statements.

Financial income and expenses

32. Financial income € 8,440,539

This item comprises:

		2025	2024
– Adjustment to the value of equity investments	€	137,408	151,672
– Interest income and other financial income	€	8,303,131	10,686,124
Total	€	8,440,539	10,837,796

The adjustment to the value of equity investments relates to Acque Potabili S.p.A. in liquidation, determined following valuation using the equity method.

'Interest income and other financial income' comprises interest income on bank and postal current accounts, late payment interest, other financial income and dividends from other companies.

The decrease is mainly due to lower late payment interest from customers in connection with the sale of receivables, as well as lower interest on cash holdings.

33. Financial expenses € 13,523,034

This item comprises

		2025	2024
– Interest expense and fees on loans	€	13,121,726	10,150,504
– Other interest expense and charges	€	401,308	450,685
Total	€	13,523,034	10,601,189

‘*Interest expense and fees on* borrowings’ comprises the accrued interest on the bond issue, mortgages and short-term bridge loans. This item also includes the adjustment of expenses in accordance with the amortised cost method.

The increase compared with last year stems from the higher interest expense on the bond issue (at a rate of 4.546% on the remaining € 90 million from 13 April 2024), on the BPER loan (contract expiring at the end of December 2024) and on the new EIB loan disbursed in December 2025, offset by lower interest on loans for which repayment has commenced and on short-term loans.

‘*Other interest expense and* charges’ include, in particular, finance charges on leased assets resulting from the application of IFRS 16 and finance charges relating to the discounting of the severance pay provision in accordance with IAS 19; these have decreased compared with the previous financial year due to lower interest expense on current accounts and interest on arrears.

34. Taxes € 21,445,368

This item comprises:

			2025	2024
–	IRAP	€	4,651,648	2,613,750
–	IRES	€	11,535,461	12,228,698
–	Taxes relating to previous financial years	€	25,390	(1,395,275)
–	Change in deferred tax liabilities	€	435,556	2,684,554
–	Change in deferred tax assets	€	4,797,313	(2,518,650)
	Total	**€**	**21,445,368**	**13,613,077**

Although there was a reduction in current IRES tax compared with the financial statements for the year ended 31 December 2024, total tax for the financial year shows a significant increase compared with the previous financial year, mainly due to the rise in current IRAP and the recognition of higher deferred tax assets. In particular, IRAP rose from € 2.6 million to € 4.6 million, in line with the trend in the tax base, whilst IRES fell from € 12.2 million to € 11.5 million as a result of the disposal of the Parent Company’s receivables, which led to a significant drawdown on the tax-deductible provision for bad debts.

Changes in deferred taxes are discussed respectively under the relevant balance sheet headings ‘Deferred tax liabilities’ and ‘Deferred tax assets’.

Further information

The following sections provide information on the commitments entered into by the Company (I), the determination of *'fair* value' (II), the management of financial risks (III), remuneration paid to Directors and Statutory Auditors (IV), fees paid to the Independent Auditors (V), related party transactions (VI) and significant events occurring after 31 December 2023 (VII).

I. Commitments entered into by the Group

In order to follow up on Acque Potabili's extraordinary transaction, on 24 February 2020 shareholders' agreements were signed with the shareholder IRETI to guarantee, even following the withdrawal transaction, equal ownership stakes in Acque Potabili and to ensure that all decisions are taken jointly, including during the subsequent liquidation proceedings.

II. Determination of 'fair value': supplementary information

With regard to the fair value measurement of financial instruments in accordance with the requirements of IFRS 7, the following is clarified:

Assets

Non-current financial assets – receivables:	the carrying amount in the balance sheet represents their *'fair* value'
Cash and cash equivalents:	the carrying amount in the balance sheet represents their *'fair* value'
Investments available for sale:	the carrying amount in the balance sheet represents their *'fair* value'

Liabilities

Variable-rate loans:	the carrying amount in the balance sheet represents their *'fair* value'
Trade payables:	the carrying amount in the balance sheet represents their *'fair* value'

III. Financial risk management

In accordance with the aforementioned IFRS 7, it should be noted that SMAT S.p.A., in the ordinary course of its business operations, is potentially exposed to the financial risks already discussed in the Management Report.

IV. Remuneration of Directors and Statutory Auditors

Details of the remuneration of the Directors and Statutory Auditors of SMA Torino S.p.A. are set out below:

		2025	2024
Directors	€	374,025	377,384
Auditors	€	124,904	124,904

The remuneration corresponds to the amounts approved by the respective Shareholders' Meetings, in addition to the mandatory contribution.

V. Fees payable to the Auditors

The fees payable to the audit firm Deloitte & Touche S.p.A. for the audit of the separate and consolidated financial statements as at 31 December 2025 amount to 89 thousand euros for the statutory audit.

The fees for the assurance work on SMAT's sustainability reporting for the two-year period 2024–2025 amount to a total of 15 thousand euros (8 thousand euros for 2024, 7 thousand euros for 2025). The fees are recognised upon completion of the assurance work.

VI. Transactions with related parties

Transactions between Group companies are conducted on arm's length terms. Transactions between SMA Torino S.p.A. and its subsidiaries and associates, as well as between these companies themselves, are predominantly of a commercial and financial nature.

VII. Off-balance-sheet arrangements

It is noted that there are no off-balance-sheet arrangements that could have a significant impact on the Company's financial position and results of operations.

Details of the balance sheet and income statement balances relating to transactions with related parties for the financial year ended 31 December 2025 are set out below.

	Financial Year 2025			
	Total revenue	Total operating	Commercial liabilities	Commercial payables
CITY OF TURIN	5,255,899	1,794,785	1,310,758	703,569
SAP SPA IN LIQUIDATION	40,002	-	20,000	16,380
Total related parties	5,295,901	1,794,785	1,330,758	719,949
Total balance sheet item	693,904,073	498,785,621	265,806,899	141,836,971
Percentage of total balance sheet item	0.76%	0.36%	0.50%	0.51%

VIII. Contributions under Law No. 124 of 4 August 2017, Article 1, paragraph 125

During the financial year just ended, SMAT received the following contributions from public authorities and is therefore shown net of connection charges for private connections collected from users.

Date of receipt	Paying entity	Reason	Amount	Contributions for the financial year	Contributions for plant and equipment
17 January 2025	MONCALIERI TOWN COUNCIL	STORM DRAINAGE AND RAINWATER DISPOSAL IN THE BAUDUCCHI HAMLET	269,701		269,701
31 January 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,861	19,861	
31 January 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	219,750	219,750	
28 February 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	561	561	
28 February 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	63,248	63,248	
28 February 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	216,375	216,375	
5 March 2025	CASELLE TOWN COUNCIL	COMMITMENT TO EXPENDITURE FOR WATER BOTTLES	3,000	3,000	
12 March 2025	GENERAL DIRECTORATE FOR DAMS AND WATER AND ELEC-TRICITY INFRASTRUCTURE	VALLE ORCO AQUEDUCT: PIPES FROM PONT CA-NAVESE TO VALLE	27,026,177		27,026,177
12 March 2025	GENERAL DIRECTORATE FOR DAMS AND WATER AND ELEC-TRICITY INFRASTRUCTURE	VALLE ORCO WATER SUPPLY SYSTEM – WATER TREAT-MENT PLANT	24,086,681		24,086,681
31 March 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,798	19,798	
31 March 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	265,500	265,500	
3 April 2025	UNITED NATIONS	EU-WOP Programme – GWOPA	110,885	110,885	
10 April 2025	FONSERVIZI	TRAINING PROGRAMME "MOBILITY MANAGEMENT – PSCL REFRESHER COURSE" CFA CODE 096/2024	3,334	3,334	
10 April 2025	FONSERVIZI	TRAINING PROGRAMME "ENVIRONMENTAL TRAINING" CODE CFA 184/2024	15,304	15,304	
15 April 2025	MONCALIERI TOWN COUNCIL	STORM DRAINAGE AND RAINWATER DISPOSAL IN THE BAUDUCCHI HAMLET	25,240		25,240
29 April 2025	PIEDMONT REGION	IVREA AREA SANITATION: CONSTRUCTION OF A PLANT	144,645		144,645
29 April 2025	AREA AUTHORITY NO. 3	COMPUTERISED MAPPING: SURVEYS, MEASUREMENTS AND IMPLEMENTATION	728,758		728,758
29 April 2025	AREA AUTHORITY NO. 3	SERVICE FOR THE REPLACEMENT OF WATER METERS AND THE SUSPENSION OF DRINKING WATER SUPPLY	4,442,105		4,442,105
29 April 2025	AREA AUTHORITY No. 3	SUPPLY OF METERS FOR REMOTE METERING OF DRINKING WATER	5,322,192		5,322,192
29 April 2025	AREA AUTHORITY NO. 3	SUPPLY OF DATA LOGGERS	64,886		64,886
29 April 2025	AREA AUTHORITY NO. 3	SUPPLY OF NON-PERMANENT FLOW AND PRESSURE METERS	1,604,207		1,604,207
29 April 2025	AREA AUTHORITY No. 3	FLOW AND PRESSURE METERS	692,530		692,530
29 April 2025	AREA AUTHORITY NO. 3	DISTRICTING OF THE DISTRIBUTION NETWORK	6,597,907		6,597,907
29 April 2025	AREA AUTHORITY NO. 3	WATER LEAK DETECTION	909,423		909,423
30 April 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	335,625	335,625	
30 April 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,798	19,798	
30 April 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	895	895	
6 May 2025	FONSERVIZI	TRAINING PROGRAMME: 'AUTOMATIC CONTROL VALVES' CFA CODE 077/2024	9,942	9,942	
6 May 2025	FONSERVIZI	TRAINING PROGRAMME: 'ELECTROMECHANICAL MAINTENANCE – PLC' CFA CODE 061/2024	13.102	13,102	

6 May 2025	FONSERVIZI	TRAINING PROGRAMME “HIGHER CATEGORY C DRIVING LICENCE QUALIFICATION” CFA CODE 001/2022	13,604	13,604	
8 May 2025	AREA AUTHORITY No. 3	ROSTA: UPGRADE OF TANK TREATMENT CAPACITY	1,262,869		1,262,869
20 May 2025	CASTILLA Y LEÓN TECHNOLOGICAL INSTITUTE	IMERMAID PROJECT	15,774	15,774	
30 May 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	307,125	307,125	
3 June 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,798	19,798	
10 June 2025	FONSERVIZI	‘PHOTOSHOP AND PYTHON’ TRAINING PROGRAMME CFA CODE 118/2024	4,652	4,652	
25 June 2025	AREA AUTHORITY NO. 3	NOLE - SEWERAGE - DECOMMISSIONING OF THE STRADA SAN MICHELE SEWAGE TREATMENT PLANT	146,377		146,377
30 June 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,965	19,965	
30 June 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	826	826	
30 June 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	310,875	310,875	
09 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	TURIN – CONSTRUCTION OF CENTRAL COLLECTOR IN THE SOUTH-WEST OF THE METROPOLITAN AREA	525,416		525,416
11 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	COSSANO – REPLACEMENT OF ASBESTOS-CEMENT WATER PIPES	73,810		73,810
14 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	ROME – REPLACEMENT OF THE WATER MAIN IN THE VILLATE AREA	4,117		4,117
16 July 2025	ETHN KENTRO EREVNAS K TECHN AN/TYXI	AQUAMON PROJECT	136,500	136,500	
31 July 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,965	19,965	
31 July 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	276,000	276,000	
5 August 2025	MATHI TOWN COUNCIL	INSTALLATION OF THE MATHI WATER POINT	750	750	
29 August 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	289,125	289,125	
1 September 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,965	19,965	
1 September 2025	GSE	PRODUCTION INCENTIVE FOR EX CV S.GERMANO	259	259	
1 September 2025	GSE	PRODUCTION INCENTIVE (FORMERLY CV ROSTA)	826	826	
2 September 2025	UNIVERSITY OF TURIN	IN2AQUAS PROJECT	3,000	3,000	
22 September 2025	UNIVERSITY OF TURIN	BIOENPROH2O PROJECT	10,727	10,727	
30 September 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	20,278	20,278	
30 September 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	267,375	267,375	
23 October 2025	FONSERVIZI	TRAINING PROGRAMME: ‘SIEMENS PLC PROGRAMMING’ CFA CODE 193/2024	13,354	13,354	
23 October 2025	AREA AUTHORITY No. 3	VALPERGA TREATMENT PLANT – EXPANSION OF THE OXIDATION TANK AND UPGRADE FROM SECONDARY TO TERTIARY TREATMENT	7,008,000		7,008,000
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	CASTAGNETO PO – INSTALLATION OF A NEW GRAVITY PIPE FOR THE DECOMMISSIONING OF THE CIMENASCO PLANT	44,822		44,822
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	GRUGLIASCO – CONSTRUCTION OF WATER SUPPLY NETWORK	54,945		54,945
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDING WORKS AND SPECIAL PROJECTS	CALUSO – RENOVATION OF THE DETERIORATED WATER SUPPLY NETWORK IN VIA DIAZ	21,196		21,196
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	CAVOUR – CONSTRUCTION OF SEWERAGE SYSTEM IN THE CASTELLAZZO HAMLET	8,741		8,741
31 October 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	20,278	20,278	
31 October 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	671	671	
27 November 2025	MUNICIPALITY OF BORGONE DI SUSA	INSTALLATION OF THE BORGONE DI SUSA WATER POINT	600	600	
27 November 2025	METROPOLITAN CITY OF TURIN	PROG ATO 1568 CUP - SUBMISSION OF INSPECTION REPORTS	47,639		47,639
28 November 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	464,250	464,250	
1 December 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	20,278	20,278	
1 December 2025	GSE	PRODUCTION INCENTIVE FOR EX CV S.GERMANO	115	115	
17 December 2025	FONSERVIZI	TRAINING PROGRAMME “INFO WORKS WS PRO” CFA CODE 186/2024	10,302	10,302	
22 December 2025	FONSERVIZI	TRAINING PROGRAMME: ‘FRONT-END SOFTWARE DEVELOPMENT’ CFA CODE 201/2024	9,152	9,152	
22 December 2025	FONSERVIZI	TRAINING PROGRAMME “COMPUTER COURSES 2024” CFA CODE 158/2024	21,456	21,456	
22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	BRUINO – REPLACEMENT OF PIPE ON V. PIOSSASCO – RIVALTA	1,505		1,505
22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	BRUINO – CONNECTION TO THE PIOSSASCO WELLS (WELLS 9 AND 10)	15,858		15,858

22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	VILLARBASSE – PROJECT FOR FLOOD DAMAGE RESTO-RATION AND HYDROLOGICAL REGULATION OF THE SANGONE STREAM	31,605		31,605
22 December 2025	DELEGATED COMMISSIONER	WATER EMERGENCY AND WATER SAFETY PLAN - DT/WSP	22,285	22,285	
31 December 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	232,500	232,500	
31 December 2025	ITALIAN RAILWAY NETWORK	CONNECTION OF WASTEWATER DRAINS FOR THE NEW BUTTIGLIERA ALTA - FERRIERA STATION	672,000		672,000
31 December 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	20,883	20,883	
31 December 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	510	510	
		Total	85,724,354	3,891,003	81,833,351

IX. Significant events occurring after 31 December 2025

Significant events occurring after 31 December 2025 are set out in detail in the relevant section of the Management Report.

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FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR SMAT S.P.A.

IAS/IFRS STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR

Euro	Notes	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Tangible fixed assets	1	160,494,599	154,539,412
Goodwill	2	0	0
Other intangible assets	3	4,601,839	3,661,729
Assets under concession	4	1,205,135,567	1,049,011,861
Equity investments	5	11,760,845	11,760,845
Deferred tax assets	6	21,497,045	26,334,634
Non-current financial assets	7	1,455,161	1,429,219
Other non-current assets		0	0
Total non-current assets		1,404,945,056	1,246,737,700
Current assets			
Stock	8	9,914,274	9,578,420
Trade receivables	9	265,985,250	261,234,313
Current tax assets	10	254,262	355,728
Current financial assets	11	12,958	99,658
Other current assets	12	3,651,775	7,395,862
Cash and cash equivalents	13	133,922,379	76,060,116
Total current assets		413,740,898	354,724,097
Assets held for sale		0	0
TOTAL ASSETS		1,818,685,954	1,601,461,797

BALANCE SHEET FOR THE FINANCIAL YEAR

Euro	Notes	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		345,533,762	345,533,762
Statutory reserve		31,578,539	29,960,114
Restricted reserve for implementation of the PEF		401,047,861	376,447,796
FTA reserve		(2,677,452)	(2,677,452)
Other reserves and retained earnings		4,178,919	4,085,735
Profit for the year		49,908,995	32,368,506
TOTAL EQUITY	14	829,570,624	785,718,461
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	491,033,479	416,110,593
Provision for severance pay and other benefits	16	8,598,721	8,356,191
Provisions for risks and charges	17	33,455,187	20,041,888
Deferred tax liabilities	18	3,412,640	2,977,084
Other non-current liabilities	19	201,840,051	114,183,021
Total non-current liabilities		738,340,078	561,668,777
Current liabilities			
Current financial liabilities	15	30,825,752	40,485,245
Trade payables	20	144,427,177	138,810,610
Current tax liabilities	21	8,283,137	6,989,518
Other current liabilities	22	67,239,186	67,789,186
Other financial liabilities		0	0
Total current liabilities		250,775,252	254,074,559
Liabilities held for sale		0	0
TOTAL LIABILITIES		989,115,330	815,743,336
TOTAL EQUITY AND LIABILITIES		1,818,685,954	1,601,461,797

INCOME STATEMENT FOR THE FINANCIAL YEAR

Euro	Notes	2025	2024
REVENUE			
Revenue	23	426,470,307	376,007,355
Revenue from design and construction activities	24	241,343,361	227,080,414
Other operating revenue	25	21,178,644	21,478,203
Total revenue		**688,992,312**	**624,565,972**
COSTS			
Consumption of raw materials and consumables	26	21,425,927	19,822,077
Costs for services and use of assets	27	133,873,249	141,116,103
Staff costs	28	75,266,405	64,122,027
Other operating expenses	29	29,458,525	26,486,682
Costs for design and construction activities	30	234,751,954	221,729,304
Total operating costs		**494,776,060**	**473,276,193**
Gross Operating Profit		**194,216,252**	**151,289,779**
Depreciation, provisions and write-downs	31	(117,878,718)	(105,596,139)
Operating Profit (EBIT)		**76,337,534**	**45,693,640**
Financial income	32	8,349,526	10,786,322
Financial expenses	33	(13,487,728)	(10,566,592)
Total financial results		**(5,138,202)**	**219,730**
Profit before tax		**71,199,332**	**45,913,370**
Tax	34	(21,290,337)	(13,544,864)
NET PROFIT FOR THE YEAR		**49,908,995**	**32,368,506**

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR

	Notes	2025	2024
A. Profit for the financial year		49,908,995	32,368,506
Actuarial gains/(losses) on severance pay		66,785	86,143
Tax effect on gains/(losses) that will not be subsequently reclassified to the profit and loss account			
B. Profits/(losses) recognised directly in equity which are not will not subsequently be reclassified to the profit and loss account		66,785	86,143
Share of other profits/(losses) of companies accounted for using the equity method		0	0
Tax effect on profits/(losses) to be subsequently reclassified in the income statement once certain conditions are met		0	0
C. Profits/(losses) recognised directly in equity which will subsequently be reclassified to the profit and loss account		0	0
D. Total profit for the financial year (A + B + C)		49,975,780	32,454,649

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR

Euro	Notes	2025	2024
A. Cash flows from operating activities		**263,105,547**	**174,921,347**
Net profit (loss) for the year		49,908,995	32,368,506
Adjustments for non-cash costs and revenues			
Amortisation of intangible assets		3,043,569	2,876,785
Depreciation of tangible assets		17,769,512	15,019,308
Depreciation of assets under concession		80,550,988	74,354,860
Change in provisions for risks and charges		13,413,299	1,070,668
Change in provisions for employee benefits		242,530	(385,248)
Change in deferred tax assets and liabilities		5,273,145	156,387
Change in other non-current assets/liabilities		87,631,088	29,344,910
Change in equity reserves			
Translation difference		0	0
Actuarial gains and losses		0	0
Other movements		66,773	86,208
Change in net working capital			
(Increase)/Decrease in trade receivables		(4,750,937)	(21,151,394)
(Increase)/Decrease in other assets		3,932,253	6,909,554
(Increase)/Decrease in inventories		(335,854)	(61,660)
Increase/(Decrease) in trade payables		5,616,567	33,130,792
Increase/(Decrease) in other liabilities		743,619	1,201,671
B. Cash flows from investing activities		**(264,383,072)**	**(265,235,107)**
Divestments / (investments) in intangible assets		(3,983,679)	2,379,288
Disposals / (acquisitions) of tangible fixed assets		(23,724,699)	(28,875,763)
Disposals / (acquisitions) of assets under concession		(236,674,694)	(238,693,632)
Change in equity investments		0	(45,000)
Change in the scope of consolidation			
C. Cash flows from financing activities		**59,139,788**	**56,236,474**
Proceeds from the issue of share capital		0	0
(Purchase)/Disposal of equity interests		0	0
Change in financial liabilities		94,185,926	34,355,420
Other changes in financial liabilities		(28,922,533)	29,754,260
(Dividends paid)		(6,123,605)	(7,873,206)
D. Net cash flow from operating activities (A ± B ± C)		**57,862,263**	**(34,077,286)**
E. Opening cash and cash equivalents		**76,060,116**	**110,137,402**
F. Closing cash balances (D ± E)		**133,922,379**	**76,060,116**

CHANGES IN EQUITY FOR THE FINANCIAL YEAR

(in euros)	31/12/2023	Allocation of profit	Dividend distribution	Other movements	Profit for the financial year	31/12/2024
Share capital	345,533,762					345,533,762
Statutory reserve	27,887,553	2,072,561				29,960,114
Restricted reserve for implementation of the PEF	344,944,872	31,502,924				376,447,796
FTA reserve	(2,677,452)			0		(2,677,452)
Other reserves and retained earnings:						
• *Discretionary reserve*	34,342,562			0		34,342,562
• *Provision for discounting severance pay*	1,152,128			0	86,143	1,238,271
• *Negative reserve for treasury shares held in portfolio*	(32,993,018)			65		(32,992,953)
• *Rounding reserve*	0			0		0
• *Retained earnings*	1,495,330	7,875,731	(7,873,206)	0		1,497,855
Total other reserves and retained earnings	3,997,002	7,875,731	(7,873,206)	65	86,143	4,085,735
Profit for the year	41,451,216	(41,451,216)			32,368,506	32,368,506
TOTAL EQUITY	761,136,953	0	(7,873,206)	65	32,454,649	785,718,461

(in euros)	31/12/2024	Allocation of profit	Dividend distribution	Other movements	Profit for the finan-cial year	31/12/2025
Share capital	345,533,762					345,533,762
Statutory reserve	29,960,114	1,618,425				31,578,539
Restricted reserve for implementation of the PEF	376,447,796	24,600,065				401,047,861
FTA reserve	(2,677,452)			0		(2,677,452)
Other reserves and retained earnings:						
• *Discretionary reserve*	34,342,562			0		34,342,562
• *Provision for discounting severance pay*	1,238,271			0	66,785	1,305,056
• *Negative reserve for treasury shares held*	(32,992,953)			0		(32,992,953)
• *Rounding reserve*	0			(12)		(12)
• *Retained earnings*	1,497,855	6,150,016	(6,123,605)	0		1,524,266
Total other reserves and retained earnings	4,085,735	6,150,016	(6,123,605)	(12)	66,785	4,178,919
Profit for the year	32,368,506	(32,368,506)			49,908,995	49,908,995
TOTAL EQUITY	785,718,461	0	(6,123,605)	(12)	49,975,780	829,570,624

NOTES TO THE FINANCIAL STATEMENTS OF SMA TORINO S.P.A.

Accounting policies

European Regulation (EC) No 1606/2002 of 19 July 2002 introduced the obligation, with effect from the 2005 financial year, to apply the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("IFRS" or "International Accounting Standards") for the preparation of financial statements of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. On 13 April 2017, SMAT S.p.A. issued a bond with a nominal value of € 135 million, which was subscribed by institutional investors, and listed it on the Irish Stock Exchange. In accordance with the legislative provisions referred to above, SMAT S.p.A. is therefore required to prepare its consolidated and separate financial statements in accordance with IFRS from the financial year ended 31 December 2016.

These financial statements have therefore been prepared in accordance with the IFRS in force at the date of their approval. The term 'IFRS' refers to the new International Financial Reporting Standards, the revised International Accounting Standards ('IAS'), and all interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), formerly known as the Standing Interpretations Committee ('SIC'), as endorsed and adopted by the European Union.

The financial statement formats and accounting information set out in the Notes to the Financial Statements are consistent with the accounting records from which they are directly derived. IFRS have been applied consistently to all periods presented in this document.

The financial statements, as required by IAS 1, include figures for the previous financial year for the purposes of comparison. Where necessary, the previous year's figures have been appropriately restated to ensure comparability.

These financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, with the exception of certain accounting items which are recognised at *fair value*, in accordance with the provisions of International Financial Reporting Standards.

Presentation of amounts in the Notes to the Financial Statements

Unless otherwise stated, the amounts reported in the Notes to the Financial Statements are expressed in euros, rounded up to the nearest whole number where the fraction is 50 or more.

IFRS accounting standards, amendments and interpretations applied from 1 January 2025

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time with effect from 1 January 2025:

- On 15 August 2023, the IASB published an amendment entitled ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires an entity to adopt a consistent methodology to assess whether one currency can be converted into another and, where this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The adoption of this amendment had no impact on the Company's financial statements.

Accounting standards, amendments and interpretations: IFRS accounting standards endorsed by the European Union, not yet mandatory and not early adopted by the Group as at 31 December 2025

As at the date of this document, the competent bodies of the European Union have completed the endorsement process necessary for the adoption of the amendments and standards described below; however, these standards are not yet mandatory and have not been early adopted by the Company as at 31 December 2025:

- On 30 May 2024, the IASB published the document ***"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7***". The document clarifies certain issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. *green bonds*). In particular, the amendments aim to:

  - clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for assessing the SPPI test;
  - specify that the settlement date for liabilities settled via electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy allowing it to derecognise a financial liability before delivering cash on the settlement date, provided certain specific conditions are met.

  With these amendments, the IASB has also introduced further disclosure requirements relating, in particular, to investments in equity instruments designated at fair value through other comprehensive income (FVOCI).

  The amendments will apply to financial statements for financial years beginning on or after 1 January 2026. The directors do not expect the adoption of this amendment to have a significant effect on the Company's financial statements.

- On 18 December 2024, the IASB published an amendment entitled ***"Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7***". The document aims to assist entities in reporting the financial effects of contracts for the purchase of electricity generated from renewable sources (often structured as *Power Purchase Agreements*). Under such contracts, the quantity of electricity generated and purchased may vary depending on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
  - a clarification regarding the application of the 'own use' requirements to this type of contract;
  - criteria to allow such contracts to be accounted for as hedging instruments; and,
  - new disclosure requirements to enable users of the financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendment will apply from 1 January 2026, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Company's financial statements.

- On 18 July 2024, the IASB published a document entitled ***"Annual Improvements Volume 11***". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and the related guidance on the implementation of IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements;
  - IAS 7 Statement of Cash Flows.

The amendments will apply from 1 January 2026. The directors do not expect the adoption of these amendments to have a significant effect on the Company's financial statements.

Accounting standards, amendments and interpretations of IFRS not yet endorsed by the European Union as at 31 December 2025

As at the date of this document, the relevant bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 9 April 2024, the IASB published a new standard, ***IFRS 18 Presentation and Disclosure in Financial Statements,*** which will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. Specifically, the new standard requires:

    - classify revenue and expenses into three new categories (operating, investing and financing sections), in addition to the 'tax' and 'discontinued operations' categories already present in the income statement;
    - present two new subtotals: operating profit and profit before interest and tax (i.e. EBIT).

  The new standard also:
    - requires more information on performance indicators defined by management;
    - introduces new criteria for the aggregation and disaggregation of information; and,
    - introduces certain changes to the cash flow statement format, including the requirement to use operating profit as the starting point for presenting the cash flow statement prepared using the indirect method, and the removal of certain classification options for certain items currently in place (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will come into force on 1 January 2027, but early adoption is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Company's financial statements.

- On 9 May 2024, the IASB published a new standard, ***IFRS 19 Subsidiaries without Public Accountability: Disclosures*** (together with the *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures* published on 21 August 2025). The new standard introduces certain simplifications regarding the disclosures required by the IFRS Accounting Standards in the financial statements of a subsidiary that meets the following criteria:
    - it has not issued any equity or debt instruments listed on a regulated market and is not in the process of issuing any;
    - its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will come into force on 1 January 2027, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Company's financial statements.

- On 13 November 2025, the IASB published a document entitled **"Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21",** which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
  - its functional currency is that of a non-hyperinflationary economy and it is translating its financial results and financial position into the currency of a hyperinflationary economy; or,
  - it is translating the financial results and financial position of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, into the currency of a hyperinflationary economy.

  The amendments will apply to financial statements for annual periods beginning on or after 1 January 2027. The directors do not expect the adoption of this amendment to have any effect on the Company's financial statements.

- On 30 January 2014, the IASB published ***IFRS 14 – Regulatory Deferral Accounts,*** which allows only first-time adopters of IFRS to continue recognising amounts relating to assets subject to regulated tariffs (*"Rate Regulation* Activities") in accordance with previously adopted accounting standards. As the Company is not a *first-time adopter*, this standard is not applicable.

Valuation criteria

The valuation of balance sheet items has been carried out in accordance with the general principles of prudence and accrual accounting, on a going concern basis. For accounting purposes, priority is given to the economic substance of transactions rather than their legal form.

With regard to the economic aspect, it should be noted that the costs and revenues shown include year-end entries that are reflected in the corresponding entries in the balance sheet. In this regard, profits are included only if realised by the end of the financial year, whilst risks and losses have been taken into account even if they became known after that date.

Tangible fixed assets

Tangible fixed assets are recognised at purchase or production cost, inclusive of incidental expenses, or at a value based on valuations of the business's assets in the case of business acquisitions, net of accumulated depreciation and any impairment losses. Production cost includes direct and indirect costs reasonably attributable to the asset (for example: staff costs, transport costs, customs duties, costs of preparing the installation site, testing costs, notary and land registry fees). The cost includes any professional fees and, for certain assets, capitalised finance costs up to the date the asset becomes operational. The cost also includes any site remediation costs relating to the land on which the tangible fixed asset is situated, provided they meet the requirements of IAS 37.

Routine maintenance costs are charged in full to the profit and loss account. Costs relating to improvements, modernisation and conversions that increase the asset's value are capitalised.

The carrying amount of tangible fixed assets is reviewed to identify any impairment losses, particularly when events or changes in circumstances indicate that the carrying amount cannot be recovered.

Tangible fixed assets are stated gross of capital grants, which are recognised in the profit and loss account over the period necessary to match them with the related costs; in the balance sheet, they are presented by recording the grant as deferred income.

Depreciation commences when the assets enter the production cycle; for new acquisitions, it is calculated at 50% of the full rate, as this is considered representative of the actual use of the assets. Assets under construction comprise the costs relating to tangible fixed assets for which the process of economic utilisation has not yet commenced. Tangible fixed assets are systematically depreciated in each financial year on the basis of economic and technical rates deemed representative of the remaining useful life of the assets. The Notes to the Financial Statements provide detailed tables showing the depreciation rates applied to the assets.

The item "Assets under construction and advance payments" includes payments made to suppliers as advance payments relating to the acquisition of tangible fixed assets.

As required by IAS 16, the estimated useful lives of property, plant and equipment are reviewed at the end of each financial year to assess whether they need to be revised. Should it transpire that the estimated useful lives do not adequately reflect the expected future economic benefits, the relevant depreciation schedules must be revised in line with the new assumptions. Such changes are recognised in the profit and loss account on an accrual basis.

During the financial year, no changes were made to the depreciation schedules for any category of property, plant and equipment.

Land is not depreciated.

In accordance with IFRS 16 – *Leases*, with effect from 1 January 2019, the Company recognises the following in respect of lease contracts previously classified as operating leases:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using *the incremental borrowing rate* applicable at the transition date for each contract;
- a right-of-use asset equal to the value of the financial liability at the transition date, net of any accruals and deferrals relating to *the lease* and recognised in the balance sheet at the balance sheet date.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sales proceeds and the net book value of the asset and are recognised in the profit and loss account at the time the risks and rewards associated with ownership of the asset are transferred to the buyer.

Goodwill and other intangible assets

Identifiable and controllable intangible assets, the cost of which can be reliably determined on the assumption that such assets will generate future economic benefits, are recognised in the accounts. These assets are recognised at cost, determined in accordance with the criteria set out for tangible fixed assets, and, where they have a finite useful life, are amortised on a straight-line basis over their estimated useful life. Amortisation commences from the moment the asset is ready for use, or in any event begins to generate economic benefits for the company. Assets under construction comprise the costs relating to intangible assets for which the process of economic use has not yet commenced.

Intangible assets with a finite useful life are amortised on a straight-line basis from the time the asset is available for use over its expected useful life. Goodwill and other assets with an indefinite useful life are not subject to systematic amortisation, but are subject to at least an annual impairment test conducted at the level of the individual Cash Generating Unit (CGU) or groups of CGUs to which assets with an indefinite useful life can reasonably be allocated; the test is described below under 'Impairment of assets'. Any write-downs recognised in respect of goodwill cannot be reversed at a later date.

In 2024, the goodwill acquired for consideration in connection with the disposals of the SAC business unit (1 January 2014) and the SAP business unit (1 July 2015) was reclassified as *"Concession* rights" and is being amortised on a straight-line basis until the end of the current concession (2033).

Intangible assets recognised as a result of a business combination are accounted for separately from goodwill if their fair value can be reliably determined.

Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in the profit and loss account at the time the risks and rewards associated with ownership of the asset are transferred to the purchaser.

Assets under concession

Concessions consist mainly of rights relating to networks, plant and other facilities pertaining to the integrated water service entrusted to SMAT S.p.A., which are necessary for the operation of that service. These concessions, stated gross of grants, are classified under a specific heading in accordance with IFRIC 12 – Service Agreements. With regard to depreciation, IFRIC stipulates that this should be calculated in accordance with the terms of the agreement and, in particular, on a straight-line basis over the shorter of the economic and technical life of the assets under concession and the term of the concession itself, until the residual value specified in the agreement is reached.

For certain assets, the cost includes capitalised finance costs up to the date the asset becomes operational.

In particular, the value of the rights to use state-owned assets forming part of the water supply system of the City of Turin and the C.I.A.C.T., determined in accordance with the expert valuation reports at the time of transfer, has been recognised in these financial statements on the basis of the term of the relevant agreement, as extended by the Turin Area Authority No. 3. Depreciation of improvements made to the aforementioned assets after the date of transfer has been calculated on the basis of their estimated economic and technical useful life. Depreciation on improvements made to the facilities of external water systems entrusted to the Company for direct management has been calculated with reference to the estimated economic and technical useful life of the improvements carried out.

The extensions to the City of Turin's water supply system, received as a contribution and for which the previous concession agreement between the City of Turin and AAM Torino S.p.A. (now in liquidation) contractually stipulated the obligation to transfer them free of charge at the end of the concession, have been depreciated on the basis of the estimated economic and technical useful life of the extensions carried out.

The concession includes rights to networks, plant and other assets relating to the integrated water service connected to services managed by SMAT S.p.A. The implementation of IFRIC 12 has made it necessary to apply IAS 11 to these same infrastructure assets, as where the concessionaire constructs or improves infrastructure over which it has no control, the related construction and improvement works carried out on behalf of the grantor constitute genuine contract work. Given that the majority of the works are contracted out and that, for construction activities carried out in-house, the contract margin cannot be identified separately from the benefits recognised in the service remuneration tariff, such infrastructure is recognised on the basis of the costs actually incurred.

The item “assets under construction and advance payments” comprises the costs incurred for the acquisition or in-house production of intangible assets, primarily works carried out on the concession network that have not yet become operational, and includes advance payments made to suppliers in respect of the acquisition of intangible assets.

Equity investments

Investments in subsidiaries and associates are recognised at adjusted cost in the event of impairment, to bring them into line with their recoverable amount, in accordance with IAS 36 – Impairment of Assets. Where such an impairment subsequently ceases to exist or is reduced, the carrying amount is increased up to the new estimate of the recoverable amount, which may not, however, exceed the original cost. The reversal of an impairment loss is recognised in the profit and loss account.

Investments in other companies are measured at fair value recognised in other comprehensive income. Excluded from this approach are investments held exclusively for the purpose of subsequent disposal, for which changes in fair value are recognised in profit (loss) for the year. The risk arising from any losses exceeding the carrying amount of the investment is recognised in a specific provision to the extent that the investor is committed to fulfilling legal or constructive obligations towards the investee or, in any event, to covering its losses.

To ensure the accuracy of the carrying amount, investments in associates and other companies have been subject to impairment testing. In practice, for the purposes of this assessment, the reference carrying amount of these investments was determined and subsequently compared with the recoverable amount identified through a valuation prepared by an independent external valuer.

Where the Company’s share of the investee’s losses exceeds the carrying amount of the investment, the carrying amount of the investment is written down to zero and the portion of any further losses is recognised as a provision on the liabilities side if the Company is obliged to bear them.

Dividends received are recognised in the profit and loss account when the right to receive payment is established. Where the investee has distributed dividends, the following factors are also considered as possible indicators of impairment:

- the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets, including the related goodwill;
- the dividend exceeds the investee’s total comprehensive income for the period to which the dividend relates.

Financial assets which the Company intends and is able to hold to maturity are recognised at cost, which is the fair value of the initial consideration given in exchange, plus transaction costs. Following initial recognition, financial assets are measured at amortised cost using the effective interest rate method.

Non-current financial assets

This category includes assets that are not derivatives and are not quoted on an active market, from which fixed or determinable payments are expected. These assets are measured at amortised cost using the effective interest rate method. Where there is objective evidence of impairment, the value of the assets is reduced to the discounted value of future cash flows: impairment losses identified through impairment testing are recognised in the income . If, in subsequent periods, the reasons for previous write-downs no longer apply, the value of the assets is reversed up to the amount that would have resulted from applying the amortised cost method had the impairment test not been carried out. These assets are classified as current assets, except for those maturing in more than 12 months, which are included under non-current assets.

Inventories

Inventories are measured at the lower of weighted average cost per transaction and the corresponding market value; in order to reflect situations of technical obsolescence or slow turnover, a specific provision for write-downs is recognised, which is charged directly against inventories to bring their cost in line with their expected realisable value.

Receivables

Receivables are initially recognised at their 'fair value' and, subsequently, at amortised cost, where material, using the effective interest rate, net of any impairment losses. Impairment losses on receivables are recognised in the profit and loss account when there is objective evidence that the Group will not be able to recover the receivable. The amount of the impairment loss is measured as the difference between the carrying amount and the present value of expected future cash flows. The value of receivables is stated in the balance sheet net of the provision for bad debts.

With regard to the impairment test, the IFRS 9 standard – Financial Instruments: Recognition and Measurement – requires, from the 2018 financial year onwards, that the estimation of credit losses be carried out on the basis of the expected losses model (rather than the incurred losses model used under IAS 39), using supportable information available without unreasonable cost or effort, including historical, current and forward-looking data. The standard stipulates that this impairment testing model applies to all financial instruments, namely financial assets measured at amortised cost, those measured at fair value, receivables arising from lease agreements and trade receivables. The company has developed a credit analysis model, which includes receivables that have not yet fallen due in the estimate of the provision for bad debts and determines the write-down percentages to be applied to the various categories of overdue receivables.

Financial assets and other current assets

These are initially recognised at their 'fair value' (including costs incurred for purchase/issue) at the transaction date. Subsequently, they are measured at amortised cost using the effective interest rate method, where significant, and any impairment losses are recognised in the profit or loss account.

Segment reporting

The disclosure relating to operating segments has been prepared in accordance with the provisions of IFRS 8 "Operating Segments", which require the presentation of information consistent with the methods used by management to make operational decisions.

Consequently, the identification of operating segments and the information presented are based on the internal reporting used by management for the allocation of resources to the various segments and for the analysis of their performance.

An operating segment is defined by IFRS 8 as a component of an entity that: I) engages in business activities that generate revenue and incur costs (including revenue and costs relating to transactions with other components of the same entity); II) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions regarding the resources to be allocated to the segment and assessing its results; III) for which separate financial information is available.

Management has identified a single operating segment, which encompasses all the main services and products provided to customers, as the company's business consists of the management of the Integrated Water Service, which is not broken down further for the purposes of internal strategic reporting.

Cash and cash equivalents

Cash comprises cash on hand, including cheques, and demand deposits. Cash equivalents consist of financial investments with a maturity of three months or less (from the date of purchase), which are readily convertible into cash and carry an insignificant risk of change in value.

These items are accounted for at fair value; gains or losses arising from any changes in fair value are recognised in the profit and loss account.

Treasury shares

Treasury shares are shown as a deduction from equity. The proceeds from their disposal are also recorded as a debit to equity, with no entry in the profit and loss account.

Provisions for risks and charges , employee benefits

Provisions for risks and charges relate to costs and charges of a specific nature, the existence of which is certain or probable, but the amount or timing of which is undetermined at the balance sheet date. Provisions are recognised when: (i) it is probable that a present obligation, whether legal or constructive, exists as a result of a past event; (ii) it is probable that the settlement of the obligation will result in an outflow of resources embodying economic benefits; (iii) the amount of the obligation can be reliably estimated.

Provisions represent the best estimate of the costs required to meet the obligation at the balance sheet date (assuming there is sufficient information to make such an estimate) and are discounted when the effect is material and the necessary information is available. In such cases, provisions are determined by discounting future cash flows at a pre-tax discount rate that reflects current market assessments and takes into account the risks associated with the company's operations. When discounting is applied, the increase in the provision due to the passage of time is recognised as a finance cost. If the liability relates to tangible assets (e.g. site restoration), the provision is recognised as a contra-entry to the asset to which it relates, and the expense is recognised in the profit and loss account through the depreciation of the tangible fixed asset to which the expense relates. In the event of a remeasurement of the liability, the methods set out in IFRIC 1 are applied.

The explanatory notes also set out any contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; (ii) present obligations arising from past events, the amount of which cannot be reliably estimated or the settlement of which is unlikely to be onerous.

Employee benefits (Severance pay)

Liabilities relating to defined benefit schemes (such as the TFR for the portion accrued prior to 1 January 2007 and other employee benefits) are determined net of any plan assets on the basis of actuarial assumptions and on an accrual basis, consistent with the service required to earn the benefits; the liability is measured with the assistance of independent actuaries. The value of actuarial gains and losses, as required by IAS 19, is recognised in other comprehensive income. Following Finance Law No. 296 of 27 December 2006, for companies with more than 50 employees, the TFR is treated as a defined-contribution scheme for the portions accrued from 1 January 2007 onwards.

Trade payables and other liabilities

Trade payables and other payables are initially recognised at fair value, net of directly attributable incidental costs, and are subsequently carried at amortised cost, where material, using the effective interest rate method.

Costs and revenues

Costs and revenues are recognised net of adjusting items, namely returns, discounts, rebates and any changes in estimates, and are recognised at the time control over the product sold is transferred to the customer; in the case of services, they are recognised in the accounting period in which the services are rendered.

Specifically, with regard to revenue:

- revenue from the provision of services is recognised on the date on which the services are completed;
- revenue from the sale of water is recognised and accounted for at the time of supply and includes a provision for supplies made but not yet invoiced (estimated on the basis of historical analysis determined in relation to past consumption);
- revenue from the sale of products is recognised when control over the product sold is transferred to the customer, which generally coincides with the delivery or dispatch of the goods.

Costs are recognised on an accrual basis.

Grants for plant and equipment

Grants for plant and equipment are recognised in the financial statements when supporting documentation is available evidencing the imminent receipt of funds from the granting authority. They contribute to the formation of the profit or loss for the period in accordance with the accrual basis of accounting, determined in relation to the remaining economic and technical useful life of the assets to which they relate.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis. Dividends from other companies are recognised in the profit and loss account when the right to receive payment is established.

Taxes on income for the year

Income tax for the financial year represents the sum of current and deferred tax. Current tax is based on the taxable profit for the financial year. Taxable profit differs from the profit reported in the profit and loss account as it excludes positive and negative items that will be taxable or deductible in other financial years, and also excludes items that will never be taxable or deductible. 'Current tax liabilities' are calculated using the tax rates in force at the balance sheet date. In determining the tax for the financial year, the Company has taken due account of the effects arising from the IAS tax reform introduced by Law No. 244 of 24 December 2007 and, in particular, the strengthened principle of derivation laid down in Article 83 of the TUIR, which now provides that, for entities applying international accounting standards, the following apply—even in derogation from the provisions of the TUIR— "the criteria for recognition, timing and classification in the financial statements provided for by those accounting standards" shall apply.

Deferred taxes are calculated with regard to temporary differences in taxation and are recognised under the heading "Deferred tax liabilities". Deferred tax assets are recognised to the extent that it is considered probable that, in the financial years in which the related temporary differences will reverse, there will be taxable income at least equal to the amount of the differences that will be offset. Deferred and prepaid taxes are determined on the basis of the tax rates expected to apply in the financial year in which the tax asset will be realised or the tax liability settled, based on the tax rates established by legislation in force or substantially in force at the balance sheet date. These changes are recognised in the profit and loss account or in equity, depending on how the original difference was recognised.

Impairment testing

The carrying amounts of the Company's assets are assessed at each balance sheet date to determine whether there are any indications of impairment; if so, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The recoverable amount of non-financial assets is the higher of their fair value less costs to sell and their value in use. To determine value in use, the estimated future cash flows are discounted using a discount rate that reflects the current market assessment of the time value of money and the risks associated with the type of asset. In the case of assets that do not generate cash inflows that are largely independent, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Where, subsequently, an impairment loss on an asset, other than goodwill and other assets with an indefinite useful life, ceases to exist or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised immediately in the profit and loss account.

Use of estimates

The preparation of the financial statements and the related explanatory notes requires the board of directors to make estimates that affect the values of assets, certain liabilities and contingent liabilities at the balance sheet date.

Furthermore, the current situation of widespread economic and financial crisis entails the need to make assumptions regarding future trends, which may be characterised by uncertainty; consequently, it cannot be ruled out that results differing from those estimated may materialise in the future, which could therefore require adjustments to the carrying amounts of the relevant balance sheet items that cannot currently be estimated or predicted.

Estimates are used in various areas, such as the provision for bad debts, provisions for potential liabilities, depreciation and amortisation, the valuation of assets relating to investments in associates and subsidiaries, sales revenue, costs and expenses relating to the management of the Integrated Water Service, and income tax.

Estimates and assumptions are reviewed periodically on the basis of the best available knowledge of the business and other factors that can reasonably be inferred from current circumstances, and the effects of any changes are recognised immediately in the income statement.

NON-CURRENT ASSETS

1. Tangible fixed assets € 160,494,599

The breakdown of property, plant and equipment and the related movements during the financial year are set out in the following table:

2024 Categories	Land and buildings	Installations and machinery	Equipment industrial and commercial	Other Assets	Leased assets (see details)	Fixed assets in progress and advances	Total general
Historical cost as at 31 December 2023	107,062,955	320,654,059	28,446,936	23,611,968	7,815,368	24,093,781	511,685,067
Advance payments to suppliers as at 31 December 2023						849,803	849,803
Accumulated fund as at 31 December 2023	(49,470,335)	(281,982,624)	(16,856,055)	(20,386,314)	(3,156,585)	0	(371,851,913)
Net value as at 31 December 2023	57,592,620	38,671,435	11,590,881	3,225,654	4,658,783	24,943,584	140,682,957
Reclassifications	0	0		0	0	0	0
Works in progress to be completed in 2024	498,786	9,900,172	5,910,043	157,023	0	(16,043,697)	422,327
Disinvestments during the financial year	(175,552)	(55,871)	(1,701,653)	(369,067)	(63,362)	(159,978)	(2,525,483)
Adjustments	0	0	0	0	0	(226,045)	(226,045)
Reversals of advance payments to suppliers 2023						(151,821)	(151,821)
Increases in advance payments to suppliers 2024						490,969	490,969
Meters purchased and installed in the 2024 financial year			5,340,149			(5,340,149)	0
Increases during the financial year	933,041	2,160,986	9,780,701	2,067,858	781,365	13,176,440	28,900,391
Reclassification/adjustment to depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(3,270,980)	(5,957,883)	(2,937,740)	(1,456,317)	(1,396,388)	0	(15,019,308)
Use of funds	3,334	4,191	1,576,989	342,415	38,496	0	1,965,425
Historical cost as at 31 December 2024	108,319,230	332,659,346	47,776,176	25,467,782	8,533,371	15,500,352	538,256,257
Advance payments to suppliers as at 31 December 2024						1,188,951	1,188,951
Accumulated fund as at 31 December 2024	(52,737,981)	(287,936,316)	(18,216,806)	(21,500,216)	(4,514,477)	0	(384,905,796)
Net value as at 31 December 2024	55,581,249	44,723,030	29,559,370	3,967,566	4,018,894	16,689,303	154,539,412

2025 Categories	Land and buildings	Installations and machinery	Equipment industrial and commercial	Other Assets	Leased assets (see details)	Fixed assets in progress and advances	Total general
Historical cost as at 31 December 2024	108,319,230	332,659,346	47,776,176	25,467,782	8,533,371	15,500,352	538,256,257
Advance payments to suppliers as at 31 December 2024						1,188,951	1,188,951
Provision for depreciation as at 31 December 2024	(52,737,981)	(287,936,316)	(18,216,806)	(21,500,216)	(4,514,477)	0	(384,905,796)
Net value as at 31 December 2024	55,581,249	44,723,030	29,559,370	3,967,566	4,018,894	16,689,303	154,539,412
Reclassifications	(519,934)	519,934	0	142,715	0	(6,833)	135,882
Works in progress to be completed in 2025	642,195	2,500,986	5,257,812	173,210	0	(8,574,203)	0
Disinvestments during the financial year	0	(69,163)	(2,905,085)	(127,589)	(167,791)	0	(3,269,628)
Adjustments	0	0	0	0	0	(290,853)	(290,853)
Reversals of advance payments to suppliers 2024	0	0	0	0	0	(239,987)	(239,987)
Increases in advance payments to suppliers 2025	0	0	0	0	0	0	0
Acquisition of the ACEA business unit	1,126,247	0	408,065	87,571	0	0	1,621,883
Meters purchased and installed in the 2025 financial year	0	0	2,160,689	0	0	(2,160,689)	0
Increases during the financial year	654,030	3,903,444	8,698,201	2,358,393	1,418,225	6,451,070	23,483,363
Reclassification/adjustment to depreciation provision	200,893	(200,893)					0
Depreciation and amortisation for the financial year	(3,213,923)	(6,908,133)	(4,472,527)	(1,537,138)	(1,637,791)	0	(17,769,512)
Use of funds	0	5,188	2,044,547	120,460	113,844	0	2,284,039
Historical cost as at 31 December 2025	110,221,768	339,514,547	61,395,858	28,102,082	9,783,805	10,918,844	559,936,904
Advance payments to suppliers as at 31 December 2025						948,964	948,964
Provision for depreciation as at 31 December 2025	(55,751,011)	(295,040,154)	(20,644,786)	(22,916,894)	(6,038,424)	0	(400,391,269)
Net value as at 31 December 2025	54,470,757	44,474,393	40,751,072	5,185,188	3,745,381	11,867,808	160,494,599

As indicated in the valuation criteria, tangible fixed assets also include the recognition of directly attributable financial charges relating to certain major projects currently being depreciated.

The assets owned by the Company have been depreciated on an ordinary basis in accordance with the valuation criteria detailed in these Notes to the Financial Statements and in accordance with rates reflecting their estimated remaining useful life as at the date of these financial statements. Reduced rates of 50% have been applied to additions made during the financial year.

The item *"Plant and machinery"* also includes the value of spare parts intended for long-term use.

Since 2021, the item *"Industrial and commercial equipment"* has included the value of measuring instruments, previously classified under *"Assets under concession*".

The item *"Other tangible* assets" includes furniture and fittings, standard office equipment, electromechanical and electronic equipment, hardware, passenger cars, commercial vehicles and other vehicles.

From 2021, this heading also includes the value of coal, previously classified under *'Assets under concession*'.

The item *"Assets under construction and advance* payments" includes the value, based on the stage of completion, of works in progress at the end of the financial year, as well as advance payments made to suppliers.

Following the application of IFRIC 12, *"Service Concession Arrangements",* the assets to be transferred free of charge relating to the City of Turin's water supply system have been reclassified under intangible fixed assets, within *"Assets under concession*".

The item *"Leased* assets" represents the recognition of assets subject to leases under fixed assets following the adoption of IFRS 16 – *Leases*, effective from 1 January 2019, and relates primarily to long-term vehicle hire contracts.

Below is a breakdown of the movements in *the 'Leased Assets'* category:

Categories	Leasing – Rentals Hardware	Leasing- Rentals Cars	Leasing – Hire Other vehicles	Leasing – Rentals Property	Leasing - Rentals Land	PROPERTY UNDER LEASE
Historical cost as at 31 December 2024	0	465,614	6,900,228	841,171	326,358	8,533,371
Accumulated fund as at 31 December 2024	0	(237,280)	(3,694,598)	(363,024)	(219,575)	(4,514,477)
Net value as at 31 December 2024	0	228,334	3,205,630	478,147	106,783	4,018,894
Reclassifications	0	0	0	0	0	0
Works in progress to be completed in 2025	0	0	0	0	0	0
Divestments during the financial year	0	0	(108,154)	(35,592)	(24,045)	(167,791)
Adjustments	0	0	0	0	0	0
Lease increases	0	7,524	842,079	568,622	0	1,418,225
Depreciation and amortisation for the financial year	0	(97,136)	(1,308,306)	(192,747)	(39,602)	(1,637,791)
Use of funds	0	0	54,206	35,593	24,045	113,844
Historical cost as at 31 December 2025	0	473,138	7,634,153	1,374,201	302,313	9,783,805
Accumulated fund as at 31 December 2025	0	(334,416)	(4,948,698)	(520,178)	(235,132)	(6,038,424)
Net value as at 31 December 2025	0	138,722	2,685,455	854,023	67,181	3,745,381

Intangible fixed assets € 1,209,737,406

Intangible assets are summarised in the following table:

2024 Categories	Goodwill	Start-up and expansion	Development costs	Industrial patent rights and rights to use of intellectual property	Concessions, licences, trade marks and similar rights	Assets under construction and advance payments	Other	Total Other fixed assets Intangible	Total Assets under concession (see details of movements)	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 31 December 2023	5,928,005	39,142	249,266	154,000	30,270,980	550,518	510,210	31,774,116	1,445,127,781	1,482,829,902
Advances to suppliers as at 31 December 2023									42,156,134	42,156,134
Accumulated fund as at 31 December 2023	0	(39,142)	(249,266)	(154,000)	(28,149,308)	0	(192,603)	(28,784,319)	(602,610,826)	(631,395,145)
Net value as at 31 December 2023	5,928,005	0	0	0	2,121,672	550,518	317,607	2,989,797	884,673,089	893,590,891
Reclassifications	(5,928,005)	0	0	0		0	0	0	5,928,005	0
Works in progress to be completed in 2024	0	0	0	0	640,009	(541,858)	0	98,151	(520,476)	(422,325)
Divestments during the financial year	0	0	0	0	0	0	0	0	(1,330,884)	(1,330,884)
Adjustments	0	0	0	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2023								0	(14,771,523)	(14,771,523)
Increases Advance								0	22,137,348	22,137,348

payments to Suppliers 2024										
Increases for the financial year	0	0	0	0	3,432,567	17,999	0	3,450,566	227,080,414	230,530,980
Reclassification/ adjustment to depreciation provision	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	0	0	0	0	(2,865,013)	0	(11,772)	(2,876,785)	(74,354,860)	(77,231,645)
Use of funds	0	0	0	0	0	0	0	0	170,748	170,748
Historical cost as at 31 December 2024	0	39,142	249,266	154,000	34,343,556	26,659	510,210	35,322,833	1,676,284,840	1,711,607,673
Advances to suppliers as at 31 December 2024	0	0	0	0	0	0	0	0	49,521,959	49,521,959
Accumulated provision as at 31 December 2024	0	(39,142)	(249,266)	(154,000)	(31,014,321)	0	(204,375)	(31,661,104)	(676,794,938)	(708,456,042)
Net value as at 31 December 2024	0	0	0	0	3,329,235	26,659	305,835	3,661,729	1,049,011,861	1,052,673,590

2025 Categories	Goodwill	Start-up and expansion	Development costs	Industrial patent rights and rights to use of intellectual property	Concessions, licences, trade marks and similar rights	Assets under construction and advance payments	Other	Total Other fixed assets Intangible	Total Assets under concession (see details of movements)	Grand total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 31 December 2024	0	39,142	249,266	154,000	34,343,556	26,659	510,210	35,322,833	1,676,284,840	1,711,607,673
Advance payments to suppliers as at 31 December 2024	0	0	0	0	0	0	0	0	49,521,959	49,521,959
Accumulated fund as at 31 December 2024	0	(39,142)	(249,266)	(154,000)	(31,014,321)	0	(204,375)	(31,661,104)	(676,794,938)	(708,456,042)
Net value as at 31 December 2024	0	0	0	0	3,329,235	26,659	305,835	3,661,729	1,049,011,861	1,052,673,590
Reclassifications	0	0	0	0	0	0	0	0	(135,882)	(135,882)
Projects in progress to be completed in 2025	0	0	0	0	18,000	(18,000)	0	0	0	0
Disinvestments during the financial year	0	0	0	0	0	0	0	0	(1,433,663)	(1,433,663)
Adjustments	0	0	0	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2024	0	0	0	0	0	0	0	0	(18,120,679)	(18,120,679)
Increases in advance payments to suppliers 2025	0	0	0	0	0	0	0	0	166,181	166,181
Acquisition of the ACEA business unit	0	0	0	0	8,207		2,548	10,755	14,377,498	14,388,253
Increases during the financial year	0	0	0	0	3,152,141	820,783	0	3,972,924	241,343,362	245,316,286
Reclassification/adjustment to depreciation provision	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	0	0	0	0	(3,031,159)	0	(12,410)	(3,043,569)	(80,550,988)	(83,594,557)
Use of funds	0	0	0	0	0	0	0	0	477,877	477,877
Historical cost as at 31 December 2025	0	39,142	249,266	154,000	37,521,904	829,442	512,758	39,306,512	1,930,436,155	1,969,742,667
Advance payments to suppliers as at 31 December 2025									31,567,461	31,567,461
Provision for depreciation as at 31 December 2025	0	(39,142)	(249,266)	(154,000)	(34,045,480)	0	(216,785)	(34,704,673)	(756,868,049)	(791,572,722)
Net value as at 31 December 2025	0	0	0	0	3,476,424	829,442	295,973	4,601,839	1,205,135,567	1,209,737,406

For details of movements in the ‘Assets under concession’ category, please refer to the relevant section.

2. Goodwill € 0

In view of the nature of the business and the fact that industry practice (regulated businesses) requires the excess value paid at the time of acquiring a business to be allocated to the concession enabling operations in that business, from the 2024 financial statements onwards, “Goodwill” relating to the 2015 acquisition of the business unit of Società Acque Potabili S.p.A. (now in liquidation), for which a consideration of 5.8 mio/€ was paid, and to the 2014 acquisition of the business unit of Società Acque Ciriacese S.r.l. (€ 0.1 million), has been reclassified as *‘Concession* rights’ , with the asset being amortised on a straight-line basis until the end of the current concession (2033).

3. Other intangible assets € 4,601,839

“Other intangible assets” are recognised in the balance sheet as assets intended for long-term use. No value adjustments have been made to the acquisition or production costs of intangible assets.

The item *“Concessions, licences, trade marks and similar* rights” includes costs incurred for the acquisition of software licences, amortised over three financial years, and for the registration of trade marks, amortised over ten financial years.

The item *“Assets under construction and advance* payments” comprises the value of certain projects currently being completed.

4. Assets under concession € 1,205,135,567

The movement in the item ‘Assets under concession’ is as follows:

2024 Categories	Concession rights	Improvements to assets of the City of Turin’ s SII	Improvements to SII assets of municipalities outside Turin under management	Work in progress and advance payments on Improvements to SII assets owned by the City of Turin	Work in progress and advance payments for Improvements to SII assets in external municipalities under management	Assets transferable free of charge	Assets under concession
Historical cost as at 31 December 2023	54,705,639	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advance payments to suppliers as at 31 December 2023				12,508,898	29,647,236	0	42,156,134
Accumulated fund as at 31 December 2023	(43,779,264)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at 31 December 2023	10,926,375	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089
Reclassifications	5,928,005			0	0	0	5,928,005
Works in progress to be completed in 2024	0	13,392,473	89,081,003	(13,566,998)	(89,426,954)	0	(520,476)
Disinvestments during the financial year	0	(154,024)	(698,134)	(158,805)	(319,921)	0	(1,330,884)
Adjustments	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2023				(2,313,702)	(12,457,821)		(14,771,523)
Increases in advance payments to suppliers 2024				17,885,560	4,251,788		22,137,348
Increases during the financial year	0	14,121,798	23,432,056	41,085,302	148,441,258	0	227,080,414
Reclassification/ adjustment to depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(1,685,637)	(13,670,565)	(58,985,499)	0	0	(13,159)	(74,354,860)
Use of funds	0	14,383	156,365	0	0	0	170,748
Historical cost as at 31 December 2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advance payments to suppliers as at 31 December 2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated fund as at 31 December 2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 31 December 2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861

2025 Categories	Concession rights	Improvements to SII assets of the City of Turin	Improvements to SII assets in external municipalities under management	Works in progress and advance payments on Improvements to SII assets of the City of Turin	Works in progress and advance payments for Improvements to SII assets in external municipalities under management	Assets transferable free of charge	Assets under concession
Historical cost as at 31 December 2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advance payments to suppliers as at 31 December 2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated fund as at 31 December 2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 31 December 2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861
Reclassifications		6,833			(142,715)	0	(135,882)
Projects in progress to be completed in 2025	0	31,467,731	43,546,334	(31,461,792)	(43,552,273)	0	0
Disinvestments during the financial year	0	(35,350)	(1,213,714)	(3,170)	(181,429)	0	(1,433,663)
Adjustments	0	0	0	0	0	0	0
Reversals of Advance Payments to Suppliers 2024				(5,396,731)	(12,723,948)		(18,120,679)
Increases in advance payments to suppliers 2025					166,181		166,181
Acquisition of ACEA business unit			14,377,498				14,377,498
Increases during the financial year	0	16,719,334	35,197,326	44,908,926	144,517,776		241,343,362
Reclassification/adjustment to depreciation provision	0	0	0	0	0	0	0
Depreciation and amortisation for the financial year	(1,685,637)	(16,034,917)	(62,817,274)	0	0	(13,160)	(80,550,988)
Use of funds	0	3,535	474,342	0	0	0	477,877
Historical cost as at 31 December 2025	60,633,644	350,963,467	1,104,163,485	99,484,276	309,784,919	5,406,364	1,930,436,155
Advance payments to suppliers as at 31 December 2025	0	0	0	22,684,025	8,883,436	0	31,567,461
Accumulated fund as at 31 December 2025	(47,150,538)	(153,969,636)	(550,446,712)	0	0	(5,301,163)	(756,868,049)
Net value as at 31 December 2025	13,483,106	196,993,831	553,716,773	122,168,301	318,668,355	105,201	1,205,135,567

The item “Concession rights” comprises:

- the right to use the assets constituting the water supply system, which is of a mandatory nature, already recognised by the City of Turin at the time of the transfer to the former shareholder AAM Torino S.p.A. and subsequently transferred by the latter to SMA Torino S.p.A.;
- the right to use the water supply system received by way of transfer on 1 January 2003 from C.I.A.C.T. in liquidation;
- From 2024, the reclassification of ‘Goodwill’ relating to the acquisition of the SAP and SAC business units.

The amounts are amortised in accordance with the term of the agreement between Area Authority No. 3 of Turin and SMAT S.p.A..

Following the adoption of IFRIC 12, improvements made to enhance the assets received for use from the City of Turin, as well as the facilities of external water systems entrusted to the Company for direct management, are recognised under ‘Concession Assets’ and depreciated on the basis of their estimated remaining economic and technical useful life.

As indicated in the valuation criteria, intangible fixed assets also include the recognition of directly attributable financial charges relating to certain major projects currently being amortised.

The item “Work in progress and advance payments” comprises the value of works in progress at the end of the financial year, as well as the value of advance payments made to suppliers for the construction of integrated water service works for municipalities outside Turin and for the City of Turin.

The item “Assets to be transferred free of charge” shows the value of the extensions originally carried out by the former shareholder AAM Torino S.p.A. to the City of Turin’s water supply system and received by the Company as a contribution, for which a contractual obligation exists to transfer them free of charge at the end of the relevant concession period. Depreciation is calculated on the basis of the estimated economic and technical useful life.

5. Equity investments € 11,760,845

The table below shows the carrying amounts of investments in subsidiaries, associates and other companies as at 31 December 2025.

Categories	Subsidiaries	Associates	Other companies	Grand total
Historical cost as at 31 December 2024	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustments as at 31 December 2024	(1,026,615)	(35,295,000)	(78,126)	(36,399,741)
Net value as at 31 December 2024	464,707	7,807,341	3,488,797	11,760,845
Extraordinary transactions 2025				
Subscriptions/acquisitions 2025				
Capital contributions 2025				
Disposals/Reductions 2025				
Value adjustments 2025				
Historical cost as at 31/12/2025	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustments as at 31 December 2025	(1,026,615)	(35,295,000)	(78,126)	(36,399,741)
Net value as at 31 December 2025	**464,707**	**7,807,341**	**3,488,797**	**11,760,845**

Investments in subsidiaries

Pursuant to Article 2427, paragraph 1, point 5 of the Italian Civil Code, the shareholdings in subsidiaries and associated companies, as at 31 December 2025, consist respectively of:

- Equity interest in **Risorse Idriche S.p.A.**, with its registered office at 14 Corso XI Febbraio, Turin, having the following characteristics:

Shareholding in **Risorse Idriche S.p.A.**			
a)	Share capital of the investee	(€)	412,769
b)	Shares held	(no.)	777,166
c)	Nominal value per share	(€)	0.52
d)	Acquisition cost	(€)	1,485,322
e)	Percentage held	(%)	97.91%
f)	Carrying amount	(€)	413,707
g)	Equity of the investee	(€)	1,311,181
h)	Profit for the last financial year	(€)	516,544

- Shareholding in **AIDA Ambiente S.r.l.**, with its registered office at Via Collegno 60, Pianezza, having the following characteristics:

Shareholding in the company **AIDA Ambiente S.r.l.**			
a)	Share capital of the investee	(€)	100,000
b)	Shares held	(no.)	N/A
c)	Nominal value per share	(€)	N/A
d)	Acquisition cost	(€)	51,000
e)	Percentage held	(%)	51.00
f)	Carrying amount	(€)	51,000
g)	Equity of the investee	(€)	905,859
h)	Profit for the last financial year	(€)	5,968

Investments in associates

Pursuant to Article 2427, paragraph 1, point 5 of the Italian Civil Code, the investment in associated companies, as at 31 December 2025, relates to:

- An investment in **Acque Potabili S.p.A. in liquidation**, with its registered office at 22 Corso XI Febbraio, Turin, with the following characteristics:

Investment in **Acque Potabili S.p.A. in liquidation (since 1 June 2021)**

a)	Share capital of the investee	(€)	7,633,096
b)	Shares held	(no.)	3,429,125
c)	Nominal value per share	(€)	N/A
d)	Acquisition cost	(€)	43,102,341
e)	Percentage held	(%)	47.55
f)	Carrying amount	(€)	7,807,341
g)	Equity of the investee	K/€	17,800
h)	Profit for the last financial year	K/€	433

The value of the shareholding in Acque Potabili S.p.A. (in liquidation), amounting to € 7.8 million, remained unchanged compared with the previous financial year.

The Extraordinary General Meeting of Acque Potabili held on 29 April 2021 resolved to wind up the company early pursuant to Article 2484(1)(6) of the Italian Civil Code, with the company consequently being placed into liquidation. This resolution was registered with the Turin Companies Register on 31 May 2021. With effect from that date, the resolution to wind up Acque Potabili took full effect.

The Extraordinary General Meeting of Acque Potabili held on 31 May 2021 amended Article 5 of the Articles of Association, removing the par value of the shares. Given that the share capital remained unchanged (at € 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary General Meeting of Shareholders of SAP S.p.A. in liquidation, held on 29 April 2026, approved the financial statements for the 2025 financial year (the fifth interim liquidation financial statements), which closed with a profit of 433 thousand euros. Shareholders' equity stood at 17,800 thousand euros at the end of 2025 (IAS/IFRS standards), compared with shareholders' equity of 17,511 thousand euros as at 31 December 2024.

Other shareholdings

Set out below are the equity interests held by the Company in other companies, showing the respective shareholdings and share capital (or equity fund).

a) The shareholding in Acque Potabili Siciliane S.p.A., following its admission to the Special Administration procedure on 7 February 2012 and its entry into bankruptcy on 29 October 2013, is classified under 'Other Companies' and has been fully written down in the year-end financial statements. As further detailed in the Management Report, it has consequently been excluded from the SMAT Group's scope of consolidation.

b) On 19 July 2016, by means of a specific notarial deed, the Water Alliance – Acque del Piemonte network of companies (now Utility Alliance del Piemonte) was established, with its registered office in Turin at Viale Maestri del Lavoro No. 4. As at 31 December 2025, the equity fund amounted to € 95,000, with SMAT S.p.A. holding a 5.56% stake. As at 31 December 2025, this network of companies comprises 18 Piedmontese water companies that have signed a specific 'network agreement' aimed at enhancing their competitive capacity through the joint representation of their interests vis-à-vis institutional and associative stakeholders and within decision-making processes.

c) SII S.p.A. of Vercelli – 19.99% stake – share capital of 131 thousand euros

d) NOS S.p.A. of Turin (Nord Ovest Servizi S.p.A.) – 10% stake – share capital of 7,800 thousand euros.

e) Mondo Acqua S.p.A. of Mondovì – 4.92% stake – share capital of 1,100 thousand euros.

f) Environment Park S.p.A. of Turin – 3.38% stake – share capital of 11,407 thousand euros.

g) Galatea S.c.a.r.l. of Alessandria – 0.50% stake – share capital of 10 thousand euros.

h) Hydroaid – International School of Water for Development – 10.24% stake – endowment fund of 15,000 euro.

Investments in associated companies, carried at cost (adjusted where necessary for impairment), and investments in other companies were subject to impairment testing by an independent consultant, who also carried out a valuation of the investments in other companies using either the asset-based or income-based method.

The independent expert used the asset-based valuation method for the companies Acque Potabili S.p.A. (in liquidation), Nos S.p.A. and Environment Park S.p.A.; for the other equity investments, the income approach was used, based on a weighted average cost of capital (WACC) of 6.85%.

The fair value measurement of the other shareholdings resulted in a value substantially in line with the cost of the investment, recognised as at 31 December 2025, amounting to € 3.5 million. Although the profitability of some investee companies appears to be positive in the medium term, the carrying amounts have not been adjusted as they are not considered material.

6. Deferred tax assets € 21,497,045

This item (€ 26,334,634 in the previous financial year) includes the credit arising from deferred tax assets calculated on provisions for costs to be deducted in future periods and for revenue subject to advance taxation.

Compared with the previous financial year, this item shows a decrease of € 4,837,589, mainly attributable to the reversal of deferred tax assets recognised in previous financial years, in particular in relation to the utilisation of the provision for bad debts.

These effects are shown in the detailed table below:

Description	Prepaid expenses deferred multi-year	Provision Risks and Charges	Provision Write-down Receivables	Amortisation Goodwill and trade marks	Taxes Premises	Inventory inventory Depreciation	Interest Liabilities Late payment	TOTAL
Taxable base as at 31 December 2025	7,823,787	14,873,161	83,227,097	17,270	5,000	220,000	22,853	106,189,168
tax credit paid in advance as at 31 December 2025	2,206,308	4,089,468	19,974,504	4,870	1,200	52,800	5,484	26,334,634
2025 base utilisation	(577,402)	(2,714,104)	(50,895,770)					(54,187,276)
tax allocations for 2025	(162,827)	(765,330)	(12,214,985)					(13,143,142)
2025 base adjustments				63				63
2025 tax adjustments				18				18
basic provisions 2025		16,942,243	14,938,938		55,000		910	31,937,091
provisions for tax 2025		4,706,771	3,585,345		13,200		218	8,305,534
taxable base as at 31 December 2025	7,246,285	29,101,300	47,270,265	17,333	60,000	220,000	23,763	83,938,983
deferred tax assets as at 31 December 2025	2,043,481	8,030,909	11,344,864	4,888	14,400	52,800	5,703	21,497,045

7. Non-current financial assets € 1,455,161

		31 December 2025	31 December 2024
• Security deposits receivable	€	1,401,314	1,364,060
• Customers	€	53,847	65,159
Total	**€**	**1,455,161**	**1,429,219**

Non-current financial assets due from customers consist of a receivable recognised following the signing of an agreement governing the use of land situated in the municipalities of Scalenghe and Airasca, covering the years 2011 to 2018, with a repayment plan extending until 2031.

The receivables are recognised in the financial statements at amortised cost, as required by *IFRS 9 – Financial Instruments*.

CURRENT ASSETS

8. Inventories € 9,914,274

The post includes:

		31 December 2025	31 December 2024
• Raw materials, ancillary materials and consumables	€	9,873,129	9,537,275
• Finished products and goods	€	41,145	41,145
• Advance payments	€	0	0
Total	**€**	**9,914,274**	**9,578,420**

Inventories consist of materials which are not intended for long-term use. These inventories are valued in the balance sheet at the lower of the weighted average cost and the market price. The value of inventories is adjusted by a provision for depreciation relating to slow-moving stock amounting to € 990,000.

No financial charges have been allocated to the value of inventories.

The increase in inventories compared with last year is mainly attributable to the acquisition of the Acea Pinerolese business unit.

9. Trade receivables € 265,985,250

The nominal value of trade receivables is broken down as follows:

		31 December 2025	31 December 2024
Trade receivables			
• *Bills and invoices issued*	€	*246,307,158*	*274,772,764*
• *Bills and invoices to be issued*	€	*66,653,909*	*68,437,397*
• *Provision for bad debts*	€	*(48,845,975)*	*(84,959,255)*
Total trade receivables	€	264,115,092	258,250,906
Receivables from subsidiaries	€	187,299	566,183
Receivables from associates	€	20,000	40,000
Receivables from parent companies	€	1,310,758	1,470,897
Receivables from others	€	352,101	906,327
Net book value	**€**	**265,985,250**	**261,234,313**

TRADE RECEIVABLES € 264,115,092

The net value of trade receivables shows an increase of approximately € 6 million compared with the previous financial year, mainly driven by the combined effect of the reduction in the provision for bad debts, following the non-recourse sale of trade receivables, and the decrease in receivables for bills and invoices issued and to be issued. Of the total receivables recorded, approximately € 77 million was collected during the first few months of the 2026 financial year.

Receivables are subject to a careful assessment of the risk of non-payment and are recognised at their estimated realisable value, taking into account estimated future losses based on historical data, in accordance with the provisions of IFRS 9 – Financial Instruments.

RECEIVABLES FROM SUBSIDIARIES € 187,299

This item (€ 566,183 in the previous financial year) consists of receivables from the subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l..

RECEIVABLES FROM ASSOCIATES € 20,000

This item (€ 40,000 in the previous financial year) consists of receivables from SAP, which is in liquidation.

RECEIVABLES FROM PARENT COMPANIES € 1,310,758

This item (€ 1,470,897 in the previous financial year) includes receivables from the City of Turin arising from normal commercial transactions, carried out on arm's length terms, relating to water supplies, fees, services and ancillary works.

RECEIVABLES FROM OTHERS € 352,101

This item (€ 906,327 in the previous financial year) consists of residual trade receivables. The change compared with the previous financial year is mainly due to a reduction in receivables from public bodies.

10. Current tax assets € 254,262

This item, which is lower than in the previous financial year (€ 355,728), mainly comprises the tax credit for investments in capital goods, the Art Bonus credit and other tax credits.

The information required under Article 2423-ter, paragraph 6, of the Italian Civil Code regarding the offsetting of tax assets and liabilities is set out below.

Description	Receivables	Liabilities	Balance
IRES advance payments	(9,630,931)		
Receivables for withholding tax	(235,186)		
Tax liabilities		11,369,350	**1,503,233**
IRAP advance payments	(2,595,879)		
Tax liabilities		4,622,452	**2,026,573**

11. Current financial assets € 12,958

			31 December 2025	31 December 2024
•	Amounts due from customers	€	12,958	12,958
•	Amounts due to subsidiaries	€	0	86,700
	Total	**€**	**12,958**	**99,658**

Financial receivables from customers relate to the current portion of non-current financial receivables. For further details, please refer to the notes in the relevant section.

12. Other current assets € 3,651,775

Receivables from others relate to:

		31 December 2025	31 December 2024
• Accrued income	€	0	0
• Prepaid expenses	€	819,438	794,323
• Other assets	€	2,832,337	6,601,539
• *Amounts due from staff for sums to be recovered via withholding tax*	*€*	117,613	122,205
• *Receivables from others*	*€*	2,714,724	6,479,334
Total	**€**	**3,651,775**	**7,395,862**

Prepaid expenses include the portion of costs settled during the financial year that relates to future periods.

The item "Other assets – Due from others" mainly comprises sundry receivables relating to credit notes to be received.

The decrease is mainly attributable to the reduction in miscellaneous receivables relating to credit notes to be received.

13. Cash and cash equivalents € 133,922,379

Cash and cash equivalents comprise:

			31 December 2025	31 December 2024
•	Bank and postal deposits	€	133,886,387	76,020,457
•	Short-term fixed-term deposits	€	0	0
•	Cheques	€	18,336	19,326
•	Cash and cash equivalents	€	17,656	20,333
	Total	**€**	**133,922,379**	**76,060,116**

All the above balances are liquid and fully available at the balance sheet date without any restrictions whatsoever, subject to the 'subject to collection' clause on cheques.

EQUITY AND LIABILITIES Y

14. Shareholders' Equity € 829,570,624

The value of Shareholders' Equity as at the balance sheet date takes into account the resolutions passed by the Ordinary General Meetings of Shareholders on 25 June 2025 regarding the allocation of the profit for the 2024 financial year.

The breakdown of the value of equity as at the balance sheet date is shown in the table below.

COMPOSITION OF EQUITY

Nature/Description	31/12/2025	ALLOCATION OF USE	PROPORTION AVAILABLE
Share capital	345,533,762		
Statutory reserve	31,578,539	X	
Restricted reserve for the implementation of the PEF	401,047,861		
FTA reserve	(2,677,452)		
Other reserves and retained earnings:			
• *Discretionary reserve*	*34,342,562*	X	(1,327,843)
• *Provision for discounting severance pay*	*1,305,056*		
• *Negative reserve for treasury shares held in portfolio*	*(32,992,953)*		
• *Rounding reserve*	*(12)*		
• *Retained earnings*	*1,524,266*	X	1,524,266
Total other reserves and retained earnings	*4,178,919*		
Profit for the year	*49,908,995*		
Total equity	**829,570,624**		**196,423**

SHARE CAPITAL € 345,533,762

The share capital is fully subscribed, paid up and registered in the Companies Register in accordance with the law and, as at the balance sheet date, consists of 5,352,963 ordinary shares with a nominal value of € 64.55 each, held by the shareholders.

There were no changes to the share capital during the financial year.

STATUTORY RESERVE € 31,578,539

The statutory reserve, amounting to € 31,578,539 as at 31 December 2025, increased during the financial year by € 1,618,425, as resolved by the Ordinary General Meeting of Shareholders on 25 June 2025.

RESTRICTED RESERVE FOR PEF IMPLEMENTATION € 401,047,861

This reserve, amounting to € 401,047,861 as at 31 December 2025, increased during the financial year by € 24,600,065 as a result of the allocation of profit resolved by the Ordinary General Meeting of Shareholders on 25 June 2025.

FTA RESERVE € (2,677,452)

This reserve reflects the impact on equity of the FTA arising from the adoption of international accounting standards.

OTHER RESERVES AND RETAINED EARNINGS € 4,178,919

Other reserves include:

		31 December 2025	31 December 2024
• Discretionary reserve	€	34,342,562	34,342,562
• Provision for discounting severance pay	€	1,305,056	1,238,271
• Negative reserve for treasury shares held	€	(32,992,953)	(32,992,953)
• Rounding reserve	€	(12)	0
• Retained earnings	€	1,524,266	1,497,855
Total	**€**	**4,178,919**	**4,085,735**

The reserve for discounting severance pay (TFR) comprises the gains/losses arising from actuarial valuations carried out in accordance with IAS 19 on severance pay (TFR) and pension entitlements accrued as at 31 December 2025.

The negative reserve for treasury shares held in the portfolio, amounting to € 32,992,953 as at 31 December 2025, relates to 492,959 treasury shares purchased pursuant to authorisation granted by the Ordinary General Meeting of Shareholders.

Retained earnings increased during the financial year by a total of € 26,411, in accordance with the resolution passed by the Shareholders' Meeting on 25 June 2025 regarding the allocation of the profit for the 2024 financial year.

The available reserves in the 2025 financial statements amount to € 196,423.

PROFIT FOR THE FINANCIAL YEAR **€ 49,908,995**

		31 December 2025	31 December 2024
Profit for the year	€	49,908,995	32,368,506

This corresponds to the balance of the Profit and Loss Account, representing the difference between total revenue and total costs, and has been subject in full to ordinary and deferred taxation for the purposes of IRES and IRAP.

LIABILITIES € 989,115,330

15. Non-current and current financial liabilities € 521,859,231

Financial liabilities as at 31 December 2025 are broken down by type in the table below:

		31 December 2025	31 December 2024
Non-current financial liabilities			
Bonds	€	89,727,507	89,669,465
Mortgage liabilities	€	399,249,670	323,819,407
Liabilities for leased assets	€	2,056,302	2,621,721
Other financial liabilities	€	0	0
Total	**€**	**491,033,479**	**416,110,593**
Current financial liabilities			
Short-term portion of bonds	€	0	0
Short-term portion of mortgage liabilities	€	24,580,499	5,555,556
Amounts owed to banks and accrued interest	€	3,850,915	32,773,448
Payables for leased assets – short-term portion	€	1,792,429	1,516,984
Other financial liabilities – current portion	€	0	0
Payables to subsidiaries	€	601,909	639,257
Total	**€**	**30,825,752**	**40,485,245**
Total financial liabilities	**€**	**521,859,231**	**456,595,838**

Financial liabilities consist of:

- medium- to long-term borrowings (bonds and bank loans), the total value of which amounts to € 513,557,676, net of the remaining amortised cost of € 272,493 for the bond issue and € 614,276 for bank loans;
- the item "Bank borrowings and accrued interest" amounting to € 3,850,915, which includes other short-term transactions amounting to € 94,568 and accrued interest amounting to € 3,756,347, the latter relating mainly to interest on the bond issue for the portion attributable to the period;

- liabilities for leased assets, the total value of which amounts to € 3,848,731, net of the residual amortised cost of € 134,226;
- payables to subsidiaries for cash pooling amounting to € 601,909.

During the year, working capital loans totalling € 29,000,000 were repaid.

The movements in medium- to long-term loans during the financial year are as follows:

		Bonds	Mortgages	Total
Balance as at 31 December 2024	€	89,669,465	329,374,963	419,044,428
New loans	€	0	100,000,000	100,000,000
Amortised cost	€	0	(105,231)	(105,231)
Adjustment to amortised cost	€	58,042	115,993	174,035
Refunds for the financial year	€	0	(5,555,556)	(5,555,556)
Balance as at 31 December 2025	€	89,727,507	423,830,169	513,557,676

Medium- to long-term borrowings, at amortised cost, are detailed in the table below:

Loans		Liabilities as at 31 December 2025
Bonds	€	90,000,000
Loans payable		
European Investment Bank IV	€	44,444,444
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
BPER Bank	€	80,000,000
European Investment Bank VII	€	100,000,000
Total loans payable	€	424,444,444
Total	€	514,444,444

The following table sets out liabilities by nature as at 31 December 2025, indicating the portion due within the next financial year, between the 2nd and 5th year, and beyond the 5th year, on a gross basis (including amortised cost).

Type	Amount Remaining	Instalment within the next financial year	Instalment 2–5 year	Instalment beyond the 5th year
Bonds	90,000,000		90,000,000	
Mortgage liabilities	424,444,444	24,580,499	149,410,431	250,453,514
Amounts owed to banks and accrued interest	3,850,915	3,850,915		
Payables for leased assets	3,982,957	1,792,429	2,153,281	37,247
Other financial liabilities				
Payables to subsidiaries for cash pooling	601,909	601,909		
Total	522,880,225	30,825,752	241,563,712	250,490,761

The main contractual terms are set out below.

Loans	Value Credit Credit	Duration years	Maturity	Instalment	Rate
Ordinary non-convertible bonds	90,000,000	5	13 April 2029	annual	fixed
BPER Banca	80,000,000	8	31 December 2032	half-yearly, with constant principal	variable
European Investment Bank IV	50,000,000	13	14 December 2033	half-yearly, with constant principal	fixed
European Investment Bank V	50,000,000	13	19 July 2034	half-yearly, with constant principal	fixed
European Investment Bank VI 1st tranche € 100,000,000 2nd tranche € 50,000,000	150,000,000	 16 16	 18 November 2038 15 December 2039	quarterly with constant principal quarterly with constant principal	 fixed fixed
European Investment Bank VII	100,000,000	18	15 December 2043	quarterly with constant principal	variable

The ordinary non-convertible bond issue was issued on 13 April 2017.

The Bondholders' Meeting of 14 March 2024 resolved to approve the extension of the bond's maturity from 13 April 2024 to 13 April 2029, whilst maintaining the non-convertible status at a rate of 4.546%. Following the exercise of the put option by certain bondholders, on 15 April 2024 (as 13 April 2024 was a non-working day), € 45 million was repaid, bringing the outstanding principal to € 90 million as at today.

The bonds are listed on the regulated market of the Dublin Stock Exchange (ISE – Irish Stock Exchange); they are backed by a rating issued by Standard & Poor's, which on 29 November 2022 upgraded the Senior Unsecured rating to "BBB+" (for further details, please refer to the Management Report).

The drawdown of the loan from institutional lenders, to finance the investments in the expansion and modernisation of the networks and facilities for the production, distribution, collection and treatment of water, as set out in the ATO3 Investment Plan, did not require any guarantees from the Shareholders and provides for the maintenance, throughout its term, of the following financial ratio calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual agreements:

- Net Financial Position/EBIT (EBIT + depreciation and amortisation): less than or equal to 5.

The loan agreement entered into with BPER Banca to provide the funds required by the Area Intervention Plan, and following the delay in the disbursement of PNRR funds, was concluded on 27 December 2024 with a term of 8 years, including a 1-year grace period, and is not secured by any guarantee.

It provides for the maintenance, throughout its term, of the following financial parameters, calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual provisions:

- Net Financial Debt/EBIT (EBIT + depreciation and amortisation): less than or equal to 5;
- Net Financial Debt/Equity: less than or equal to 1.

In the event of failure to comply with even one of the above financial parameters, BPER Banca is entitled to terminate the contract early.

The loans contracted with the European Investment Bank to raise the funds required by the investment plan included in the Area Plan are unsecured.

These credit facilities, excluding the disbursement made during the current financial year, have been fully utilised in line with the progress of the works for which they were arranged.

More specifically:

- a loan of 50 million euros for the construction of the works provided for in the 2020–2024 investment programme, agreed and disbursed during 2020, with a term of 13 years, including a 4.5-year grace period;

- a loan of € 50 million for the construction of the works set out in the 2020–2024 investment programme, agreed and disbursed during 2021, with a term of 13 years, including a 4.5-year grace period;
- a loan of € 150 million for the implementation of the works set out in the 2022–2027 investment programme, agreed in 2022, of which the first tranche of € 100 million was disbursed on 18 November 2022, with a term of 16 years, including a 4-year grace period, and the second tranche of € 50 million disbursed on 15 December 2023, with a term of 16 years, including a 4-year grace period;
- a loan of € 100 million, supported by the European Union under the InvestEU Fund, for the implementation of the works set out in the 2025–2027 investment programme agreed in 2025 and disbursed on 15 December 2025, with a term of 18 years, including a 3.25-year grace period.

For the aforementioned loans, the following financial ratios are applicable throughout their term, calculated on the basis of the figures in the Consolidated Financial Statements as at 31 December and in accordance with the definitions set out in the contractual agreements:

- Net Financial Debt/EBITDA (EBIT + depreciation and amortisation): less than or equal to 5;
- Gross Financial Debt/EBITDA (EBIT + depreciation and amortisation): less than or equal to 4.5;
- EBITDA (EBIT + depreciation and amortisation)/Net Financial Expenses (excluding impairment losses on financial assets): greater than 5;
- Net Financial Debt/Equity: less than or equal to 1;
- Residual Value/Gross Financial Debt: greater than or equal to 1.30, where the residual value is calculated on the basis of the net book value of fixed assets excluding goodwill.

In the event of failure to comply with even one of the above financial parameters, the European Investment Bank is entitled to terminate the contract early.

It should be noted that as at 31 December 2025, all the above financial parameters are being met.

16. Provision for severance pay and other benefits € 8,598,721

The severance pay provision as at 31 December 2025 reflects the severance pay accrued by employees up to 31 December 2006, which will be exhausted through payments made upon termination of employment or any advance payments in accordance with the law. In 2025, the provision increased as a result of the acquisition of the ACEA Pinerolese business unit with effect from 1 April 2025, with the addition of 93 employees.

The movements in the provision (not affected by the amounts accrued during the financial year) were as follows:

Severance Pay Provision		
– **Balance at 31 December 2024**	**€**	**7,544,714**
– Severance pay arising from the acquisition of the ACEA Pinerolese business unit		760,070
– Expenditure, transfers, adjustments, allowances and advances paid during the financial year	€	(681,879)
– Interest expense arising from IAS 19	€	241,165
– Actuarial losses/(gains)	€	(148,663)
Balance as at 31 December 2025	**€**	**7,715,407**

Other benefits relate to the estimated value of long-service awards that may be payable to employees who meet the relevant requirements set out in the company’s regulations, as shown below:

Pension fund		
– **Balance as at 31 December 2024**	**€**	**811,477**
– Pension cost	€	44,113
– Withdrawals, transfers, adjustments, allowances and advances paid during the financial year	€	(78,708)
– Interest expense arising from IAS 19	€	24,554
– Actuarial losses/(gains)	€	81,878
Balance as at 31 December 2025	**€**	**883,314**

The following tables set out, respectively, the economic, financial and demographic assumptions adopted for the actuarial valuation of the liability in question.

Economic and financial assumptions	
– Annual discount rate	3.37%
– Annual inflation rate	2.00%
– Annual rate of increase in severance pay	3.00%

Demographic assumptions	
– Mortality	ISTAT 2022
– Disability	INPS tables by age and gender
– Retirement age	Fulfilment of eligibility criteria
– Percentage of early retirement cases	1.50%
– Staff turnover	0.50%

17. Provisions for risks and charges € 33,455,187

These provisions consist of:

A) Provisions for disputes and charges *€ 25,521,024*

Provisions for disputes and charges reflect the assessment, based on the available information, of potential liabilities arising from judicial and extrajudicial disputes currently in progress, as well as other charges of various kinds that are certain or likely to arise in the future, such as tax disputes, other local charges and the provision set aside to account for the estimated value of credit notes to be issued to customers for private water losses.

The utilisation relates mainly to the settlement of administrative offences and, to a lesser extent, to legal costs.

The movement in these provisions was as follows:

– **Balance at 31 December 2024**	**€**	**15,559,992**
– Provision for the financial year	€	13,489,324
– Use of provisions for the financial year	€	(1,999,832)
– Estimation adjustments	€	(1,528,460)
Balance as at 31 December 2025	**€**	**25,521,024**

The balance of provisions for disputes and charges as at 31 December 2025 is considered adequate to cover estimated contingent liabilities.

B) Provision for routine maintenance costs *€ 1,500,000*

The provision for cyclical maintenance costs reflects the valuation of the cost that has technically accrued but has not yet been settled at the balance sheet date, relating to routine maintenance programmes of a multi-year nature, for which the timing cannot be determined with certainty, concerning plants operating on a continuous production cycle.

The balance of the 2025 provision is considered sufficient to cover the estimated contingent liabilities.

– **Balance as at 31 December 2024**	**€**	**1,500,000**
– Provision for the financial year	€	0
– Withdrawal for the financial year	€	0
Balance as at 31 December 2025	**€**	**1,500,000**

C) Provisions under Piedmont Regional Law No. 61 of 29 December 2000 *€ 1,051,804*

This provision represents the allocation of administrative penalties imposed pursuant to Article 54 of Legislative Decree 152/99, to be used to finance measures to prevent and reduce pollution of water bodies, net of activities already carried out.

–	**Balance as at 31 December 2024**	**€**	**946,622**
–	Provision for the financial year	€	105,182
–	Adjustment to the estimate for the financial year	€	0
	Balance as at 31 December 2025	**€**	**1,051,804**

D) Provision for area management costs *€ 4,732,359*

This figure reflects the best estimate of the potential costs and risks associated with Area management activities.

The provision includes provisions for penalties for failure to meet technical quality targets: M6 (2021), M3 (2023) and M1 and M3 (2025), determined respectively by ARERA Resolutions No. 183/2022/R/idr of 26 April 2022 (€ 72,434), No. 477/2023/R/idr of 31 October 2023 (€ 89,683) and No. 225/2025/R/idr of 27 May 2025 (€ 419,292), which are earmarked for the financing of new investments.

The movement in the fund is as follows:

–	**Balance as at 31 December 2024**	**€**	**1,385,274**
–	Provision for the financial year	€	3,347,737
–	Use of provisions for the financial year	€	0
–	Adjustment to the estimate for the financial year	€	(652)
	Balance as at 31 December 2025	**€**	**4,732,359**

E) Provision for charges relating to other companies *€ 650,000*

This provision reflects potential liabilities arising from the shareholders' commitments to guarantee the Dexia-BIIS loan granted to APS S.p.A., which has been in liquidation since 2013, and has not been affected by any movements during the current financial year.

–	**Balance as at 31 December 2024**	**€**	**650,000**
–	Provision for the financial year	€	0
–	Adjustment to the estimate for the financial year	€	0
	Balance as at 31 December 2025	**€**	**650,000**

18. Deferred tax liabilities € 3,412,640

This item comprises deferred income tax liabilities (IRES and IRAP), calculated at the rates in force on costs eligible for advance deduction.

The increase in the deferred tax provision compared with the 2024 financial year (€ 2,977,084) is due to the deferral of taxation on income statement items.

These effects are set out in detail in the table below:

Description	Accelerated Depreciation	Interest Receivable on arrears	Dividends not received	TOTAL
taxable base as at 31 December 2024	1,037,341	11,181,305	4,335	12,222,981
deferred tax liability as at 31 December 2024	292,530	2,683,514	1,040	2,977,084
basic utilisations for 2025		(3,295,308)	(4,335)	(3,299,643)
tax withdrawals 2025		(790,874)	(1,040)	(791,914)
2025 base adjustments				
2025 tax adjustments				
2025 base provisions		5,114,458		5,114,458
2025 tax provisions		1,227,470		1,227,470
taxable base as at 31 December 2025	1,037,341	13,000,455	0	14,037,796
deferred tax liability as at 31 December 2025	292,530	3,120,110	0	3,412,640

19. Other non-current liabilities € 201,840,051

This item comprises the following:

		31 December 2025	31 December 2024
• Acquapoint security deposits	€	174,518	183,491
• Grants to be paid	€	20,747	20,747
• Deferred income	€	201,644,786	113,978,783
Total	€	201,840,051	114,183,021

The item “Long-term deferred income” relates to investment grants and also includes the amount of € 138,562 carried forward to subsequent financial years from grants recognised by the Italian Revenue Agency in respect of capital assets pursuant to Article 1, paragraphs 184–197, of Law No. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law No. 178/2020. The increase stems mainly from grants received relating to the PNRR funds and the FoNI tariff components included in the tariff adjustment, net of the recognition in the profit and loss account of the portions relating to depreciated investments.

20. Trade payables € 144,427,177

ADVANCE PAYMENTS € 204,917

This item (€ 243,712 in the previous financial year) comprises amounts paid in advance by customers for site inspections relating to works yet to be carried out at the balance sheet date.

TRADE PAYABLES € 121,868,362

Trade payables comprise:

		31 December 2025	31 December 2024
• Suppliers in Italy	€	41,429,018	53,221,647
• Foreign suppliers	€	45,118	23,116
• Invoices receivable	€	80,394,226	62,624,595
Total	€	121,868,362	115,869,358

All trade payables are due within one year and are in no way secured by a guarantee, except for the 0.5% retention applied in accordance with the Public Procurement Code.

PAYABLES TO SUBSIDIARIES			€ 3,127,899
		31 December 2025	31 December 2024
• Payables to subsidiaries	€	3,127,899	2,382,948

This item, detailed in the relevant section of the Management Report, includes payables to the subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l.. The change compared with the previous financial year is attributable to normal business operations.

PAYABLES TO ASSOCIATES			€ 16,380
		31 December 2025	31 December 2024
• Payables to associates	€	16,380	16,380

This item, detailed in the relevant section of the Management Report, includes payables to SAP S.p.A. in liquidation arising from residual commercial transactions carried out on normal market terms.

PAYABLES TO PARENT COMPANIES			€ 703,569
		31 December 2025	31 December 2024
• Payables to parent companies	€	703,569	763,218

This item, referred to in the relevant section of the Management Report, represents trade payables to the City of Turin, none of which are secured by a charge on the company's assets, as confirmed by a sworn statement.

PAYABLES TO OTHERS			€ 18,506,050
		31 December 2025	31 December 2024
• Payables to others	€	18,506,050	19,534,994

This item mainly comprises the liability to Acea Pinerolese Industriale amounting to € 18,489,156.

21. Current tax liabilities € 8,283,137

Current tax liabilities show an increase of approximately € 1.3 million compared with 2024, mainly attributable to the rise in tax payables relating to the IRAP balance, in line with the higher current and deferred tax charges for the 2025 financial year. Conversely, the payable relating to the IRES balance has decreased from € 1.9 million to € 1.5 million. Payables to the tax authorities for VAT and tax withholdings on employees' earnings are broadly in line with the previous financial year, with a slight decrease compared with 2024. The payables recorded as at 31 December 2025 will be settled in accordance with the standard payment deadlines set out in current legislation.

22. Other current liabilities € 67,239,186

Other payables comprise:

			31 December 2025	31 December 2024
•	Amounts owed to social security and welfare institutions	€	4,844,701	4,055,165
•	Accrued liabilities	€	0	0
•	Deferred income	€	111,393	147,908
•	Payable to others:	€	62,283,092	63,586,113
	• *Local authority fees*	€	*2,099,031*	*3,377,074*
	• *Contributions from Mountain Communities*	€	*43,059,008*	*43,967,987*
	• *Amounts owed to local authorities for ancillary services*	€	*580,204*	*379,699*
	• *Other payables to public bodies and local authorities*	€	*3,546,887*	*3,825,932*
	• *Payments due to staff*	€	*5,363,344*	*4,821,319*
	• *Miscellaneous payables*	€	*7,634,618*	*7,214,102*
	Total	€	67,239,186	67,789,186

Liabilities to pension and social security institutions are due within one year and are in no way secured by a guarantee or subject to interest.

The balance of liabilities to social security and welfare institutions as at 31 December 2025 has increased compared with the previous financial year due to the effects of the acquisition and disposal of the Acea Pinerolese Industriale business unit.

At the time of preparing these financial statements, these liabilities have been paid as due.

Liabilities relating to fees payable to local authorities and contributions to mountain communities show a decrease compared with the 2024 financial year.

Fees payable to local authorities relate primarily to amounts due in 2025 for instalments under the re-payment plan for loans taken out by municipalities, based on decisions taken by the Turin Area Authority No. 3 in the early months of the 2026 financial year.

With regard to payables for contributions to Mountain Communities, it should be noted that these are disbursed on the basis of specific notifications issued by the Area Authority.

Payables to local authorities for ancillary services represent the outstanding balance due under specific service contracts for operational activities within the relevant territory.

The balance of 'Other payables to public bodies and local authorities' mainly comprises payables to CSEA for the UI equalisation components relating to the last two-month period.

The liability for staff entitlements to be settled relates to accrued but unused holiday leave, performance bonuses and other entitlements.

Miscellaneous payables mainly include payables for security deposits (primarily to users) and collections to be passed on to the insurance company for SMAT card charges.

Revenue

23. Revenue € 426,470,307

Revenue is made up as follows:

			2025	2024
–	Water supply service	€	188,919,708	164,901,847
–	Sewerage services	€	60,959,205	54,980,458
–	Wastewater treatment service	€	178,170,707	160,188,792
–	Fire hydrants	€	6,227,773	5,720,704
–	'FoNi' earmarked revenue	€	(15,949,012)	(21,426,789)
–	Other revenue	€	8,141,926	11,642,343
	Total	**€**	**426,470,307**	**376,007,355**

All revenue relating to institutional activities was generated within the ATO 3 Turin territorial area, as defined by Piedmont Regional Law No. 13 of 20 January 1997, and includes the best estimate of revenue attributable to the financial year for water supply, sewerage, wastewater treatment and fire hydrants provided in the 293 municipalities incorporated as a result of the reunification process.

These figures derive from the new tariff structure applied, as communicated by the Turin Area Authority following ATO Resolution No. 16 of 24 October 2024 and ARERA Resolution No. 569/2024/R/IDR of 17 December 2024, which approved the update to the tariff proposal for the years 2024–2029, representing a 9.83% increase compared with the previous financial year.

An analysis of changes in consumption in 2025 compared with 2024 reveals an increase in consumption across the three services (Water Supply, Sewerage and Wastewater Treatment), totalling approximately 162.1 million cubic metres, compared with approximately 160.1 million cubic metres in the 2024 financial statements. The change in consumption is also linked to the installation of 'smart metering' meters, which, thanks to more frequent monthly readings, have improved the accuracy of consumption measurement and the associated billing.

The positive effect on revenue described above was offset by an increase in credit notes for water losses from private installations (–15,924 thousand euros, +3,074 thousand euros compared with 2024), driven both by technical issues during the large-scale replacement of meters and by the delayed recording of consumption on private properties. The upward trend in credit notes is reflected in the figures for the first quarter of 2026, the accrual for which is entirely attributable to 2025 and has therefore been subject to detailed analysis and provisioning, as described below.

Following the amendments to the tariff proposal, approved by the aforementioned ARERA resolution, the 'Revenue' item has been net of the FoNI tariff components, which have decreased compared with the previous financial year.

Revenue from water supply, sewerage and wastewater treatment services is shown net of the 50% tariff reduction for municipal and provincial utilities used for public purposes, totalling 7,625,613 euro.

'Other revenue' mainly comprises ancillary revenue from users, industrial water supply, invoicing for work carried out on behalf of users and third parties – in particular for modifications to the water and sewerage networks – revenue from biomass analysis and processing, and the sale of energy products such as biomethane and self-generated electricity. Compared with the previous financial year, there was a decrease mainly due to the provision for risks and charges relating to credit notes to be issued, as outlined above (–€ 9,219 thousand). This decrease is offset by higher revenue relating to the recognition of service quality bonuses for the two-year period 2022–2023 (+7,087 thousand euros), as provided for by ARERA in Resolution No. 225/2025/R/idr of 27 May 2025 regarding quality technical standards and

Resolution No. 277/2025/R/idr of 24 June 2025 for contractual quality, and revenue from the sale of energy products (+234 thousand euros).

24. Revenue from design and construction activities — € 241,343,361

			2025	2024
–	Revenue from design and construction activities	€	241,343,361	227,080,414

This item relates to the "design and construction activities" of assets under concession, which, as required by IFRIC 12, are recognised as revenue; the corresponding costs, net of capitalised costs for internal additions, are recognised under the item "Costs for design and construction activities".

25. Other operating revenue — € 21,178,644

Other operating revenue comprises the following:

			2025	2024
– Contributions for the financial year	(A)		4,033,082	3,929,894
– Capital grants	(B)	€	11,459,930	7,859,531
– Other revenue:				
▪ Miscellaneous revenue		€	1,493,057	2,062,031
▪ Extraordinary income and write-offs of liabilities		€	2,663,463	3,354,000
▪ Adjustments to the provision for risks and miscellaneous charges		€	1,529,112	4,272,747
	(C)	€	5,685,632	9,688,778
Total Other operating revenue (A+B+C)		**€**	**21,178,644**	**21,478,203**

The item "Grants for the financial year" mainly includes the incentive for biomethane production and for photovoltaic energy generation.

The item 'Capital grants' comprises the economically attributable portions of capital grants, as previously discussed under the item 'Deferred income' in these Notes to the Financial Statements.

This item shows an increase attributable to the release of PNRR grants relating to the Digitalisation Project and the FoNI components included in the tariff adjustment.

The item "Other revenue" comprises miscellaneous revenue (such as rental income, stamp duty refunds and other refunds), contingent assets and the write-off of liabilities, as well as adjustments made to liability provisions, as already discussed in the relevant section "Liabilities" of these Notes to the Financial Statements.

The decrease is mainly attributable to lower contingent assets, the write-off of liabilities and a smaller adjustment made to provisions for liabilities.

Operating costs

26. Costs of raw materials and consumables — € 21,425,926

This item comprises:

		2025	2024
• Maintenance materials, net of changes in stock	€	11,644,508	9,869,216
• Chemicals	€	7,662,808	8,028,269
• Other materials	€	2,330,841	2,216,436
• Increases due to internal works	€	(212,231)	(291,844)
Total	**€**	**21,425,926**	**19,822,077**

The increase is attributable to higher costs for materials used in routine and non-routine maintenance, as well as expenditure on fuel and lubricants, partly resulting from the acquisition of Acea's SII business unit.

27. Costs for services and use of assets € 133,873,249

This item comprises:

			2025	2024
• Electricity	(A)	€	50,289,151	46,977,668
• Maintenance, works and industrial services	(B)	€	60,681,942	70,732,962
• General services:				
▪ Services		€	12,981,051	12,824,644
▪ Provision for miscellaneous risks and charges		€	858,734	1,610,787
	(C)	€	13,839,785	14,435,431
• Royalties paid to local authorities	(D)	€	4,591,653	5,067,861
• Rental income and concession fees, leases and hire charges	(E)	€	4,470,718	3,902,181
Total costs for services and use of assets (A+B+C+D+E)		**€**	**133,873,249**	**141,116,103**

The decrease in "Costs for services and use of assets" is mainly attributable to lower costs for services provided by SOGs following the acquisition of the Acea business unit, which results in these costs being recognised directly by nature.

Compared with the previous financial year, there was an increase in the cost of electricity of approximately +3 million euros as a result of the combined effect of a rise in consumption of 17,428,374 MWh and a reduction in the average green tariff of -0.00174 € /kWh. This change is attributable to the integration of Acea's customers in connection with the aforementioned corporate transaction.

Electricity	Financial Statements 31/12/2025	Financial Statements 31/12/2024	Change
kWh	237,262,551	219,834,177	17,428,374
Average tariff	0.21196	0.21370	-0.00174

The decrease in costs for *'Maintenance, works and industrial services'* is due to the discontinuation of charges relating to the operational management contract with Acea, partially offset by higher maintenance costs incurred directly by Smat in the Pinerolo area.

The reduction in costs is offset by higher costs for work carried out on behalf of third parties and for third-party management services relating to the service contract with Acea.

Within *"General Services"*, costs for *"Services"* show a slight increase, attributable to higher expenditure on software maintenance fees, training, meal vouchers and other staff costs, offset by lower postal costs.

In the 2025 financial year, there were also lower provisions for disputes.

'*Fees payable to local* authorities' showed a reduction in line with the amortisation schedules for loans taken out by municipalities and communicated by ATO 3 Torinese.

The increase in costs for *"Fees and concession charges, leases and* hire" is due to higher fees and concession charges, as well as higher hire costs, resulting from the acquisition of the Acea business unit.

28. Staff costs € 75,266,405

The breakdown of staff costs is as follows:

			2025	2024
–	Wages and salaries	€	51,496,404	44,572,536
–	Social security contributions	€	15,929,462	13,677,182
–	Employees' severance pay	€	3,287,581	2,850,805
–	Pension and similar benefits	€	44,113	45,736
–	Other costs	€	4,639,116	2,986,414
–	Increases due to internal works	€	(130,271)	(10,646)
	Total	€	75,266,405	64,122,027

Changes in the workforce during the financial year were as follows:

	Senior managers	Middle managers	Clerks	Manual workers	Total Staff	Other contract types[63]	**Total workforce force**
Workforce as at 31 December 2024	11	23	665	329	1028	35	**1,063**
Workforce as at 31 December 2025	11	28	743	387	1,169	13	1182
Change	0	5	78	58	141	-22	119

For the financial year, the average workforce at[64] was as follows:

–	Senior management	11
–	Middle management	27
–	Clerks	722
–	Manual workers	375

Costs rose by approximately 11 million euros compared with the previous year. This change is mainly attributable to the acquisition of 93 employees from the Acea business unit, and to increases under the National Collective Labour Agreement (CCNL) with effect from 1 September 2024 and 1 July 2025, which entail an increase in the related remuneration components.

	Total
Workforce as at 31/12/2024	1,063
Departures	-24
New hires	165
Other contract types	-22
Total	**1,182**

As at 31 December 2025, there were 16 active temporary employment contracts, 1 active secondment contract and 2 inactive secondment contracts.

[63] Excluding leave of absence

64 Including long-term leave, of which one executive on leave pursuant to Article 15 of the National Collective Labour Agreement for Executives of Public Utility Companies, 16 October 2019

29. Other operating expenses € 29,458,525

This item comprises:

			2025	2024
–	Miscellaneous tax charges	€	1,159,315	976,976
–	Operating expenses	€	19,254,197	18,911,496
–	Other miscellaneous expenses	€	4,711,396	4,278,553
–	Provision for risks and miscellaneous charges	€	4,304,217	2,252,277
–	Supplementary water allowance	€	29,400	67,380
	Total	**€**	**29,458,525**	**26,486,682**

The item "Miscellaneous tax charges" mainly comprises charges relating to IMU, government concession fees and various local taxes. The change is primarily attributable to the IMU cost relating to properties acquired in the Pinerolo area.

The item "Area-specific charges" comprises approximately € 17.4 million relating to contributions to Mountain Communities (as specified by the Area Authority at 5% of revenue for the year 2023), an increase compared with the previous financial year, operating costs of the Area Authority and the contribution to ARERA, in accordance with the resolutions and communications received.

The item "Other miscellaneous expenses", which includes expenses for membership fees, compensation for damages and indemnities, contingent liabilities and capital losses on the disposal of assets, shows an increase attributable to higher capital losses on the disposal of assets and contingent liabilities, offset by lower write-offs of assets.

"Provisions for risks and miscellaneous charges" are intended to cover risks relating to costs of a tax, administrative or other nature, whether certain or probable, for which, however, the exact amount or the date of occurrence cannot yet be determined. During the financial year, this item recorded an increase attributable to higher provisions; it includes the penalties imposed by ARERA under the aforementioned technical quality resolution.

The cost of the "Supplementary Water Bonus" introduced by ARERA Resolution 897/2017/R/IDR and ATO Resolution 697/2018 shows a decrease compared with the previous financial year.

30. Costs for design and construction activities € 234,751,954

			2025	2024
–	Costs for design and construction activities	€	234,751,954	221,729,304

This item relates to the "Costs for design and construction activities" of assets under concession, net of capitalised costs for internal improvements which, as required by IFRIC 12, are recognised as costs; the corresponding revenue is recognised under the item "Revenue from design and construction activities".

31. Depreciation, provisions and write-downs € 117,878,718

The breakdown of this item is as follows:

			2025	2024
–	Depreciation of tangible fixed assets	€	17,769,512	15,019,308
–	Amortisation of other intangible assets	€	3,043,569	2,876,785
–	Amortisation of assets under concession	€	80,550,988	74,354,860
–	Write-down of receivables	€	16,514,649	13,345,186
	Total	**€**	**117,878,718**	**105,596,139**

Taking into account the provisions set out in the valuation criteria, and the principle of consistency, depreciation for the financial year amounts to € 101.3 million (compared with € 92.2 million in the previous financial year), based on the estimated useful life.

A breakdown by category is shown in the table below:

Intangible fixed assets:	
– Assets held under concession (improvements to third-party assets and assets to be returned free of charge)	Based on the estimated economic and technical useful life of the various types of assets in question
– Assets under concession (right of use)	Based on the duration of the service agreement ATO 3 and SMAT S.p.A. (2033)
– Software licences	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years
– Surface rights	Based on the estimated useful life, which is to the duration of the Company as set out in the Articles of Association
Tangible fixed assets:	
– Buildings and fencing	3.50%
– Photovoltaic systems	9.00%
– Lightweight structures	10.00%
– Specialised and filtration systems	8.00%
– Measuring instruments	10.00%
– Laboratory equipment and miscellaneous	10.00%
– Furniture and fittings	12.00%
– Office machinery	12.00%
• Electronic equipment	20.00%
• Hardware	20.00%
• Cars	25.00%
• Commercial vehicles and other vehicles	20.00%
• Activated carbon	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed hydraulic structures	2.50%
– Collectors	5.00%
– Wastewater treatment plants	15.00%
– Machinery	12.00%
– Leased assets	Depending on the contract term

Rates equal to 50% of those indicated above have been applied to the 2025 increases in tangible fixed assets, as this best represents the average rates based on the months of use.

The increase compared with the 2024 Financial Statements stems from the effect of the implementation of investments made during the financial year and works carried out in previous financial years.

This item also includes provisions for the Bad Debt Provision of approximately € 16.5 million, calculated in accordance with IFRS 9 – Financial Instruments, as already reported in the relevant asset item of these Notes to the Financial Statements.

Financial income and expenses

32. Financial income € 8,349,526

This item comprises:

		2025	2024
– Income from related parties	€	46,489	100,313
– Interest income and other financial income	€	8,303,037	10,686,009
Total	**€**	**8,349,526**	**10,786,322**

'Income from related parties' consists solely of dividends from the subsidiary Risorse Idriche.

"Interest income and other financial income" comprises interest income on bank and postal current accounts, late payment interest, other financial income and dividends from other companies.

The decrease is mainly due to lower late payment interest from users in connection with the sale of receivables, as well as lower interest on cash holdings.

33. Financial expenses € 13,487,728

This item comprises:

			2025	2024
–	Expenses relating to related parties	€	996	0
–	Interest expense and fees on loans	€	13,121,726	10,150,505
–	Other interest expense and charges	€	365,006	416,087
	Total	**€**	**13,487,728**	**10,566,592**

"*Expenses relating to related* parties" consist of interest expense arising from cash pooling with the subsidiary Risorse Idriche.

"*Interest expense and fees on* loans" include the proportionate share of interest on the bond issue, mortgages and short-term bridge loans. This item also includes the adjustment of expenses in accordance with the amortised cost method.

The increase compared with last year stems from the higher interest charge on the bond issue (at a rate of 4.546% on the remaining balance of € 90 million from 13 April 2024), on the BPER loan (contract expiring at the end of December 2024) and on the new EIB loan disbursed in December 2025, offset by lower interest on loans for which repayment has commenced and on short-term loans.

'*Other interest expense and* charges' include, in particular, finance charges on leased assets resulting from the application of IFRS 16 and finance charges relating to the discounting of the severance pay provision in accordance with IAS 19. These have decreased compared with the previous financial year due to lower interest expense on current accounts and lower interest on arrears.

34. Taxes € 21,290,337

This item comprises:

			2025	2024
–	IRAP	€	4,622,452	2,596,531
–	IRES	€	11,369,350	12,187,221
–	Taxes relating to previous financial years	€	25,390	(1,395,275)
–	Change in deferred tax liabilities	€	435,556	2,684,554
–	Change in deferred tax assets	€	4,837,589	(2,528,167)
	Total	**€**	**21,290,337**	**13,544,864**

Although there was a reduction in current IRES tax compared with the financial statements for the year ended 31 December 2024, total tax for the financial year shows a significant increase compared with the previous financial year (+57.2%), mainly due to the rise in current IRAP and the recognition of higher deferred tax assets. In particular, IRAP rose from € 2.6 million to € 4.6 million, in line with the trend in the tax base, whilst IRES fell from € 12.2 million to € 11.4 million as a result of the disposal of receivables, which led to a significant drawdown on the tax-deductible provision for bad debts.

Changes in deferred taxes are discussed respectively under the relevant balance sheet headings 'Deferred tax liabilities' and 'Deferred tax assets'

The reconciliation between the standard tax rate and the effective tax rate is set out in the following table:

			2025	2024
–	Profit before tax	€	71,199,332	45,913,370
–	Applicable theoretical tax rate	%	24	24
–	Theoretical IRES	€	17,087,840	11,019,209

Effect of increases (decreases) compared with the theoretical rate:

–	IRES on non-deductible costs	€	10,524,053	5,569,825
–	IRES on other permanent differences	€	(16,235,784)	(4,394,338)
–	Total effect of increases (decreases) in income	€	(5,711,731)	1,175,487
–	IRES deductions		(6,759)	(7,474)
–	Current IRES (theoretical IRES + IRES on changes in income)	€	11,369,350	12,187,221
–	Deferred IRES	€	5,273,145	(1,237,591)
–	**Current and deferred IRES (total effective rate)**	**€**	**16,642,495**	**10,949,630**
	Effective rate	**%**	**23.37**	**23.85**

Given the specific nature of the relevant tax base, IRAP has not been taken into account for the purposes of the table above, which relates solely to IRES.

Further information

Set out below is information relating to commitments entered into by the Company (I), the determination of 'fair value' (II), the management of financial risks (III), remuneration paid to Directors and Statutory Auditors (IV), fees paid to the Independent Auditors (V), dealings with related parties (VI) and significant events occurring after 31 December 2025 (VII).

I. Commitments entered into by the Company

In order to follow up on the extraordinary transaction involving Acque Potabili, on 24 February 2020 shareholders' agreements were signed with the shareholder IRETI to guarantee, even following the withdrawal transaction, equal ownership stakes in Acque Potabili and to ensure that all decisions are taken jointly, including during the subsequent liquidation proceedings.

II. Determination of 'fair value': supplementary information

With regard to the fair value measurement of financial instruments in accordance with the requirements of IFRS 7, the following is clarified:

Assets

Non-current financial assets – receivables:	the carrying amount in the balance sheet represents their 'fair value'
Cash and cash equivalents:	the carrying amount in the balance sheet represents their 'fair value'
Equity investments available for sale:	the carrying amount in the balance sheet represents their 'fair value'

Liabilities

Variable-rate loans:	the carrying amount in the balance sheet represents their 'fair value'
Trade payables:	the carrying amount in the balance sheet represents their 'fair value'

III. Financial risk management

In accordance with the aforementioned IFRS 7, it should be noted that SMAT S.p.A., in the ordinary course of its business operations, is potentially exposed to the financial risks already discussed in the Management Report.

IV. Remuneration of Directors and Statutory Auditors

Details of the remuneration of the Directors and Statutory Auditors of SMA Torino S.p.A. are set out below:

		2025	2024
Directors	€	347,193	346,969
Auditors	€	98,800	98,800

The remuneration corresponds to the amounts approved by the Shareholders' Meeting, in addition to the mandatory contribution.

V. Fees payable to the Auditors

The fees payable to the audit firm Deloitte & Touche S.p.A. for the audit of the separate and consolidated financial statements as at 31 December 2025 amount to 66 thousand euros for the statutory audit.

The fees for the certification of compliance with the sustainability reporting requirements of SMAT for the two-year period 2024–2025 amount to a total of 15 thousand euros (8 thousand euros for 2024, 7 thousand euros for 2025). The fees are payable upon completion of the certification activities.

VI. Transactions with "related parties"

Transactions with related parties were carried out on normal market terms and are conducted in accordance with rules that ensure their transparency, as well as their substantive and procedural correctness.

Details of the balance sheet and income statement balances relating to transactions with related parties for the financial year ended 31 December 2025 are set out below.

	Financial year 2025						
	Total revenue	Total operating costs	Financial income	Financial expenses	Commercial receivables	Commercial payables	Financial financial current
CITY OF TURIN	5,255,899	1,794,785	-	-	1,310,758	703,569	-
RISORSE IDRICHE	299,888	5,088,877	46,489	996	123,625	2,750,971	601,909
AIDA AMBIENTE	222,872	1,443,974	-	-	63,674	376,929	-
SAP SPA IN LIQUIDATION	40,002	-	-	-	20,000	16,380	-
Total related parties	5,818,661	8,327,636	46,489	996	1,518,057	3,847,849	601,909
Total balance sheet items	688,992,312	494,776,060	8,349,526	13,487,728	265,985,250	144,427,177	30,825,752
Percentage of total balance sheet item	0.84%	1.68%	0.56%	0.01%	0.57%	2.66%	1.95%

VII. Contributions under Law No. 124 of 4 August 2017, Article 1, paragraph 125

During the financial year just ended, SMAT received the following contributions from public authorities and is therefore shown net of connection charges for private connections collected from users.

Date of receipt	Paying entity	Reason	Amount	Contributions for the financial year	Contributions for plant and equipment
17 January 2025	MONCALIERI TOWN COUNCIL	STORM DRAINAGE AND RAINWATER DISPOSAL IN THE BAUDUCCHI HAMLET	269,701		269,701
31 January 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,861	19,861	
31 January 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	219,750	219,750	
28 February 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	561	561	
28 February 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	63,248	63,248	
28 February 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	216,375	216,375	
5 March 2025	CASELLE TOWN COUNCIL	COMMITMENT TO EXPENDITURE FOR WATER BOTTLES	3,000	3,000	
12 March 2025	GENERAL DIRECTORATE FOR DAMS AND WATER AND ELECTRICITY INFRASTRUCTURE	VALLE ORCO AQUEDUCT: PIPES FROM PONT CANAVESE TO VALLE	27,026,177		27,026,177
12 March 2025	GENERAL DIRECTORATE FOR DAMS AND WATER AND ELECTRICITY INFRASTRUCTURE	VALLE ORCO WATER SUPPLY SYSTEM – WATER TREATMENT PLANT	24,086,681		24,086,681
31 March 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,798	19,798	
31 March 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	265,500	265,500	
3 April 2025	UNITED NATIONS	EU-WOP Programme – GWOPA	110,885	110,885	
10 April 2025	FONSERVIZI	TRAINING PROGRAMME “MOBILITY MANAGEMENT – PSCL REFRESHER COURSE” CFA CODE 096/2024	3,334	3,334	
10 April 2025	FONSERVIZI	TRAINING PROGRAMME “ENVIRONMENTAL TRAINING” CODE CFA 184/2024	15,304	15,304	
15 April 2025	MONCALIERI TOWN COUNCIL	STORM DRAINAGE AND RAINWATER DISPOSAL IN THE BAUDUCCHI HAMLET	25,240		25,240
29 April 2025	PIEDMONT REGION	IVREA AREA SANITATION: CONSTRUCTION OF A PLANT	144,645		144,645
29 April 2025	AREA AUTHORITY NO. 3	COMPUTERISED MAPPING: SURVEYS, MEASUREMENTS AND IMPLEMENTATION	728,758		728,758
29 April 2025	AREA AUTHORITY NO. 3	SERVICE FOR THE REPLACEMENT OF WATER METERS AND THE SUSPENSION OF DRINKING WATER SUPPLY	4,442,105		4,442,105
29 April 2025	AREA AUTHORITY No. 3	SUPPLY OF METERS FOR REMOTE METERING OF DRINKING WATER	5,322,192		5,322,192
29 April 2025	AREA AUTHORITY NO. 3	SUPPLY OF DATA LOGGERS	64,886		64,886
29 April 2025	AREA AUTHORITY NO. 3	SUPPLY OF NON-PERMANENT FLOW AND PRESSURE METERS	1,604,207		1,604,207
29 April 2025	AREA AUTHORITY No. 3	FLOW AND PRESSURE METERS	692,530		692,530
29 April 2025	AREA AUTHORITY NO. 3	DISTRICTING OF THE DISTRIBUTION NETWORK	6,597,907		6,597,907
29 April 2025	AREA AUTHORITY NO. 3	WATER LEAK DETECTION	909,423		909,423
30 April 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	335,625	335,625	
30 April 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCENTIVE	19,798	19,798	
30 April 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	895	895	
6 May 2025	FONSERVIZI	TRAINING PROGRAMME: ‘AUTOMATIC CONTROL VALVES’ CFA CODE 077/2024	9,942	9,942	
6 May 2025	FONSERVIZI	TRAINING PROGRAMME: ‘ELECTROMECHANICAL MAINTENANCE – PLC’ CFA CODE 061/2024	13.102	13,102	
6 May 2025	FONSERVIZI	TRAINING PROGRAMME “HIGHER CATEGORY C DRIVING LICENCE QUALIFICATION” CFA CODE 001/2022	13,604	13,604	
8 May 2025	AREA AUTHORITY No. 3	ROSTA: UPGRADE OF TANK TREATMENT CAPACITY	1,262,869		1,262,869
20 May 2025	CASTILLA Y LEÓN TECHNOLOGICAL INSTITUTE	IMERMAID PROJECT	15,774	15,774	

30 May 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	307,125	307,125	
3 June 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,798	19,798	
10 June 2025	FONSERVIZI	'PHOTOSHOP AND PYTHON' TRAINING PROGRAMME CFA CODE 118/2024	4,652	4,652	
25 June 2025	AREA AUTHORITY NO. 3	NOLE - SEWERAGE - DECOMMISSIONING OF THE STRADA SAN MICHELE SEWAGE TREATMENT PLANT	146,377		146,377
30 June 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,965	19,965	
30 June 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	826	826	
30 June 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	310,875	310,875	
09 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	TURIN – CONSTRUCTION OF CENTRAL COLLECTOR IN THE SOUTH-WEST OF THE METROPOLITAN AREA	525,416		525,416
11 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	COSSANO – REPLACEMENT OF ASBESTOS-CEMENT WATER PIPES	73,810		73,810
14 July 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	ROME – REPLACEMENT OF THE WATER MAIN IN THE VILLATE AREA	4,117		4,117
16 July 2025	ETHN KENTRO EREVNAS K TECHN AN/TYXI	AQUAMON PROJECT	136,500	136,500	
31 July 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,965	19,965	
31 July 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	276,000	276,000	
5 August 2025	MATHI TOWN COUNCIL	INSTALLATION OF THE MATHI WATER POINT	750	750	
29 August 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	289,125	289,125	
1 September 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	19,965	19,965	
1 September 2025	GSE	PRODUCTION INCENTIVE FOR EX CV S.GERMANO	259	259	
1 September 2025	GSE	PRODUCTION INCENTIVE (FORMERLY CV ROSTA)	826	826	
2 September 2025	UNIVERSITY OF TURIN	IN2AQUAS PROJECT	3,000	3,000	
22 September 2025	UNIVERSITY OF TURIN	BIOENPROH2O PROJECT	10,727	10,727	
30 September 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	20,278	20,278	
30 September 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	267,375	267,375	
23 October 2025	FONSERVIZI	TRAINING PROGRAMME: 'SIEMENS PLC PROGRAM-MING' CFA CODE 193/2024	13,354	13,354	
23 October 2025	AREA AUTHORITY No. 3	VALPERGA TREATMENT PLANT – EXPANSION OF THE OXIDATION TANK AND UPGRADE FROM SECONDARY TO TERTIARY TREATMENT	7,008,000		7,008,000
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	CASTAGNETO PO – INSTALLATION OF A NEW GRAVITY PIPE FOR THE DECOMMISSIONING OF THE CIMENASCO PLANT	44,822		44,822
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	GRUGLIASCO – CONSTRUCTION OF WATER SUPPLY NETWORK	54,945		54,945
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDING WORKS AND SPECIAL PROJECTS	CALUSO – RENOVATION OF THE DETERIORATED WA-TER SUPPLY NETWORK IN VIA DIAZ	21,196		21,196
29 October 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	CAVOUR – CONSTRUCTION OF SEWERAGE SYSTEM IN THE CASTELLAZZO HAMLET	8,741		8,741
31 October 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	20,278	20,278	
31 October 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	671	671	
27 November 2025	MUNICIPALITY OF BORGONE DI SUSA	INSTALLATION OF THE BORGONE DI SUSA WATER POINT	600	600	
27 November 2025	METROPOLITAN CITY OF TURIN	PROG ATO 1568 CUP - SUBMISSION OF INSPECTION REPORTS	47,639		47,639
28 November 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	464,250	464,250	
1 December 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	20,278	20,278	
1 December 2025	GSE	PRODUCTION INCENTIVE FOR EX CV S.GERMANO	115	115	
17 December 2025	FONSERVIZI	TRAINING PROGRAMME "INFO WORKS WS PRO" CFA CODE 186/2024	10,302	10,302	
22 December 2025	FONSERVIZI	TRAINING PROGRAMME: 'FRONT-END SOFTWARE DE-VELOPMENT' CFA CODE 201/2024	9,152	9,152	
22 December 2025	FONSERVIZI	TRAINING PROGRAMME "COMPUTER COURSES 2024" CFA CODE 158/2024	21,456	21,456	
22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	BRUINO – REPLACEMENT OF PIPE ON V. PIOSSASCO – RIVALTA	1,505		1,505
22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	BRUINO – CONNECTION TO THE PIOSSASCO WELLS (WELLS 9 AND 10)	15,858		15,858
22 December 2025	GENERAL DIRECTORATE FOR STATE BUILDINGS AND SPECIAL PROJECTS	VILLARBASSE – PROJECT FOR FLOOD DAMAGE RESTO-RATION AND HYDROLOGICAL REGULATION OF THE SANGONE STREAM	31,605		31,605
22 December 2025	DELEGATED COMMISSIONER	WATER EMERGENCY AND WATER SAFETY PLAN - DT/WSP	22,285	22,285	
31 December 2025	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	232,500	232,500	
31 December 2025	ITALIAN RAILWAY NETWORK	CONNECTION OF WASTEWATER DRAINS FOR THE NEW BUTTIGLIERA ALTA - FERRIERA STATION	672,000		672,000

31 December 2025	GSE	CASTIGLIONE PHOTOVOLTAIC PRODUCTION INCEN-TIVE	20,883	20,883	
31 December 2025	GSE	PRODUCTION INCENTIVE (EX CV ROSTA)	510	510	
		Total	85,724,354	3,891,003	81,833,351

VIII. Significant events occurring after 31 December 2025

Significant events occurring after 31 December 2025 are set out in detail in the relevant section of the Management Report.

IX. Off-balance-sheet corporate agreements

It is hereby acknowledged that there are no agreements not reflected in the Balance Sheet that could have a significant impact on the Company's financial position and results of operations.

Proposals regarding the resolutions on the financial statements of SMAT S.p.A. as at 31 December 2025

Dear Shareholders,

having verified that there are no amounts remaining to be amortised in respect of start-up, expansion, research and development, advertising costs and that the provisions of Article 2426 of the Italian Civil Code, paragraph 5, in light of the foregoing, we propose that you approve the financial statements of SMAT S.p.A. for the financial year 2025, which close with a net profit of € 49,908,995.01 both in aggregate and in the individual accounts.

Given that the Shareholders' Meeting of 6 May 2014 had taken note of the Agreement pursuant to Article 30 of the Consolidated Law on Local Authorities (TUEL), approved by a majority of the shareholders both in numerical terms and in terms of shares, and that Article 2 of the said Agreement provides for the following allocation of the profit made:

- 5% to the statutory reserve;

and of the remainder:

- 80% to the reserve earmarked for the implementation of the Economic and Financial Plan;
- 20% as dividends to shareholders for the promotion of environmental protection activities.

On the basis of the above, the Board of Directors therefore proposes to the Shareholders' Meeting the following allocation of the net profit for the financial year:

- 5% to the Statutory Reserve, amounting to € 2,495,449.75;

and of the remainder:

- 80% to the reserve earmarked for the implementation of the Economic and Financial Plan, amounting to € 37,930,836.21;
- 20%, totalling € 9,482,709.05, corresponding to a rounded dividend of € 1.95 per share for each of the 4,860,004 ordinary shares entitled to it, excluding the treasury shares held by SMAT S.p.A., and therefore a total rounded dividend of € 9,477,007.80. Consequently, the amount of the remaining net profit to be carried forward is € 5,701.25.

Subject to the foregoing and taking into account statutory obligations, the Board of Directors defers to the decisions of the Shareholders' Meeting regarding the allocation of the profit for the financial year 2025.

Turin, 26 May 2026

On behalf of the Board of Directors
The Chairman
Paolo ROMANO

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SUBSIDIARIES' FINANCIAL STATEMENTS

RISORSE IDRICHE S.P.A.
AIDA AMBIENTE S.R.L.

RISORSE IDRICHE S.p.A.
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025

FINANCIAL STATEMENTS

Balance Sheet

Profit and Loss Account

Risorse Idriche S.p.A.

SMAT Group Company

Registered office in TURIN – Corso XI Febbraio, 14

Fully paid-up share capital: € 412,768.72

Registered with the Turin Chamber of Commerce Tax Code and Business Register No. 06087720014

VAT number: 06087720014 – REA number: 759524

Subject to the management and coordination of SMA TORINO S.p.A.

FINANCIAL STATEMENTS AS AT 31/12/2025

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN ACCORDANCE WITH ARTICLES 2424–2425 OF THE CIVIL CODE

BALANCE SHEET

ASSETS	31/12/2025	31/12/2024
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables for contributions due and called up	0	0
Total receivables from members (A)	0	0
B) FIXED ASSETS		
I. Intangible fixed assets		
1) Start-up and expansion costs	0	0
2) Development costs	0	0
3) Industrial property rights and intellectual property rights	0	0
4) Concessions, licences, trade marks and similar rights	3,024	4,413
5) Goodwill	0	0
6) Assets under construction and advance payments	0	0
7) Other	0	0
Total intangible assets (I)	**3,024**	**4,413**
II. Tangible fixed assets		
1) Land and buildings	0	0
2) Plant and machinery	0	0
3) Industrial and commercial equipment	8,575	9,890
4) Other assets	46,714	19,123
5) Assets under construction and advance payments	0	0
Total tangible fixed assets (II)	**55,289**	**29,013**
III. Financial fixed assets		
1) Investments in:		
a) subsidiaries	0	0
b) associated companies	0	0
c) parent companies	0	0
d) companies controlled by the parent companies	0	0
(d-bis) other companies	0	0
Total shareholdings	**0**	**0**
2) Receivables:		
a) to subsidiaries	0	0
b) to associated companies	0	0
c) to parent companies	0	0
d) to companies controlled by the parent companies	0	0
(d-bis) to others	0	0
Total receivables	**0**	**0**
3) Other qualifications	0	0
4) Derivative financial instruments held as assets	0	0
Total financial fixed assets (III)	**0**	**0**
Total fixed assets (B)	58,313	33,426

ASSETS	31/12/2025	31/12/2024
C) CURRENT ASSETS		
I. Stock		
1) Raw materials, ancillary materials and consumables	0	0
2) Work in progress and semi-finished products	0	0
3) Work in progress on orders	0	0
4) Finished products and goods	0	0
5) Advance payments	0	0
Total stock (I)	0	0
II. Receivables		
1) Trade receivables (due within 12 months)	0	6,136
2) Amounts due to subsidiaries	0	0
3) To associated companies	0	0
4) To parent companies:		
– *Due within 12 months*	*3,342,992*	*2,942,277*
– *More than 12 months*	*9,888*	*9,888*
Total receivables from parent companies (4)	3,352,880	2,952,165
5) Receivables from companies controlled by parent companies	0	0
5bis) Tax receivables (due within 12 months)	164,297	116,882
5ter) Deferred tax assets	44,922	1,346
5 quater) Payable to others:	56,424	19,982
– *Due within 12 months*	*56,424*	*19,982*
– *Over 12 months*	*0*	*0*
Total receivables (II)	3,618,523	3,096,511
III. Financial assets not classified as fixed assets		
1) Investments in subsidiaries	0	0
2) Investments in associates	0	0
3) Investments in parent companies	0	0
3 bis) Investments in companies subject to the control of parent companies	0	0
4) Other holdings	0	0
5) Derivative financial instruments – assets	0	0
6) Other securities	0	0
Total financial assets not classified as fixed assets (III)	0	0
IV. Cash and cash equivalents		
1) Bank and postal deposits	515	533
2) Cheques	0	0
3) Cash and cash equivalents	637	702
Total cash and cash equivalents (IV)	1,152	1,235
Total current assets (C)	3,619,675	3,097,746
D) ACCRUALS AND DEFERRALS		
Accrued income	0	0
Prepaid expenses	64,704	58,263
Total accrued income and prepaid expenses (D)	64,704	58,263
TOTAL ASSETS	3,742,692	3,189,435

BALANCE SHEET		
EQUITY AND LIABILITIES	31/12/2025	31/12/2024
A) EQUITY		
I. Share capital	412,769	412,769
II. Share premium reserve	0	0
III. Revaluation reserve	0	0
IV. Statutory reserve	85,957	85,957
V. Statutory reserves	0	0
VI. Other reserves shown separately		
1) discretionary reserve	63,291	63,291
2) reserve for accelerated depreciation	0	0
3) payments towards capital increase	0	0
4) reserve for rounding of euro units	0	1
Total other reserves (VI)	63,291	63,292
VII. Reserve for hedging expected cash flows	0	0
VIII. Retained profits (losses)	232,620	185,137
IX. Profit (loss) for the year	516,544	94,966
X. Negative reserve for treasury shares held	0	0
Total Equity (A)	1,311,181	842,121
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations	0	0
2) Provisions for taxes, including deferred taxes	0	0
3) Derivative financial liabilities	0	0
4) Other	160,000	0
Total provisions for risks and charges (B)	160,000	0
C) EMPLOYEE TERMINATION PAY	993,405	1,026,841
D) LIABILITIES		
1) Bonds	0	0
2) Convertible bonds	0	0
3) Loans from shareholders	0	0
4) Bank borrowings	220	235
5) Amounts owed to others	0	0
6) Advance payments	0	0
7) Trade payables (due within 12 months)	409,072	492,601
8) Payables represented by debt instruments	0	0
9) Liabilities to subsidiaries	0	0
10) Payables to associated companies	0	0
11) Payables to parent companies:		
– Due within 12 months	123,625	184,801
– More than 12 months	0	0
Total payables to parent companies (11)	123,625	184,801
11 bis) Payables to companies controlled by the parent companies	0	0
12) Tax liabilities (due within 12 months)	260,463	61,559
13) Liabilities to pension and social security institutions (due within 12 months)	147,962	139,347
14) Other payables (due within 12 months)	335,782	440,577
Total liabilities (D)	1,277,124	1,319,120
E) ACCRUALS AND DEFERRED INCOME		
Accrued liabilities	0	0
Deferred income	982	1,353
Total accrued liabilities and deferred income (E)	982	1,353
TOTAL LIABILITIES AND NET ASSETS	3,742,692	3,189,435

PROFIT AND LOSS ACCOUNT				
A)	VALUE OF PRODUCTION		2025	2024
	1)	Revenue from sales and services	4,831,977	3,852,387
	2)	Changes in stocks of work in progress, semi-finished and finished goods	0	0
	3)	Change in work in progress on order	0	0
	4)	Increases in fixed assets arising from internal work	0	0
	5)	Other revenue and income:		
		a) Operating grants	0	0
		b) Others	3,119	10,286
		Total other revenue and income (5)	**3,119**	**10,286**
	Total value of production (A)		4,835,096	3,862,673
B)	PRODUCTION COSTS			
	6)	For raw materials, ancillary materials, consumables and goods	24,370	29,096
	7)	For services	2,096,922	1,728,690
	8)	For the use of third-party assets	119,727	112,113
	9)	For staff:		
		a) wages and salaries	1,128,163	1,063,838
		b) social security contributions	376,194	356,643
		c) employee severance pay	92,586	88,261
		d) pension and similar benefits	1,859	3,409
		e) other costs	221,866	116,547
		Total staff costs (9)	**1,820,668**	**1,628,698**
	10)	Depreciation, amortisation and write-downs:		
		a) amortisation of intangible assets	3,653	49,667
		b) depreciation of tangible fixed assets	11,458	10,659
		c) other write-downs of fixed assets	0	0
		d) Write-down of receivables included in current assets and cash and cash equivalents	0	0
		Total depreciation, amortisation and write-downs (10)	**15,111**	**60,326**
	11)	Changes in stocks of raw materials, ancillary materials, consumables and goods	0	0
	12)	Provisions for risks	0	0
	13)	Other provisions	0	0
	14)	Miscellaneous operating expenses	98,427	168,860
	Total production costs (B)		4,175,225	3,727,783
	Difference between value and production costs (A–B)		**659,871**	**134,890**
C)	FINANCIAL INCOME AND EXPENSES			
	15)	Income from equity investments, with separate disclosure of income relating to subsidiaries and associated companies and those relating to parent companies and companies controlled by the latter	0	0
	16)	Other financial income:		
		a) from receivables classified as fixed assets, with separate disclosure of those from subsidiaries and associated companies and those from parent companies and companies controlled by the latter	996	113
		b) from securities classified as fixed assets that do not constitute equity investments	0	0
		c) from securities classified as current assets that do not constitute equity investments	0	0
		d) income other than the above, with separate disclosure of income from subsidiaries and associated companies and those from parent companies and companies under the control of the latter	0	0
		Total other financial income (16)	**996**	**113**

			2025	2024
17)	Interest and other financial charges, with separate disclosure of those arising from subsidiaries and associated companies and to parent companies:			
	a)	interest payable to the parent company	0	13,613
	b)	loans	0	0
	c)	miscellaneous	0	0
	Total interest and other financial charges (17)		**0**	**13,613**
17bis)	Foreign exchange gains and losses		0	0
	Total financial income and expenses (C) (15 + 16 - 17 +/- 17a)		996	(13,500)
D)	VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18)	Revaluations:			
	a)	of equity investments	0	0
	b)	of financial fixed assets that do not constitute equity investments	0	0
	c)	securities classified as current assets that do not constitute equity investments	0	0
	d)	derivative financial instruments	0	0
	Total revaluations (18)		**0**	**0**
19)	Write-downs:		0	
	a)	of equity investments	0	0
	b)	on financial assets that do not constitute equity investments	0	0
	c)	securities classified as current assets that do not constitute equity investments	0	0
	d)	derivative financial instruments	0	0
	Total value adjustments to financial assets (D) (18 - 19)		0	0
	Profit before tax (A - B +/- C +/- D)		660,867	121,390
20)	Income tax for the financial year:			
	a)	Current tax	187,899	19,747
	b)	Deferred and prepaid tax	(43,576)	6,677
	Total income tax for the year (20)		**144,323**	**26,424**
21)	**Profit (loss) for the year**		**516,544**	**94,966**

AIDA AMBIENTE S.r.l.
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025

FINANCIAL STATEMENTS

Balance Sheet

Profit and Loss Account

Aida Ambiente S.r.l.
A company of the SMAT Group subject to the management and coordination of SMA Torino S.p.A.
Registered office in PIANEZZA – Via Collegno, 60
Share capital fully paid up: € 100,000.00
Registered with the Turin Chamber of Commerce
Tax Code and VAT number: 09909860018 Rea No.: 109034

FINANCIAL STATEMENTS AS AT 31/12/2025

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT IN ACCORDANCE WITH ARTICLES 2424–2425 OF THE CIVIL CODE

BALANCE SHEET

ASSETS	31/12/2025	31/12/2024
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables for contributions due and called up	0	0
Total receivables from members (A)	0	0
B) FIXED ASSETS		
I. Intangible fixed assets		
1) Start-up and expansion costs	0	0
2) Development costs	0	0
3) Industrial patent rights and rights to use of intellectual property	0	0
4) Concessions, licences, trade marks and similar rights	0	0
5) Goodwill	0	0
6) Assets under construction and advance payments	0	0
7) Other	3,356	3,528
Total intangible assets (I)	**3,356**	**3,528**
II. Tangible fixed assets		
1) Land and buildings	0	0
2) Plant and machinery	186,201	191,208
3) Industrial and commercial equipment	38,753	25,182
4) Other assets	6,283	9,975
5) Assets under construction and advance payments	0	0
Total tangible fixed assets (II)	**231,237**	**226,365**
III. Financial fixed assets		
1) Investments in:		
a) subsidiaries	0	0
b) associated companies	0	0
c) parent companies	0	0
d) companies controlled by the parent companies	0	0
(d-bis) other companies	0	0
Total shareholdings	**0**	**0**
2) Receivables:		
a) to subsidiaries	0	0
b) to associated companies	0	0
c) to parent companies	0	0
d) to companies controlled by the parent companies	0	0
(d-bis) to others	0	0
Total receivables	**0**	**0**
3) Other qualifications	0	0
4) Derivative financial assets	0	0
Total financial fixed assets (III)	**0**	**0**
Total fixed assets (B)	234,593	229,893

ASSETS	31/12/2025	31/12/2024
C) CURRENT ASSETS		
I. Stock		
1) Raw materials, ancillary materials and consumables	0	0
2) Work in progress and semi-finished products	0	0
3) Work in progress on orders	0	0
4) Finished products and goods	0	0
5) Advance payments	0	0
Total stock (I)	0	0
II. Receivables		
1) Trade receivables:		
– Due within 12 months	8,948	184,699
– Over 12 months	0	0
Total trade receivables (1)	8,948	184,699
2) Due from subsidiaries	0	0
3) To associated companies	0	0
4) To parent companies:		
– Due within 12 months	376,929	70,040
– More than 12 months	0	0
Total receivables from parent companies (4)	376,929	70,040
5) Receivables from companies controlled by the parent companies	0	0
5 bis) Tax receivables (due within 12 months)	42,081	16,836
5 ter) Deferred tax assets	16,239	19,539
5 quater) Payable to others:		
– Due within 12 months	156	0
– Over 12 months	0	0
Total receivables from others (5-quater)	156	0
Total receivables (II)	444,353	291,114
IV. Financial assets not classified as fixed assets		
1) Investments in subsidiaries	0	0
2) Investments in associates	0	0
3) Investments in parent companies	0	0
3 bis) Investments in companies subject to control by parent companies	0	0
4) Other shareholdings	0	0
5) Derivative financial instruments – assets	0	0
6) Other securities	0	0
Total financial assets not classified as fixed assets (III)	0	0
V. Cash and cash equivalents		
1) Bank and postal deposits	761,902	1,524,162
2) Cheques	0	0
3) Cash and valuables on hand	56	108
Total cash and cash equivalents (IV)	761,958	1,524,270
Total current assets (C)	1,206,311	1,815,384
E) ACCRUALS AND DEFERRED INCOME		
Accrued income	0	0
Prepaid expenses	7,417	2,929
Total accrued income and prepaid expenses (D)	7,417	2,929
TOTAL ASSETS	1,448,321	2,048,206

BALANCE SHEET

EQUITY AND LIABILITIES			31/12/2025	31/12/2024
A)	EQUITY			
	I.	Share capital	100,000	100,000
	II.	Share premium reserve	0	0
	III.	Revaluation reserve	0	0
	IV.	Statutory reserve	20,000	20,000
	V.	Statutory reserves	0	0
	VI.	Other reserves shown separately		
		1) discretionary reserve	353,014	353,014
		2) reserve for accelerated depreciation	0	0
		3) payments towards capital increase	0	0
		4) reserve for rounding of euro units	2	(1)
	Total other reserves (VI)		353,016	353,013
	VII.	Reserve for hedging expected cash flows	0	0
	VIII.	Retained profits (losses)	426,875	352,894
	IX.	Profit (loss) for the year	5,968	73,981
	X.	Negative reserve for treasury shares held	0	0
	Total Equity (A)		905,859	899,888
B)	PROVISIONS FOR RISKS AND CHARGES			
		1) Provisions for pensions and similar obligations	0	0
		2) Provisions for taxes, including deferred taxes	0	0
		3) Derivative financial liabilities	0	0
		4) Other	0	0
	Total provisions for risks and charges (B)		0	0
C)	SEVERANCE PAY FOR EMPLOYEES		220,869	206,474
D)	LIABILITIES			
		1) Bonds	0	0
		2) Convertible bonds	0	0
		3) Loans from shareholders	0	0
		4) Bank borrowings	162	180
		5) Amounts owed to others	0	0
		6) Advance payments	0	0
		7) Trade payables (due within 12 months)	128,621	183,265
		8) Payables represented by debt instruments	0	0
		9) Liabilities to subsidiaries	0	0
		10) Payables to associated companies	0	0
		11) Payables to parent companies (due within 12 months)	63,674	466,081
		11 bis) Payables to companies controlled by parent companies	0	0
		12) Tax liabilities (due within 12 months)	18,452	27,464
		13) Payables to social security and social security institutions (due within 12 months)	35,351	36,343
		14) Other payables (due within 12 months)	74,386	227,235
	Total liabilities (D)		320,646	940,568
E)	ACCRUALS AND DEFERRED INCOME			
	Accrued liabilities		0	0
	Deferred income		947	1,276
	Total accrued liabilities and deferred income (E)		947	1,276
	TOTAL LIABILITIES AND NET ASSETS		1,448,321	2,048,206

PROFIT AND LOSS ACCOUNT		
A) VALUE OF PRODUCTION	2025	2024
1) Revenue from sales and services	1,582,384	1,853,218
2) Changes in inventories of work in progress, semi-finished and finished goods	0	0
3) Change in work in progress on order	0	0
4) Increases in fixed assets arising from internal work	0	0
5) Other revenue and income:		
a) Operating grants	0	0
b) Other	144,677	142,072
Total other revenue and income (5)	**144,677**	**142,072**
Total value of production (A)	1,727,061	1,995,290
B) PRODUCTION COSTS		
6) For raw materials, ancillary materials, consumables and goods	123,321	180,261
7) For services	881,803	987,809
8) For the use of third-party assets	35,782	36,814
9) For staff:		
a) wages and salaries	365,871	353,696
b) social security contributions	127,233	123,900
c) employee severance pay	29,538	28,337
d) pension and similar benefits	0	0
e) other costs	105,101	78,878
Total staff costs (9)	**627,743**	**584,811**
10) Depreciation, amortisation and write-downs:		
a) amortisation of intangible assets	172	172
b) depreciation of tangible fixed assets	14,707	14,654
c) Other write-downs of fixed assets	0	0
d) Write-down of receivables included in current assets and cash and cash equivalents	0	0
Total depreciation, amortisation and write-downs (10)	**14,879**	**14,826**
11) Changes in stocks of raw materials, ancillary materials, consumables and goods	0	0
12) Provisions for risks	0	0
13) Other provisions	0	0
14) Miscellaneous operating expenses	26,951	87,143
Total production costs (B)	1,710,479	1,891,664
Difference between value and production costs (A–B)	**16,582**	**103,626**
C) FINANCIAL INCOME AND EXPENSES		
15) Income from equity investments, with separate disclosure of income relating to subsidiaries and associated companies and those relating to parent companies and companies under the control of the latter	0	0
16) Other financial income:	**0**	**0**
a) from receivables recorded under fixed assets, with separate disclosure of those from subsidiaries and associated companies and those from parent companies and companies subject to the control of the latter	0	0
b) from securities recorded under fixed assets which do not constitute equity investments	0	0
c) from securities classified as current assets that do not constitute equity investments	0	0
d) income other than the above, with separate disclosure of income from subsidiaries and associated companies and those from parent companies and companies under the control of the latter	95	117
Total other financial income (16)	**95**	**117**

			2025	2024
17)	Interest and other financial expenses, with separate disclosure of those relating to subsidiaries and associates and to parent companies:			
	a)	interest payable to the parent company	0	0
	b)	loans	0	0
	c)	various	1	115
	Total interest and other financial charges (17)		**1**	**115**
17bis)		Foreign exchange gains and losses	0	0
	Total financial income and expenses (C) (15 + 16 - 17 +/- 17a)		94	2
D)	VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18)	Revaluations:			
	a)	of equity investments	0	0
	b)	of financial fixed assets that do not constitute equity investments	0	0
	c)	securities classified as current assets that do not constitute equity investments	0	0
	d)	derivative financial instruments	0	0
	Total revaluations (18)		**0**	**0**
19)	Write-downs:			
	a)	on equity investments	0	0
	b)	on financial fixed assets that do not constitute equity investments	0	0
	c)	securities classified as current assets that do not constitute equity investments	0	0
	d)	derivative financial instruments	0	0
	Total value adjustments to financial assets (D) (18 - 19)		0	0
	Profit before tax (A - B +/- C +/- D)		16,676	103,628
20)	Income tax for the financial year:			
	a)	Current tax	7,408	38,949
	b)	Deferred and prepaid tax	3,300	(9,302)
	Total income tax for the year (20)		**10,708**	**29,647**
21)	**Profit (loss) for the year**		**5,968**	**73,981**

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REPORTS OF THE BOARD OF STATUTORY AUDITORS

CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS

SOCIETÀ METROPOLITANA ACQUE TORINO S.P.A.
Registered office: Turin, Corso XI Febbraio, 14
Share capital: € 345,533,761.65, fully paid up
Turin Companies Register
Tax Code and VAT No. 07937540016

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REPORT OF THE BOARD OF AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Shareholders of Società Metropolitana Acque Torino S.p.A.,

during the financial year ended 31 December 2025, our work was guided by the provisions of the Italian Civil Code, Legislative Decree No. 39/2010 and European Regulation No. 537/2014, insofar as they are relevant, international accounting standards, the Code of Conduct for the Board of Statutory Auditors of listed companies issued by the CNDCEC, and other applicable national legislation on the matter.

The Board of Statutory Auditors was appointed by you on 25 June 2025 and will remain in office until the approval of the annual and consolidated financial statements as at 31 December 2027.

The Board also acts as the Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.

The draft consolidated financial statements for the year ended 31 December 2025 have been made available in accordance with the provisions of Article 2429 of the Italian Civil Code.

The Company's consolidated financial statements as at 31 December 2025 comprise the consolidated balance sheet, the consolidated profit and loss account, the notes to the financial statements and the consolidated cash flow statement, and are accompanied by the management report (the latter drawn up as a single document for the same statutory purposes as the annual financial statements).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The task of verifying the compliance of the consolidated financial statements with statutory requirements and their consistency with the accounting and consolidation records is entrusted to the audit firm Deloitte & Touche S.p.A.. Consequently, as this Board of Statutory Auditors is not responsible for carrying out a detailed substantive review of the content of the financial statements, it has monitored the general approach taken in their preparation, as well as their overall compliance with the law regarding their preparation and structure; in this regard, there are no specific observations to report.

An analysis of the report by the audit firm, prepared in accordance with Article 14 of Legislative Decree No. 39/2010 and Article 10 of European Regulation No. 537/2014, shows that the consolidated financial statements: "*[...] give a true and fair view of the SMAT Group's financial position as at 31 December 2025, its financial performance and cash flows for the financial year ended on that date, in accordance with the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Union*".

In accordance with the Code of Conduct for the Board of Statutory Auditors of listed companies issued by the CNDCEC, we have:

- verifying the existence and adequacy, within the Company's organisational structure, of a function responsible for relations with subsidiaries;
- obtaining information on the activities carried out by the subsidiaries and on the transactions of greatest economic, financial and equity significance within the Group's relationships from the Directors of the Company and the investee companies, from the heads of the various departments, from the independent auditors and from the supervisory bodies of the investee companies.

Following the supervisory review of the consolidated financial statements, it is noted that:

- the determination of the scope of consolidation, the choice of consolidation principles and the procedures adopted comply with the requirements laid down by law;
- the legal requirements relating to the preparation and presentation of the consolidated financial statements and the Management Report have been complied with;
- the Management Report is consistent with the Consolidated Financial Statements and provides you with further insights into the Group's operating performance and economic outlook; it also contains adequate disclosure regarding transactions between Group companies and significant events that have occurred since the end of the financial year;
- the Consolidated Financial Statements are consistent with the facts and information of which this Board of Statutory Auditors has become aware in the course of its supervisory and auditing activities.

Therefore, the Board of Statutory Auditors, having regard to:

- the findings of the work carried out by the independent auditors as set out in their report;
- the information provided by the Board of Directors and the Heads of the various departments;
- all the matters set out and noted above and the contents of its meeting minutes;

has no objections to raise regarding the 2025 Consolidated Financial Statements of the Smat S.p.A. Group.

Turin, 11 June 2026
The Board of Statutory Auditors

Dr Davide Di Russo
[signed in the original]

Dr Stefania Branca
[signed in the original]

Dr Simone Montanari
[signed in the original]

SOCIETÀ METROPOLITANA ACQUE TORINO S.P.A.
Registered office: Turin, Corso XI Febbraio, 14
Share capital: € 345,533,761.65, fully paid up
Turin Companies Register
Tax Code and VAT No. 07937540016

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REPORT ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025 PREPARED IN ACCORDANCE WITH ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Shareholders of Società Metropolitana Acque Torino S.p.A.,

during the financial year ended 31 December 2025, our work was guided by the provisions of the Civil Code, Legislative Decree No. 39/2010 and European Regulation No. 537/2014, insofar as they fall within our remit, international accounting standards, the Code of Conduct for the Board of Statutory Auditors of listed companies issued by the CNDCEC, and any other relevant national legislation in force.

The Board of Statutory Auditors was appointed by you on 25 June 2025 and will remain in office until the approval of the annual and consolidated financial statements as at 31 December 2027.

It should be noted, first of all, that the Board of Directors has decided to make use of the extended period provided for in Article 2364 of the Italian Civil Code and Article 14.5 of the Articles of Association for convening the Shareholders' Meeting to approve the 2025 annual financial statements, given that the relevant conditions are met.

The draft financial statements for the financial year ended 31 December 2025 have been made available in accordance with the provisions of Article 2429 of the Italian Civil Code.

The draft financial statements for the financial year ended 31 December 2025 were approved by the Board of Directors on 26 May 2026.

Supervisory and Control Activities

We have monitored compliance with the law and the Articles of Association, as well as adherence to the principles of sound management.

We attended the Shareholders' Meetings and the meetings of the Board of Directors; on the basis of the information obtained, we did not identify any breaches of the law or the Articles of Association, nor any transactions that were manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.

During the meetings of the Board of Directors, we received updates on the progress of the company's operations.

During the meetings held, we received information from the Chief Executive Officer and the Heads of the various departments regarding the general course of business and its foreseeable development, as well as on transactions of particular significance, due to their size or nature, carried out by the Company and its subsidiaries; based on the information received, we have no specific observations to report.

During the 2025 financial year and up to 11 June 2026, we met with the auditors, Deloitte & Touche S.p.A., and no material facts, circumstances and/or

information emerged from these meetings that need to be highlighted in this report, including with regard to the subsidiaries (Risorse Idriche S.p.A. and Aida Ambiente S.r.l.) of Smat S.p.A.
We met with the Boards of Statutory Auditors of the subsidiaries, as well as the Board of Statutory Auditors, the external auditors and the Liquidator of SAP S.p.A. in liquidation; no facts, circumstances and/or information— r otherwise—emerged from these meetings that are relevant and require mention in this report, except as set out below regarding the acquisition of Aida Ambiente S.r.l.
In this regard, the Board of Statutory Auditors, referring to the information provided in the notes to the financial statements, acknowledges that, on 24 March 2026, the Company and the AIDA Consortium signed a *"Deed of Commitment to the Disposal of a Shareholding and the Sale and Purchase of Real Estate*". The completion of the deed of transfer of the shareholding was subject to prior approval of the sale of the AIDA Consortium's shareholding in Aida Ambiente S.r.l.
In accordance with the Deed of Commitment to the Transfer of Shareholdings, the new valuations dated 27 April 2026, carried out by independent professionals, have been finalised, and the value of the shareholding corresponds to 49 per cent of the net assets of Aida Ambiente S.r.l., as shown in the latest approved financial statements as at 31 December 2025, namely € 443,871.
As of today, the sale of the stake held by the AIDA Consortium in Aida Ambiente has been approved by the Municipality of Alpignano (30 April 2026), the Municipality of Caselette (25 May 2026), the City of Rivoli (27 May 2026), the Municipality of Valdellatorre (4 June 2026), the Municipality of Pianezza (8 June 2026) and the Municipality of La Cassa (11 June 2026); consequently, the acquisition of the aforementioned stake may proceed, and rationalisation may be carried out through the corporate transaction deemed most appropriate.
We have not identified, nor have we received from the Board of Directors, the auditors, the Supervisory Body, the Heads of the various departments or the supervisory bodies of the investee companies, any reports regarding the existence of atypical and/or unusual transactions carried out by the Company with third parties or related parties.
We have met periodically with the Head of Internal Auditing, and no relevant facts, circumstances and/or information emerged from these meetings that need to be highlighted in this report.
We met with the Supervisory Body and reviewed its reports, from which no issues regarding the correct implementation of the organisational model emerged that need to be highlighted in this report.
We met with the Head of Corruption Prevention and Transparency and reviewed the relevant Report for the year 2025, from which no issues requiring mention in this report emerged.
We have assessed and monitored, to the extent within our remit, the adequacy and functioning of the Company's organisational and administrative-accounting structure, including by gathering information from the heads of the various departments and from the audit firm; in this regard, the aforementioned analysis revealed that the organisational and administrative-accounting system is adequate, reliable and capable of accurately representing the facts of the Company's operations.
No action was required to address any omissions on the part of the Board of Directors pursuant to Article 2406 of the Italian Civil Code.
No complaints were made pursuant to Article 2409(7) of the Italian Civil Code.

No reprehensible acts, omissions or complaints have come to light, nor have any complaints been received pursuant to Article 2408 of the Italian Civil Code.
In the course of the supervisory activities described above, no other significant facts have come to light that would require mention in this report.

Supervisory activities provided for by Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016
In our capacity as the Internal Control and Audit Committee, pursuant to Article 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, and also on the basis of information received from the independent auditors, we have monitored:
- the financial reporting process;
- the effectiveness of the internal control, internal audit and risk management systems;
- the statutory audit of the annual financial statements and the consolidated financial statements;
- on the independence of the statutory audit firm, in particular with regard to the provision of non-audit services.

An analysis of the report prepared by the audit firm pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of European Regulation No. 537/2014 reveals that the company's annual financial statements: "*[...] give a true and fair view of the Company's financial position as at 31 December 2025, of its financial performance and cash flows for the financial year ended on that date, in accordance with the International Financial Reporting Standards as adopted by the European Union and with the provisions issued pursuant to Article 9 of Legislative Decree No. 38/05*".

On 11 June 2026, pursuant to Article 11 of European Regulation No. 537/2014, we received the supplementary report prepared by the auditing firm, which explains the results of the statutory audit carried out. We have informed the Company's Board of Directors of the outcome of the statutory audit and forwarded the aforementioned supplementary report to the Board.

Comments on the financial statements

The draft financial statements for the financial year ended 31 December 2025 were approved by the Board of Directors on 26 May 2026 and consist, as required by the Civil Code, of the Balance Sheet, the Profit and Loss Account, the Cash Flow Statement and the Notes to the Financial Statements, and is accompanied by the Management Report, including the 2025 Sustainability Report prepared in accordance with Legislative Decree 125/2024.

To the best of our knowledge, the Directors have applied the International Financial Reporting Standards (IFRS), which have been applied consistently. 'IFRS' refers to the new International Financial Reporting Standards, as well as the revised International Accounting Standards ("IAS"), all and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC"), which have been endorsed and adopted by the European Union.

The financial statements show a profit for the year of € 49,908,995 and are summarised as follows:

Balance sheet:		
Assets	€ .	,818,685,954
Liabilities	€ .	989,115,330
Equity	€ .	779,661,629
Operating profit	€	9,908,995
Profit and loss account:		
Revenue	€ .	688,992,312

Operating costs	€ .	494,776,060
Depreciation, provisions and		
Depreciation and write-downs	€	(117,878,718)
EBIT	€ .	76,337,534
Financial income and expenses	€ .	(5,138,202)
Tax	€ .	21,290,337
Profit for the year	€ .	49,908,995

Responsibility for the preparation of the draft financial statements lies with the Company's Board of Directors. Furthermore, as this Board of Statutory Auditors is not tasked with carrying out a detailed substantive audit of the content of the financial statements, it has monitored the general approach taken in their preparation and their overall compliance with the law as regards their preparation and structure; in this regard, there are no specific observations to report.

The draft financial statements have therefore been examined, and the following information is provided in this regard:

- the criteria used in the preparation of the financial statements for the financial year ended 31 December 2025 do not differ from those used for the preparation of the financial statements for the previous financial year;
- the item 'Goodwill' has been carried at zero in the balance sheet assets because, as permitted by industry practice and verified by the auditors, the business relating to the acquisitions of the branches of the companies 'Acque Potabili S.P.A.' and "Società Acque Ciriacese S.R.L." has been reclassified as "Concession rights", with the asset being amortised until the end of the concession period, currently set for 2033;
- there are no start-up and expansion costs shown under assets in the balance sheet;
- the financial statement items are comparable with those of the previous financial year.

No reports have been made to the Board of Directors, nor have any reports been received from public creditors, pursuant to and for the purposes of Legislative Decree No. 14 of 12 January 2019, as amended, and other applicable legislation on the matter.

In accordance with the requirements of current legislation, we have verified that the management report is generally consistent with the financial statements in terms of its preparation and structure; in the opinion of this Board of Statutory Auditors, it is consistent with the financial statements and provides you with further insights into the Company's operating performance and economic prospects.

Sustainability report prepared in accordance with Directive (EU) 2022/2464

Pursuant to Legislative Decree No. 125 of 6 September 2024, transposing Directive 2022/2464/EU (Corporate Sustainability Reporting Directive; 'CSRD') and in accordance with Delegated Regulation (EU) 2023/2772 of 31 July 2023 and Regulation (EU) 2020/852 (the so-called Taxonomy Regulation), the Company is required to prepare and include the Consolidated Sustainability Report in a specific section of the management report, in place of the Non-Financial Statement (formerly "DNF") under Legislative Decree 254/2016.

This Consolidated Sustainability Report has been prepared in accordance with the requirements of the European Sustainability Reporting Standard (ESRS), the single European standard issued by the European Financial Reporting Advisory Group (EFRAG).

Pursuant to Article 10(1) of Legislative Decree 125/2024, as part of the performance of our duties and within the scope of our remit, we have monitored for compliance with the provisions of Legislative Decree 125/2024. In particular, we have monitored compliance with the provisions governing the process of preparing and publishing the sustainability report, whilst also taking into account the requirements of the EU Taxonomy Regulation (Regulation (EU) 2020/852).

We have followed the process leading to the approval by the Board of Directors of Smat S.p.A. of the relevant qualitative and quantitative information for the preparation of the Consolidated Sustainability Report as at 31 December 2025, monitoring throughout the year the project initiated by the Company for the preparation of the second Consolidated Sustainability Report; in this regard, no issues or concerns worthy of mention here have come to light.

We would also point out that the responsibility for ensuring that the report is drawn up and published in accordance with the provisions of the law rests with the Directors.

The 2025 Consolidated Sustainability Report has been prepared, pursuant to Articles 3 and 4 of Legislative Decree 125/2024, in accordance with the reporting standards adopted by the European Commission (the so-called 'ESRS'), pursuant to Article 29-ter of the so-called Accounting Directive, as amended by the CSRD, and has been subject to a *limited assurance* engagement by Revi.tor S.r.l., the audit firm appointed to issue the assurance report on the Consolidated Sustainability Report.

The audit firm Revi.tor S.r.l. issued the Limited Assurance report on the Consolidated Sustainability Report pursuant to Article 8(10) of Legislative Decree 254/2016 on 11 June 2026, thereby also certifying its independence.

As the work carried out by Revi.tor S.r.l. in relation to the sustainability report constitutes a limited review, the opinion is expressed in terms of *negative assurance*. Indeed, in the context of this report , Revi.tor S.r.l. attests that, based on the work carried out, nothing has come to its attention to suggest that the consolidated sustainability report for the financial year ended 31 December 2025 has not been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards (ESRS)), and that the information contained in the paragraph 'European Taxonomy – information pursuant to Regulation 2020/852' of the consolidated sustainability report has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No 852 of 18 June 2020 ('Taxonomy Regulation').

The Board of Statutory Auditors, for its part, notes that, following the work carried out, no instances of non-compliance with the relevant regulatory provisions on sustainability reporting have come to its attention.

Significant events occurring after 31 December 2025

The Board of Statutory Auditors has verified that the Company has taken into account the significant events occurring after 31 December 2025 and the foreseeable development of operations, as set out in the management report.

Conclusions

The Board of Statutory Auditors, having taken into account:

- the findings of the work carried out by the audit firm Deloitte & Touche S.p.A., as set out in its report;

– the information provided by the Board of Directors and the Heads of the various departments;
– the findings of the work carried out by the audit firm Revi.tor S.r.l., as set out in its Limited Assurance report on the Consolidated Sustainability Report;
– all the matters set out and noted above and the contents of its own meeting minutes;

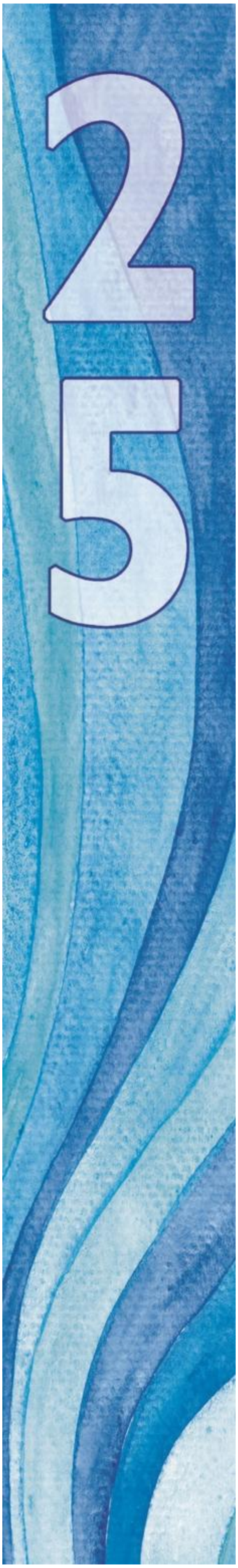
considers that there are no grounds preventing the approval of the Company's financial statements for the year ended 31 December 2025, as drawn up by the Directors , as well as the proposal put forward by the latter regarding the allocation of the profit for the financial year.

Turin, 11 June 2026
The Board of Statutory Auditors

Dr Davide Di Russo
[signed in the original]

Dr Stefania Branca
[signed in the original]

Dr Simone Montanari
[signed in the original]



REPORTS OF COMPANIES AUDIT

CONSOLIDATED FINANCIAL STATE-MENTS

FINANCIAL STATEMENTS

SUSTAINABILITY REPORT

REPORTS BY THE AUDIT FIRM

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Società Metropolitana Acque Torino S.p.A. and its subsidiaries ("SMAT Group" or the "Group"), which comprise the consolidated statement of financial position as of December 31, 2025, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the SMAT Group as of December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian 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 our report. We are independent of Società Metropolitana Acque Torino S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Revenue recognition – Revenues earned and not yet billed at year-end	
Description of the key audit matter	As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (bills to be issued for Euro 66,564 thousand as of December 31, 2025). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions. We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Group's financial statements as of December 31, 2025 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.
Audit procedures performed	The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following: • analysis of the procedures adopted by the Group for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms; • identification and understanding of the key controls implemented by the Group to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists; • verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates; • verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals; • review the adequacy of the disclosures provided in this regard.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the SMAT Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the 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 these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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;

- evaluate 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;

- obtain 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine 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 describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017, as auditors of the Company for the years from 2017 to 2025.

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

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the report on operations – including the information required by article 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98 - of the SMAT Group as of December 31, 2025, including its consistency with the related consolidated financial statements and its compliance with the law.
We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting;

- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of the SMAT Group as of December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by another auditor in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Scagliola
Partner

Turin, Italy
June 11, 2026

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

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Società Metropolitana Acque Torino S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2025, the income statement, statement of comprehensive income, statement of changes in net equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue recognition – Revenues earned and not yet billed at year-end

Description of the key audit matter	As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (bills to be issued for Euro 66.564 thousand as of December 31, 2025). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions. We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Company's financial statements as of December 31, 2025 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.
Audit procedures performed	The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following: • analysis of the procedures adopted by the Company for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms; • identification and understanding of the key controls implemented by the Company to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists; • verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates; • verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals; • review the adequacy of the disclosures provided in this regard.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017, as auditors of the Company for the years from 2017 to 2025.

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

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the report on operations - including the information required by article 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98 - of the Company as of December 31, 2025, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting;

- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Società Metropolitana Acque Torino S.p.A. as of December 31, 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by another auditor in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Scagliola
Partner

Turin, Italy
June 11, 2026

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

REPORT BY THE AUDIT FIRM ON SUSTAINABILITY

REVI.TOR

Report of the independent auditors on the limited examination of consolidated sustainability reporting pursuant to art. 14-bis of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of the
Società Metropolitana Acque Torino S.p.A.

Conclusions

Pursuant to art. 8 of Legislative Decree no. 125 of 6 September 2024 (hereinafter also the "Decree"), we have been appointed to carry out the limited assurance engagement of the consolidated sustainability reporting of the SMAT Group (hereinafter also the "Group") relating to the year ended 31 December 2025 prepared pursuant to art. 4 of the Decree, presented in the specific section of the Report on Operations.

On the basis of the work carried out, no elements have come to our attention that would lead us to believe that:

- the consolidated sustainability reporting of the SMAT Group for the year ended 31 December 2025 has not been prepared, in all significant respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information contained in the paragraph "European Taxonomy - information pursuant to Regulation 2020/852" of the consolidated sustainability report has not been prepared, in all significant respects, in accordance with art. 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also referred to as the "Taxonomy Regulation").

Evidence for the conclusions

We have carried out the limited examination assignment in accordance with the Sustainability Reporting Attestation Standard - SSAE (Italy). The procedures carried out in this type of assignment vary in nature and timing from those necessary for the performance of an assignment aimed at acquiring a reasonable level of security and are also less extensive. Consequently, the level of confidence obtained in a limited examination assignment is substantially lower than the level of confidence that would have been obtained if a reasonable level of confidence assignment had been carried out. Our responsibilities under this Standard are further described in the paragraph "Independent Auditors' Responsibilities for Attesting to Consolidated Sustainability Reporting" of this report.

We are independent in accordance with the rules and principles on ethics and independence applicable to the assignment of attesting to consolidated sustainability reporting in the Italian legal system.

Our auditing firm applies the International Quality Management Standard (ISQM Italy 1) according to which it is required to configure, implement and operationalize a quality management system that includes directives or procedures on compliance with ethical principles, professional principles and applicable laws and regulations.

We believe that we have acquired sufficient and appropriate evidence on which to base our conclusions.

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Responsibilities of the Directors and the Board of Statutory Auditors of Società Metropolitana Acque Torino S.p.A. for consolidated sustainability reporting

The Directors are responsible for developing and implementing the procedures implemented to identify the information included in the consolidated sustainability reporting in accordance with the requirements of the ESRS (hereinafter the "materiality assessment process") and for describing these procedures in the paragraph "Description of the process for identifying and assessing material impacts, risks and opportunities" of the consolidated sustainability reporting.

The Directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the requirements of art. 4 of the Decree, including:

- compliance with ESRS;
- compliance with art. 8 of the Taxonomy Regulation of the information contained in the paragraph "European Taxonomy - information pursuant to Regulation 2020/852".

This responsibility involves the configuration, implementation and maintenance, within the terms provided for by law, of that part of the internal control deemed necessary by the Directors in order to allow the preparation of consolidated sustainability reporting in accordance with the requirements of art. 4 of the Decree, which does not contain significant errors due to fraud or unintentional conduct or events. That responsibility also involves the selection and application of appropriate methods for processing the information and the development of assumptions and estimates of specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for supervising, within the terms provided for by law, compliance with the provisions established in the Decree.

Inherent limitations in the preparation of consolidated sustainability reporting

For the purposes of reporting forward-looking information in accordance with the ESRS, Directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future event, both as regards the materialization of the event and as regards the extent and timing of its manifestation, the deviations between the final values and the prospective information could be significant.

The information provided by the Group is subject to intrinsic limitations regarding energy consumption at the Chiomonte plant, for which the figure is estimated and not measured directly, and regarding the measurements of greenhouse gas emissions for Scope 1 due to the high variability in the parameters used to estimate removals from green areas and emissions from the wastewater purification process influenced by the uncertainty of the coefficients IPCC. Overall, the uncertainty regarding the Group's total emissions stands at 18%, corresponding to a "sufficient" level of accuracy.

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The disclosure provided regarding Scope 3 emissions is also subject to inherent limitations due to the limited availability and relative accuracy of the information used to define both quantitative and qualitative Scope 3 emissions information on related to the value chain.

Responsibility of the independent auditors for the attestation of consolidated sustainability reporting

Our objectives are to plan and carry out procedures in order to gain a limited level of assurance that the consolidated sustainability reporting does not contain material errors, whether due to fraud or unintentional conduct or events, and to issue a report containing our conclusions. Errors may result from fraud or unintentional conduct or events and are considered material if they can reasonably be expected to be able to influence user decisions made on the basis of consolidated sustainability reporting.

As part of the engagement to acquire a limited level of assurance in accordance with the Sustainability Reporting Attestation Principle (SSAE), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- the consideration of risks to identify the information in which a material error is likely to occur, whether due to fraud or unintentional behaviour or events;
- the establishment and implementation of procedures to verify the disclosure in which a material misstatement is likely to occur. The risk of not detecting material misstatement due to fraud is higher than the risk of not detecting material misstatement resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentations or overreach;
- steering, supervising and conducting the limited review of consolidated sustainability reporting and taking full responsibility for the conclusions on consolidated sustainability reporting.

Summary of the work done

A limited level of security engagement involves conducting evidence procedures as a basis for our conclusions.

The procedures carried out were based on our professional judgment and included interviews, mainly with the staff of Società Metropolitana Acque Torino S.p.A. responsible for the preparation of the information presented in the consolidated sustainability report, as well as analysis of documents, recalculations and other procedures aimed at acquiring evidence deemed useful.

We have carried out the following main procedures:

- understanding of the business model, the Group's strategies and the context in which it operates with reference to sustainability issues;
- understanding of the process put in place by the Group for the identification and assessment of material impacts, risks and opportunities ("IROs"), based on the principle of double materiality, in relation to sustainability matters and, on the basis of the information acquired therein, carrying out considerations with regard to any contradictory elements that have emerged that may highlight the existence of sustainability issues not considered by the Group in the materiality assessment process. Mainly through surveys, observations and inspections, we have understood how the Group:
    - took into account the interests and views of the stakeholders involved;

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- identified IROs related to sustainability issues, and we found them to be consistent with our knowledge of the Group and the context in which it operates;
- defined and assessed the relevant IROs through the analysis of the qualitative and quantitative materiality thresholds determined by it, and we found their consistency with the results of the Enterprise Risk Management (ERM) process.

- understanding of the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability reporting, including the analysis of the reporting scope through interviews with Group personnel and the performance of limited documentary checks;
- identification of the information in which a material error is likely to occur, taking into account, among others, factors related to the process of generating and collecting information, the presence of estimates and the complexity of the related calculation methodologies, as well as qualitative and quantitative factors attributable to the nature of the information itself;
- Establishing and carrying out procedures, based on our professional judgment, to respond to the significant risks of misstatement identified, including:
  - conducting investigations and limited checks with reference to qualitative information and, in particular, policies, actions and objectives related to sustainability issues;
  - carrying out procedures of comparative analysis, inspections, observations and recalculations on a sample basis with reference to quantitative information;
- understanding of the process put in place by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the Taxonomy Regulation, and verification of the related disclosures included in the consolidated sustainability reporting;
- matching the information reported in the consolidated sustainability report with the information contained in the Group's consolidated financial statements pursuant to the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements themselves or with the management data of an accounting nature;
- verification of the compliance with the ESRS of the structure and presentation of the disclosures included in the consolidated sustainability reporting;
- obtaining the management representation letter.

REVI.TOR S.r.l.

(Barbara NEGRO)

Barbara Negro

(A Partner)

Turin, 11 June 2026

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ORDINARY SHAREHOLDERS' MEETING OF 29 JUNE 2026

Chaired by SMAT's Chairman Paolo Romano, with Marco Boccadoro acting as Secretary; present at the start of the meeting were 101 representatives of the shareholders out of a total of 297, holding 4,960,413 ordinary shares out of 5,352,963, representing 92.67% of the share capital, the General Meeting, having taken note of the SMAT Group's consolidated financial statements as at 31 December 2025, resolved to approve the 2025 annual financial statements and the allocation of the 2025 net profit for the year, in accordance with the provisions of Article 2 of the Agreement pursuant to Article 30 of the TUEL signed by the Shareholders:

- 5% to the statutory reserve

  and the remaining 95 per cent:

  - ✓ 80% to the reserve earmarked for the implementation of the Economic and Financial Plan;
  - ✓ 20% as a dividend to shareholders for the promotion of environmental protection activities.

Put to the vote, the Company's financial statements for the financial year ended 31 December 2025 were unanimously approved; these show a net profit of €49,908,995.01, both in aggregate and in the individual line items, and the allocation of the net profit as follows:

- 5% to the statutory reserve, amounting to €2,495,449.75;

  and of the remaining 95 per cent:

  - ✓ 80%to the reserve earmarked for the implementation of the Economic and Financial Plan, amounting to €37,930,836.21;
  - ✓ 20%, totalling €9,482,709.05, corresponding to a rounded dividend of €1.95 per share for each of the 4,860,004 ordinary shares entitled to it, excluding the treasury shares held by SMAT S.p.A., and therefore a total rounded dividend of €9,477,007.80. Consequently, the amount of the remaining net profit to be carried forward is €5,701.25.

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