



## 2021 Financial Statements

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Our energy for your needs



Our energy for your needs

## More value to energy every day.

Centrex Italia S.p.A. is active in sale and trading of natural gas and electricity.

The company, operative from October 2008, with sale volumes rising steeply, can rely on a diversified supply portfolio and relevant transport and storage capacity.

Financial Statements  
at 31 | 12 | 2021

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### Explanation added for translation to English

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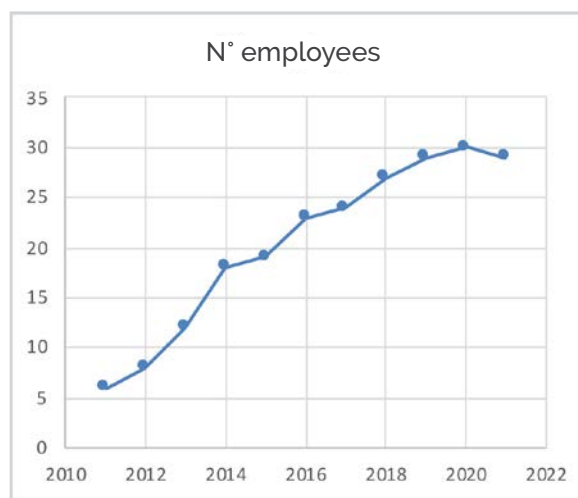
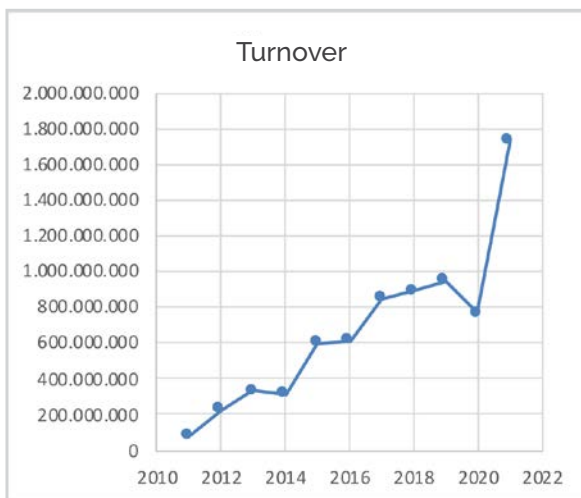
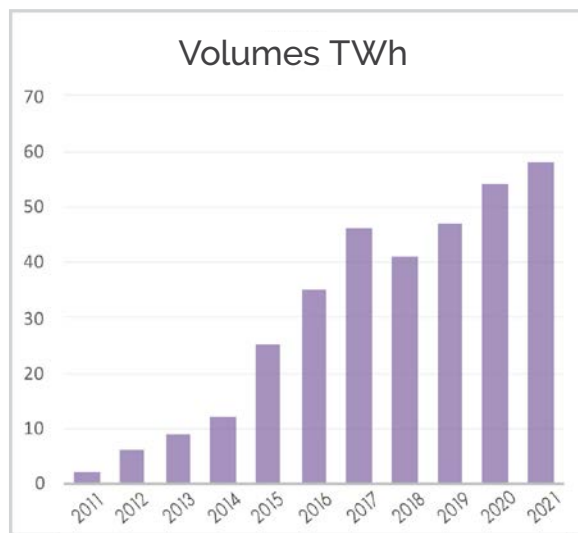
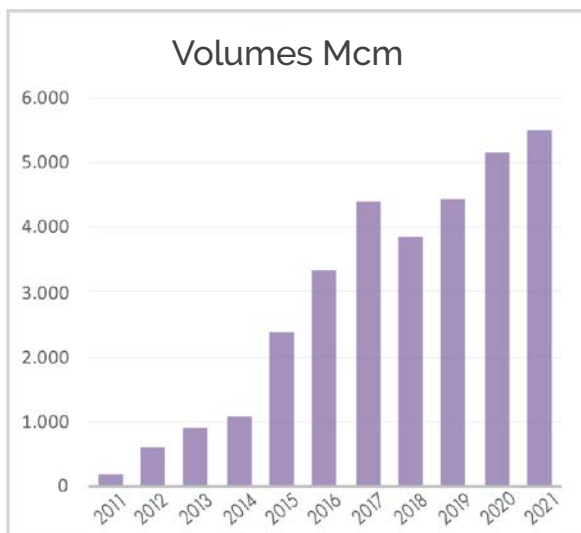
Centrex Italia Financial Statements have been prepared in accordance with the accounting principles established by the Italian law, which may not conform with generally accepted accounting principles in other countries.



Report on Operations for  
the Financial Statements  
at 31/12/2021

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1 SUMMARY DATA



## 2 REPORT ON OPERATIONS FOR THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

## 2.1 Introduction

Dear Shareholders,

To accompany the annual financial statements for the period ended 31/12/2021, we are providing this Report on Operations, prepared under the terms of Art. 2428 of the Italian Civil Code, with the aim of giving true, balanced and exhaustive information on the company's situation, business performance and results, and on the activities carried out by the company in the year. Information is also provided on the risks to which the company is exposed and on significant events occurring after the reporting date, which are of fundamental importance given the current uncertainties affecting the company as of the date these Financial Statements are approved. In particular, please see section 2.13 "Significant events after the reporting date and outlook".

As you know, on 22 June 2021, the acquisition by Gazprom Expert LLC (hereafter, also "GPE") was completed, involving 100% of the shares of Centrex Europe Energy & Gas AG (hereafter, also "Sole Shareholder" or "CEEG"), in turn the sole shareholder of Centrex Italia SpA (hereafter, "Centrex" or the "Company"). PJSC Gazprom, which is the main producer of Russian natural gas, invests directly in GPE (<https://www.gazprom.com/investors/stock/>).

Hence, the current investment chain is as follows:



This extraordinary transaction was of particular importance for the company in that it can now be integrated into an industrial group, with the vertical integration of the gas supply chain, from the producer down to the end user in Italy. The company was previously part of the Gazprom Bank Group, held for investment rather than industrial purposes.

Through the cited operation, the structure of the company's Board of Directors changed. More specifically, on 22 June 2021, the Chair of the Board of Directors, Massimo Nicolazzi, Managing Director Michele Libutti and Director Andrey Naumkin resigned from their positions on the company's Board of Directors, effective immediately. The company then appointed a new Board of Directors, increasing the number of directors from 3 to 5, as established under Article 15 of the By-Laws. At the Shareholders' Meeting, also held on 22 June 2021, Dmitry Averkin, Evgenii Korolev, Pavel Terliuk, Rostislav Kazancev and Michele Libutti were appointed as Directors, with their terms ending on the date of the Shareholders' Meeting held to approve the financial statements as at 31 December 2023. At that time, Dimitry Averkin was appointed Chair of the Board of Directors.

On the same date, the new Board of Directors met and appointed an internal Executive Committee with two members ("Managing Directors"), granting them adequate powers to manage and represent the company, with joint signing powers. The Board appointed Michele Libutti and Rostislav Kazancev as the Managing Directors.

Following this operation, Centrex Italia became subject to management and coordination by PAO Gazprom.

In keeping with the business strategies adopted in recent years, the company presented its 2022 budget, which was approved by the Group.

Finally, on 17 February 2022, a Shareholders' Meeting was held during which Dimitry Averkin resigned as the Chair of the Board of Directors. The Sole Shareholder then appointed Elena Burmistrova as a new director, serving as the Chair of the Board of Directors.

## 2.2 The company's Business

Founded in 2007, the company creates and uses energy and gas production plants, strategically structures energy and gas supply contracts, and also creates distribution structures, sells and distributes oil and natural gas products, and buys and sells energy and natural gas.

Under the terms of Art. 2428, the activity is carried out at the registered offices at 4 Via Lorenzini, Milan, Italy, and there are no secondary offices.



### 2.3 Analysis of the company's economic, equity and financial situation

Financial year 2021 ended with a profit of € 1,967,792 (compared to a profit of € 1,644,700 the previous year).

The year was not affected negatively by the COVID-19 pandemic or by the high gas prices which will be discussed further below. In fact, in terms of volumes sold, the company continued to see growth: +7% in 2021 compared to 2020. Also in financial terms, the company did not suffer repercussions on the credit management side (no delays in collections were reported) or in relation to the financial lines available (relations with banking counterparties remain excellent, as better described below). The need for higher credit lines to finance net working capital as a consequence of higher gas prices, were mainly handled with the Group's financial resources. The operating management of the company therefore continued regularly, as shown by the good result achieved in the year in question.

The main equity and financial figures, together with a summary presentation of the economic performance of the company's business during the year, are shown in the tables below.

The company's reclassified balance sheet, compared with the one from the previous year, is shown below:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>
Net intangible fixed assets	640,438	745,821
Net tangible fixed assets	98,897	105,233
Net financial fixed assets	2,017,566	2,017,566
<b>Fixed capital</b>	<b>2,756,901</b>	<b>2,868,620</b>
Inventories	16,180,079	18,778,868
Receivable from customers	353,909,166	81,470,671
Other receivables (intra-group and third parties)	101,607,207	7,658,371
Accrued income and deferred charges	216,466	160,256
<b>Short-term current assets</b>	<b>471,912,918</b>	<b>108,068,166</b>
Trade payables	240,788,112	66,322,683
Tax and social security liabilities	818,723	505,815
Other payables (intra-group and third parties)	117,012,217	5,853,757
Accrued expenses and deferred income	33,407	63,932
<b>Short-term current liabilities</b>	<b>358,652,459</b>	<b>72,746,187</b>
<b>Net working capital</b>	<b>113,260,459</b>	<b>35,321,979</b>
Severance indemnities	418,559	329,377
Other medium and long-term liabilities	1,981,235	1,194,019
<b>Medium/long-term liabilities</b>	<b>2,399,794</b>	<b>1,523,396</b>
<b>Invested capital</b>	<b>113,617,566</b>	<b>36,667,203</b>
Shareholder's equity	-23,241,981	-19,870,371
Net short-term financial position	-90,375,585	-16,796,832
<b>Equity and net financial debt</b>	<b>-113,617,566</b>	<b>-36,667,203</b>

The table clearly shows the impact of high gas prices seen during the fourth quarter of 2021, with prices that even reached peaks of € 180/MWh. Although volumes of gas traded were generally similar to 2020, trade payables and receivables at 31/12/2021 were five times higher than at 31/12/2020. Unsurprisingly, this increased net working capital, which was readily handled by increasing financing from the Sole Shareholder. In fact, the company had an existing intragroup credit line totalling € 20 million, utilised for only € 5 million at 31/12/2020. During the fourth quarter of 2021, this line was increased to € 105 million. Please see subsequent sections for more details on the company's financing strategies.

The table below shows changes in the net financial position:

<i>Amounts in euro</i>	31/12/21	31/12/20
Bank deposits	45.375.558	7.790.262
Cash on hand and other cash equivalents	161	465
<b>Liquid assets</b>	<b>45.375.719</b>	<b>7.790.727</b>
Derivatives	4.961.516	1.319.470
<b>Financial assets other than fixed assets</b>	<b>4.961.516</b>	<b>1.319.470</b>
Payables to parent company (by 12 months)	80.060.258	5.032.000
Payables to banks (by 12 months)	58.725.688	20.810.641
Other short-term liabilities	1.926.874	64.388
<b>Short-term financial debts</b>	<b>140.712.820</b>	<b>25.907.029</b>
<b>Net short-term financial position</b>	<b>-90.375.585</b>	<b>-16.796.832</b>
<b>Net financial position</b>	<b>-90.375.585</b>	<b>-16.796.832</b>

Also in 2021, despite a general prudence of financial institutions in relation to the energy services segment, Centrex Italia confirmed the excellent level of relationships with the banking industry maintaining good levels of credit and pricing. The support of its financial partners allows Centrex Italia to support growth, benefiting from economic opportunities and appropriate financial leverage.

Short-term financial payables increased significantly with regards to banks as well as shareholders as a consequence of the aforementioned increase in natural gas prices seen in December 2021.

The income statement reclassified for added value (or operational pertinence) is presented below.

<i>Amounts in euro</i>	2021	2020
Sales and services revenues	1,739,122,133	770,824,914
- Purchase of raw materials, consumables and goods	1,690,639,392	726,175,609
+ Variation of raw materials, consumables and goods	-2,598,788	-8,680,079
- Costs for services and third parties assets use	38,723,920	29,383,893
<b>Added value</b>	<b>7,160,033</b>	<b>6,585,333</b>
+ Other income and proceeds	109,235	223,805
- Cost of personnel	3,653,885	3,640,164
- Sundry operating expenses	385,830	467,415
<b>Gross Operating Profit (GOP)</b>	<b>3,229,553</b>	<b>2,701,559</b>
- Amortizations and depreciations	439,042	181,265
<b>Operating income</b>	<b>2,790,511</b>	<b>2,520,294</b>
+ Financial income	26,060	28,525
- Financial charge and gains/losses on foreign currency conversion	200,376	175,348
- Devaluation of interests	67,571	88,167
<b>Income (Loss) before tax</b>	<b>2,548,624</b>	<b>2,285,304</b>
+ Income tax	-580,832	-640,604
<b>Net Income (Loss)</b>	<b>1,967,792</b>	<b>1,644,700</b>

Added Value came out at € 7.2 million (compared to the result of € 6.6 million in 2020).

The significant increase in the amount of revenue (and the cost of sales) was due exclusively to the average price of gas recorded during 2021, well above the average price in 2020.

Added Value showed an improvement, going from € 6.6 million to € 7.2 million. This is an excellent result for the company considering it was achieved despite the trend of progressively shrinking commercial margins, attributable to more intense competition between operators, in part due to vertical concentration between wholesalers and retailers, and to the market becoming increasingly efficient, which is decreasing the opportunities for arbitrage by exploiting assets (foreign interconnection capacity and storage).

Gross Operating Profit came out at € 3.2 million (compared to € 2.7 million in 2020).

The Operating Profit came out at € 2.8 million (compared to € 2.5 million in 2020). During the year, the company updated its calculations for the provision for impairment of receivables, allocating € 239,796, bringing the provision to a total of € 667,920. This was the result of a prudential estimate made by management relative to potential losses on receivables as at 31 December 2021. In practice, the company has never used the provision for impairment of receivables, thanks to the careful selection of its customers, all with high credit ratings. The current pandemic and the overall market situation associated with high gas prices, already noted, have not caused delays in collection times as of the date of this report.

The result of financial management for 2021 is essentially in line with 2020. However, it should be noted that the dramatic increase in gas prices in the final part of 2021 had only residual impacts on the increase in financial charges for the entire year and this negative effect will be more visible in 2022.

The profit before tax amounted to € 2.5 million, compared to a profit before tax of € 2.3 million in 2020. Current and deferred taxes affected the result for a total of € 0.6 million, in line with 2020.

Therefore, the year ended with net profit of around € 2.0 million, compared to € 1.6 million net profit in 2020.

The satisfactory result achieved in the year therefore enables further consolidation of the company's equity and financial situation, with Shareholders' Equity amounting to € 23.2 million at the end of the year (compared to € 19.9 million at 31 December 2020).

A number of financial result indicators are analysed below. These were chosen among those considered most significant in relation to the company's situation. They are divided into economic and financial indicators.

The key **economic indicators** identified to assess the company are ROE, ROI and ROS, which are standard indicators and, in the table below, show the excellent result for the year:

Profit & Loss Indicators	2021	2020
<b>ROE (Return on Equity)</b> Net Income (Loss) / Net worth	8.47%	8.28%
<b>Gross ROE</b> EBT / Net worth	10.97%	11.50%
<b>ROI (Return on Investment)</b> Operating income / Total assets	6.67%	4.57%
<b>ROS (Return on Sales)</b> Difference between value and cost of production / Sales	0.16%	0.33%

The ROS shows the difference between costs of production and sales revenue as a very low percentage which is typical of the sector, present in particular in businesses such as Centrex Italia which have a high proportion of trading out of total turnover.

The **financial indicators** identified are the following:

Equity indicators	2021	2020
<b>Primary liquidity</b> (Current assets - inventory) / current liabilities	101.3%	99.7%
<b>Secondary liquidity</b> Current assets / current liabilities	104.6%	118.8%
<b>Debt Ratio</b> Third party funds / Shareholder's equity	21.59	5.04
<b>Cover Margin of Fixed Assets (euro/000)</b> Equity - Fixed Assets	20,485,080	17,001,751
<b>Cover Margin of Fixed Assets Ratio</b> Equity / Fixed Assets	843.05%	692.68%
<b>Equity + Long-Term Liabilities – Fixed Assets (euro/000)</b> Net worth + Consolidated liabilities – Fixed assets	24,811,748	18,589,535
<b>Equity + Long-Term Liabilities – Fixed Assets Ratio</b> (Net worth + Consolidated liabilities) / Fixed assets	999.99%	748.03%

The liquidity ratios remained substantially unchanged compared to the previous financial year.

The primary liquidity index shows the ratio of current assets net of inventories (short-term current assets and cash and cash equivalents and securities in current assets) to current liabilities (Short-term current liabilities and short-term financial payables).

The secondary liquidity index shows the ratio of current assets (including therefore also inventories) to current liabilities.

The debt ratio is the ratio between third-party funding and shareholders' equity. The significant growth in this index is explained by the large increase in intragroup credit lines used at the end of the year for net working capital requirements after the dramatic rise in gas prices at the end of the year. The unsurprising increase in 2021 is in contrast with the trend of previous years, which saw a virtuous reduction in the index, going from 12.6 times shareholders' equity in 2018 to 5 times shareholders' equity in 2020.

The fixed asset/equity margin shows the company's ability to cover investments in fixed assets with own funds. It is calculated as the difference between own capital (shareholders' equity) and fixed assets (fixed capital).

The fixed assets/liabilities and equity margin indicates how much of lasting investments is financed with long-term financing sources. It is calculated as the sum of own capital and long-term debt capital (Medium/long-term liabilities) net of fixed assets.

The indices and the reclassified balance sheet show that the company's capital solidity—i.e. its ability to maintain financial equilibrium in the medium/long-term—has substantially remained unchanged.

The business model adopted up to now does not need significant investments in fixed assets, given the commercial nature of the company. It follows, therefore, that the structure is extremely simplified and the critical business is concentrated at the level of management of working capital.

## 2.4 Analysis of the company's operations and performance

### *Macroeconomic framework*

The year just ended, the second year since the start of the COVID-19 pandemic, saw massive price volatility, unprecedented on the energy market.

During 2021, the signs of a global macroeconomic recovery, supported by the return of industrial activity, led to a simultaneous increase in demand for oil, natural gas and electricity, throughout the world. Strong demand was accompanied by limited supplies due to lower global offer, with stock levels lower than the historic average. In this context, a gas prices rose consistently, with an upward curve reaching peaks of € 180/MWh at the end of December.

Already in the third quarter of 2021, natural gas prices in Europe had hit historic highs, with an average of around € 50/MWh for the main TTF (continental Northern European hub) and PSV benchmarks (Italian spot market) — +500% and +400% — respectively, compared to the same period the previous year and prices almost double those recorded in the second quarter of 2021.

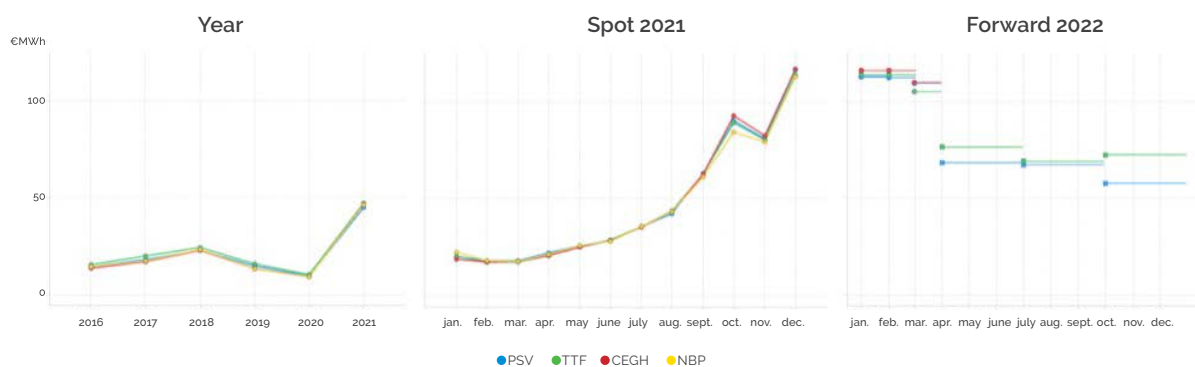
However, it was the fourth quarter of 2021 that saw truly extreme volatility in the prices of the main energy sources. Other than a short period during which fears about the possible impacts of the new Omicron variant of COVID-19 on economic activity slowed the growth of gas prices, an upward trajectory began towards the end of November that led to the TTF hub spot price reaching the peak of € 180/MWh in the second half of December. The average for the fourth quarter was € 92/MWh (+95% over the third quarter of 2021, +529% over the fourth quarter of 2020). The PSV Italian spot price saw similar values, with the PSV-TTF spread at its lowest level ever (€ 0.5/MWh).



The wholesale electricity market saw similar conditions, with the Italian SNP at an average of € 243/MWh for the fourth quarter of 2021 (+380% compared to the same period in 2020), with a peak of € 440/MWh.

**Fig. 1: Gas, quotations year and month spot and forward. Arithmetic mean (€/MWh). Source: Refinitiv**

Dex	Area	Year				Month			
		Year	Var Y1 (%)	Last Quot Future Y-1	Calendar Y+1	December	Cycl. Var (%)	Trend Var (%)	Last Quot Future Y-1
PSV	IT	47.20	347%	17.13	87.70	116.57	43%	605%	93.00
TTF	NL	46.66	397%	17.05	89.00	114.22	42%	612%	95.40
CEGH	AT	45.05	354%			116.95	42%	663%	93.17
NBP	UK	46.34	387%			112.90	42%	563%	74.17



In this uncertain environment, with prices trending upwards, the company promptly took action in several arenas: *i)* in terms of financing, with the support of the Sole Shareholder, it increased its credit line from € 20 million to 105 million, and also submitted requests to increase the credit lines it holds with its main partner banks, obtaining additional financial support on existing lines; *ii)* in terms of supplies, thanks to its new inclusion in the Gazprom Export Group, it was able to manage forward gas purchases in a situation of uncertainty with respect to counterparty solvency, due to high gas prices, focussing on group companies and decreasing guarantee commitments for third-party EFET counterparties which would have created excessive impacts in terms of financial expense; *iii)* with respect to monitoring credit risk, it further intensified analysis of the equity and financial stability of its counterparties, constantly monitoring credit ratings and decreasing or stopping incremental sales of gas and power to avoid increased exposure to risks; *iv)* with respect to margins, as prices grew significantly, it carefully monitored the consumption curves of its customers, verifying consistency with the contractually established consumption, thereby minimising the risk of having to supply counterparties additional unplanned gas, acquired on the spot market at market prices at prices different from those contractually established.

Thanks to the above, the company was able to end 2021 with a profit, minimising risks, guaranteeing suitable financial coverage and thereby managing the business to ensure growth and continuity, despite the uncertainties of the current macroeconomic situation and the highest levels of volatility ever seen on the market.

Despite the slow recovery of the economic system and the prospects outlined above, Centrex Italia confirmed its positive growth trend, further strengthening its national and international position. Centrex Italia's business model is aimed at creating value within the strategic guidelines, for both the company and the stakeholders, through achieving the objectives of profitability and growth, efficiency, and the prevention of business risks. The commitment to increasing loyalty in its commercial portfolio continues.

The company, leveraging its current positioning on the markets, achieved in sales volumes of 5,501 million cubic metres in 2021 compared to 5,138 million in the previous year, an increase of around 7% mainly attributable to an increase in trading activity, subject to market opportunities.

The final inventories of gas stored at 31 December 2021 totalled approximately 65 million cubic metres compared to 119 million cubic metres in 2020.

As mentioned above, as in 2019 and 2020, financial year 2021 confirmed the return to a very positive level of profit margin.

In addition, the project to expand sales also to the electricity market continued. The information systems needed to manage the new business were perfected, the logistics and back office structure for managing power sales was consolidated, and the sales structure effectively widened its sales portfolio to more than twenty Reseller customers.

As regards systems the company is working on the design and implementation of the Portfolio, Risk and Trading systems in support of the new Power business activities together with the expansion of the functions and services in the GAS Settlement field.

For the company people play a fundamental role in achieving the corporate results, so human capital is enhanced, also and above all through the creation of a corporate climate of collaboration and participation.

The company has continued to invest in the field of the internal control and risk management system thanks also to the use of information technology in support of the various business activities and processes.

## 2.5 Investment policy

The investments made during the year are summarised below:

<i>Amounts in euro</i>	<b>Investments 2021</b>
Intangible fixed assets	
- concessions, licenses, trademarks and similar rights	18,120
- investments in progress, advances	34,530
<b>Total intangible</b>	<b>52,650</b>
Tangible fixed assets	
- other assets	34,877
<b>Total tangible</b>	<b>34,877</b>
<b>Total investments</b>	<b>87,527</b>

Investments during the year were significantly lower than the previous year (€ 595 thousands), as a large part of the actions necessary to launch the Power business began during 2020 after feasibility tests were completed.

## 2.6 Information on the environment

During the year no damage was caused to the environment for which the company was found guilty. Our company was not given fines or definitive sentences for environmental crimes or damage during the year.

The company currently has no civil or criminal disputes with third parties for damage caused to the environment or environmental crimes.

## 2.7 Information related to personnel

Starting in 2020, in consideration of the health emergency linked to the pandemic, the company carried out all the measures necessary to make safe the performance of work by its employees, above all, activating remote working solutions thus reducing, to the minimum necessary, presence in the office. All workers were issued with IT instruments and IT connections in VPN to be able to work opportunely at home.

The company operates in all its environments in compliance with the provisions of Italian Legislative Decree 81/08 on the safety of workers.

The activity carried out in this field involves:

- training employees;
- carrying out regular medical check-ups;
- organising and training the action teams provided for in the law;
- continual corporate monitoring by the PPSM;
- preparing and distributing the documents of Italian Legislative Decree 81/08.

In particular, during the year the following initiatives were taken:

- updating of the corporate Risk Assessment Document;
- updating and preparation of procedures on the subject of health and safety in the workplace;
- training course for new recruits.

None of the following occurred or were recorded during the year:

- workplace mortalities of personnel listed in the company's employee register;
- serious workplace accidents that involved serious or very serious injuries to personnel listed in the company's employee register.

No charges were recorded during the year, regarding occupational illnesses, against employees or former employees and cases of mobbing, for which the company was held to be definitively liable.

The company is particularly attentive to enhancing human resources, improving aspects of internal communication and continually making the organisation more efficient.

No injuries to employees occurred during the year.

The company has no disputes with employees or former employees of any kind.

## **2.8 Description of the main risks and uncertainties to which the company is exposed**

The company has developed a Risk Management model aimed at keeping in adequate consideration current and prospective risks, also in the medium and long term, in the context of a cohesive and overall view. The purpose is to strengthen the awareness, at all corporate levels, that adequate risk assessment and management has an effect on the achievement of the objectives and on the value of the company.

The company operates in the natural gas and electricity supply sector and, consequently, the main categories of risk are linked to:

- the trend in the price of commodities and the demand for natural gas influenced by consumer consumption and temperatures (market risk);
- non-fulfilment of contractual obligations (credit/counterparty risk);
- inability to manage unforeseen negative cash balances (liquidity risk);
- inability to manage errors (operational risk).

In order to prevent problems connected with inadequate management of risks, the company makes an effort to incorporate risk management adequately into business processes; it constantly monitors, very frequently, both its own global portfolio position and its cash flows over a long time horizon of at least twelve months.

### **Market risk**

The company is exposed to the risk of price oscillation. During the second half of 2021 and the beginning of 2022, through to the date of this Report, significant volatility was seen in prices. Price volatility associated with climate risk (as defined below) and gas consumption not in line with forecasts, may expose the company to unexpected results.

The company has no exposure in foreign currencies.

The activities for managing and controlling this risk are governed by the Risk Policy, which provides for the adoption of specific risk limits in terms of economic capital and the use of hedging transactions in order to contain the exposure within the established limits.

Within the core business, proprietary trading activity is permitted observing the specific procedures and segregated in advance in a specific portfolio. This activity is monitored through stringent risk limits, observance of which is verified by the Risk Management Office, an office independent of the one that performs the operations.

The Risk Management Office has the objective of preventing or limiting the consequence of unforeseen results and of enabling the achievement of the strategic and operating targets.

In relation to climate risk, the company avails itself of temperature forecasting systems in order to improve its consumption estimates.

### **Credit risk**

The company maintains the level of attention to credit risk, through procedures and actions aimed at controlling and assessing the credit standing of its customers. To this end it bases its procedures on external analyses provided by leading companies in the credit rating sector and on continual monitoring of the positions of each counterparty, both in the stages of beginning a new commercial relationship and during supply. On the basis of the creditworthiness assigned to each counterparty, the corporate policies on credit risk management provide for the company requiring collateral guarantees from any customers that do not have an official credit rating, in the form of first-demand bank guarantees, stand-by letters of credit, patronage letters from the holding company.

Again in 2021, in support of its risk adverse approach, the company continued to make use also of a credit insurance contract, signed with a market leader, to protect itself against difficulties that could arise with its trade customers.

As regards credit risk, the Management analyses the Customer items and, considering any doubtful receivables, the concentrations of Customers, the creditworthiness of Customers and the current economic trend, makes an assessment of provisions for doubtful receivables.

### **Liquidity risk**

Liquidity risk is related to the possibility that the financial resources available to the company will not be sufficient to cope with the financial and commercial obligations in the terms and deadlines set.

Management of the corporate treasury, as regards forecasts and final figures, pursues the purpose of managing immediate and short-term cash flows, in order to control and optimise the use of cash and cash equivalents.

The company has good credit capacity with an adequate pricing level which allows it to make best use of the available financial resources.

As a consequence of the type of business it conducts, the company has unfavourable collection times and has attempted, during the course of the year, to reduce this gap and improve current assets by decreasing the level of debt, whose peak is reached at the end of the year in conjunction with the end of the storage injection cycle.

The company, therefore, continues to implement a careful commercial policy and prudent treasury management, including for the medium-long term, for the purposes of containing exposure and absorption of capital. However, given the core business and the life cycle of natural gas trading, the financial exposure should still be considered as short term.

The current level of gas prices – very high with peaks exceeding € 300/MWh, as seen in March 2022 – creates greater exposure to liquidity risk, given the need described above to finance net working capital. The company has implemented the measures needed to maximise its credit lines, also with financial support from the Group.

### **Operational risk**

In order to limit the possibility of errors and to make company business efficient and effective, the company – during the year – continually updated the processes which coordinate the primary activities implemented within the company in order to make them increasingly consistent with the growth of operations and the increase in company size.

### **Policies related to the various hedging activities**

In order to reduce to a minimum any possible exposure deriving from fluctuation in commodity prices, the company takes a cautious approach to hedging its portfolio.

Transactions are carried out for the exclusive purpose of hedging with a neutral impact on the income statement result since the effects of hedging are the opposite of the results of the underlying physical contract.

## **2.9 Research & Development**

Pursuant to Art. 2428, paragraph 2, point 1 of the Italian Civil Code, in the financial year in question, your company did not perform research and development activities.

## **2.10 Regulatory framework**

We can note the following updates of the regulatory framework that became relevant during the financial year in question:

### *Balancing*

Resolution of 14 December 2021 - 586/2021/R/gas - Provisions on technical interruptibility of withdrawals from the natural gas transport and distribution network, for thermal year 2021/2022, pursuant to the Italian Ministry of Economic Development Decree of 30 September 2020.

### *Storage*

Resolution of 9 December 2021 - 561/2021/R/gas - Approval of the proposed update to the storage code for Edison Stoccaggio S.p.A.: the resolution approves the proposed

amendment to the storage code for Edison Stoccaggio S.p.A. mainly regarding methods of breaking down self-consumption.

Resolution of 2 March 2021 - 79/2021/R/gas - Urgent provisions to assign storage capacity for thermal year 2021/2022 and approval of a proposed update to the storage code for Stogit S.p.A.: through this resolution a proposed update to the storage code introduced by Stogit was approved, intended to implement certain changes associated with management of basic storage services provided. The resolution also authorises the Director of the Wholesale Energy Markets and Environmental Sustainability Administration to update the formulas used to calculate reserve prices and send them to storage companies.

Resolution of 2 March 2021 - 78/2021/R/gas - Approval of a proposed update to the storage code for Edison Stoccaggio S.p.A.: this resolution approved a proposed update to the storage code introduced by Edison Stoccaggio, intended to implement the provisions of the RQSG and the Italian Ministry of Economic Development Decree of 18 May 2018, as well as introduced certain changes relative to managing guarantees to be supplied after the assignment of storage capacity and managing the capacity in question.

Resolution of 23 February 2021 - 68/2021/R/gas - Approval of a proposed update to the storage code of Italgas Storage S.p.A.: this resolution approved a proposed update to the storage code introduced by Italgas Storage intended to introduce new storage services and a new method for defining the fees applied to Users to recover electricity costs..

### *Transport*

Resolution of 16 November 2021 - 496/2021/R/gas - Approval of a proposed update to the network code for Snam Rete Gas S.p.A. and amendments to the TISK: this resolution approved proposed amendments to the network code of Snam Rete Gas including, among other things, methods used to invoice economic items after adjustment sessions and the adjustment of distribution withdrawal figures that did not pass consistency checks carried out by the IIS.

Resolution of 30 September 2021 - 409/2021/R/gas - Provisions regarding the regulations for the default transport service for regional transport networks: this resolution defines provisions regarding the supply of the default transport service to regional networks after the bid procedure to identify transitional suppliers was not carried out.

Resolution of 30 September 2021 - 408/2021/R/gas - Approval of a proposed update to the network code of Snam Rete Gas S.p.A. regarding assignment of annual capacity at entry points on the national transport network interconnected with other countries, other than points interconnected with EU countries and Switzerland: this resolution approves a proposed update to the network code by Snam Rete Gas S.p.A. regarding the assignment of annual capacity at entry points on the national transport network interconnected with



other countries, other than points interconnected with EU countries and Switzerland.

Resolution of 8 June 2021 - 240/2021/R/gas - Approval of a proposed update to the network code of Snam Rete Gas S.p.A.: this resolution approves the proposed update to the network code of Snam Rete Gas regarding financial guarantees for the transport service.

Resolution of 30 March 2021 - 134/2021/R/gas - Additional provisions regarding the efficacy of the reform of the process to assign capacity at transport network output and redelivery points: this resolution approves new provisions for the efficacy of the reform of the assignment of transport capacity, pursuant to resolution 147/2019/R/gas, postponing it to 1 October 2022, and establishing an experimental phase for it to begin on 1 October 2021.

Resolution of 14 January 2021 - 3/2021/R/gas - Provisions on variance fees: this resolution affects the methods used to apply the regulations for variance penalties associated with withdrawals at distribution redelivery points which are anomalous.

### *Metering*

Resolution of 23 November 2021 - 512/2021/R/gas - Restructuring of gas metering activities at transport network entry and output points: the resolution approves the "Regulation for metering services on the natural gas transport network (RMTG)", which define the responsibility and scope of metering and meter reading activities, minimum and optimal requirements in terms of systems, services and maintenance, pre-established service quality levels, an incentive system relative to the service quality levels and a monitoring system with regard to quality requirements and compliance.

### *Sales*

Resolution of 6 July 2021 - 290/2021/R/gas - Public procedures to identify last resort suppliers and suppliers of the default distribution service, starting on 1 October 2021: the regulation governs the bidding procedures used to identify last resort suppliers and suppliers of the default natural gas service starting on 1 October 2021 and updates the regulations for the supply of the same services.

### 2.11 Relations with subsidiaries, associates, parent companies and sister companies

Following the acquisition of its sole shareholder Centrex Europe Energy & Gas AG by Gazprom Export, as better explained in section 2.1 "Introduction", the company became subject to management and coordination by PAO Gazprom, a listed company whose financial statements can be found on the internet at <https://www.gazprom.com/investors/stock/>.

Below is summary information from the Sole Shareholder's last two approved financial statements:

#### Centrex Europe Energy & Gas AG

Amounts in euro/000	2020	2019
Total assets	159.344	157.657
Net equity	146.022	142.879
Total liabilities	13.322	14.778
Revenues	37.515	62.688
Operating result	-2.590	-3.115
Profit (Loss) of the period	3.144	1.655

During the year, the company had commercial and financial relationships with Group companies. These transactions, which do not include atypical and/or unusual ones, are regulated by normal market conditions, i.e. conditions which would be applied between independent parties.

The table below provides a summary picture of transactions carried out during the year:

Amounts in euro	Payables		Receivables		Costs		Revenues	
Counterpart	Trade	Financial	Trade	Financial	Trade	Financial	Trade	Financial
Centrex Europe	9,034,714	80,060,258	1,134		86,583,499	148,501	285,659	
Gazprom Marketing & Trading Ltd	51,458,824		44,731,390		248,479,542		222,178,893	
Gazprom Italia S.p.A.	55,449,502		34,271,058		174,000,597		107,458,529	
SMG			2,801,828				4,805,133	
Società Gas Rimini			227				5,158,832	
Weedoo		0	1,359,386	208,080			2,511,198	4,080
<b>Total</b>	<b>115,943,040</b>	<b>80,060,258</b>	<b>83,165,023</b>	<b>509,063,638</b>	<b>509,063,638</b>	<b>148,501</b>	<b>342,398,244</b>	<b>4,080</b>

The table also shows the transactions carried out with Società Gas Rimini S.p.A., considered a related party, as it holds 49% of the share capital of Weedoo.

## 2.12 Treasury shares and parent company shares/quotas

Complying with the provisions of points 3 and 4, paragraph 2, Art. 2428 of the Italian Civil Code, during the financial year, the company did not hold treasury shares or shares of the parent company.

## 2.13 Significant events after the reporting date and outlook

February 2022 saw a serious deterioration in the relationship between Russia and Ukraine, with significant international impacts that led to notable uncertainties about the international macroeconomic scenario. This international geopolitical crisis triggered a further increase in energy and food prices, which reached exceptionally high levels.

The fact that Centrex Italia is a member of the Gazprom Group, which was fundamental in guaranteeing business continuity in terms of the financial and operational support offered in 2021, makes it potentially exposed to the risk of sanctions and/or the suspension of services from its commercial and financial partners.

In this situation of significant uncertainty, the Board of Directors and the Executive Committee have been constantly monitoring the situation, evaluating appropriate actions intended to protect the company as a going concern, as well as to protect company equity and the value of the same, while also continuing regular management of the business, compatible with the high gas prices and low liquidity seen on the markets in Italy and Europe.

In fact, one of the Gazprom Group companies (that subsequently ceased to be part of the Group from March 31<sup>st</sup> 2022) has provided financial support for the company. In February 2022 an additional loan of € 30 million was provided, entirely used as of the date of this Report, to deal with the high cash requirements expected for March 2022.

The actions of the Shareholder and the Gazprom Group in support of the company allow the Directors to affirm that the requirement of the business as a going concern is met based on the current risk scenario as of the date of this Report. However, it must be taken into consideration that this scenario is subject to sudden and unforeseeable changes which could potentially affect the company's status as a going concern. The company and its directors will carefully monitor trends in operations, assuming no external factors arise which are outside of the company's control and of an extent not to impact its economic, equity and financial stability.

We thank you for your trust and ask you to approve the Financial Statements as presented.

**Milan, 29 April 2022**

**For the Board of Directors  
The Managing Directors  
Michele Libutti and Rostislav Kazancev**

Balance Sheet  
at 31/12/2021

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## 3 FINANCIAL STATEMENTS SCHEDULES FOR THE YEAR 2021 AND STATEMENT OF CASH FLOWS

## B) Fixed assets

<i>I - Intangible fixed assets</i>		
4) concessions, licenses, trademarks and similar rights	546,744	623,857
6) investments in progress and advances	34,530	52,800
7) others assets	59,164	69,164
<b>Total intangible fixed assets</b>	<b>640,438</b>	<b>745,821</b>
<i>II - Tangible assets</i>		
4) other assets	98,897	105,233
<b>Total tangible assets</b>	<b>98,897</b>	<b>105,233</b>
<i>III - Financial fixed assets</i>		
1) equity investments in		
a) subsidiaries		
	2,017,566	2,017,566
<b>Total financial fixed assets</b>	<b>2,017,566</b>	<b>2,017,566</b>
<b>Total fixed assets (B)</b>	<b>2,756,901</b>	<b>2,868,620</b>

## C) Current assets

<i>I - Inventories</i>		
4) finished products and goods	16,180,079	18,778,868
<b>Total inventories</b>	<b>16,180,079</b>	<b>18,778,868</b>
<i>II - Receivables</i>		
1) from customers		
due by the end of the next financial year	353,909,166	81,470,671
2) from subsidiaries		
due by the end of the next financial year	4,369,293	1,570,161
4) from parent companies		
due by the end of the next financial year	1,134	231,972
5) from companies under control of controlling companies		
due by the end of the next financial year	79,002,448	0
5-bis) tax credits	3,446,883	3,896,013
5-ter) deferred tax assets	333,267	251,311
5-quater) from others		
due by the end of the next financial year	14,454,182	1,708,914
<b>Total receivables</b>	<b>455,516,373</b>	<b>89,129,042</b>

## BALANCE SHEET ASSETS

euro  
31/12/2021euro  
31/12/2020*III - Financial assets not classified as fixed assets*

5) derivatives

4,961,516

1,319,470

**Total financial assets not classified as fixed assets****4,961,516****1,319,470***IV - Cash and cash equivalents*

1) bank and postal deposits

45,375,558

7,790,262

3) cash on hand and cash equivalents

161

465

**Total cash and cash equivalents****45,375,719****7,790,727****Total current assets (C)****522,033,687****117,018,107****D) Accruals and deferrals****Total accruals and deferrals (D)****216,466****160,256****Total assets (A + B + C + D)****525,007,054****120,046,983**

## BALANCE SHEET LIABILITIES

euro  
31/12/2021euro  
31/12/2020

## A) Shareholders' equity

I. Share Capital	5,000,000	5,000,000
IV. Legal reserve	584,021	501,786
VI. Other reserves	5,422,001	5,422,001
VII. Reserve for hedging of expected financial flows	2,265,070	861,251
VIII. Retained earnings (losses)	8,003,097	6,440,633
IX. Profit (loss) of the year	1,967,792	1,644,700

<b>Total Shareholders' equity (A)</b>	<b>23,241,981</b>	<b>19,870,371</b>
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## B) Provisions for risks and charges

2) for taxes, including deferred	715,285	272,174
3) derivatives	1,926,874	64,388
4) others	1,265,950	921,845

<b>Total provisions for risks and charges (B)</b>	<b>3,908,109</b>	<b>1,258,407</b>
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## C) Employees severance indemnity

Severance indemnity fund	418,559	329,377
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## D) Payables

3) debts towards shareholders for loans due by the end of the next financial year	80,060,258	5,032,000
4) payables to banks due by the end of the next financial year	58,725,688	20,810,641
7) Trade payables due by the end of the next financial year	240,788,112	66,322,683
9) Payables to subsidiaries due by the end of the next financial year	0	167,562
11) payables to parent companies due by the end of the next financial year	9,034,714	4,474,102
11) Debts towards companies under controll of controlling companies due by the end of the next financial year	106,908,325	0



**BALANCE SHEET LIABILITIES**euro  
31/12/2021euro  
31/12/2020

12) tax payables due by the end of the next financial year	727,178	167,062
13) Payables to pension and social-security institutions due by the end of the next financial year	91,545	338,753
14) Others payables due by the end of the next financial year	1,069,178	1,212,093

<b>Total payables (D)</b>	<b>497,404,998</b>	<b>98,524,896</b>
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**E) Accruals and deferrals**

<b>Total accruals and deferrals (E)</b>	<b>33,407</b>	<b>63,932</b>
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<b>Total liabilities (A + B + C + D + E)</b>	<b>525,007,054</b>	<b>120,046,983</b>
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# INCOME STATEMENT

euro  
31/12/2021

euro  
31/12/2020

## A) Value of production

1) revenue from sales and services	1,739,122,133	770,824,914
5) other revenues and income	109,235	223,805
<b>Total value of production (A)</b>	<b>1,739,231,368</b>	<b>771,048,719</b>

## B) Costs of production

6) raw materials, accessories, consumables and goods	1,690,639,392	726,175,609
7) services	38,335,101	28,989,613
8) use of third party assets	388,819	394,280
9) personnel	3,653,885	3,640,164
a) wages and salaries	2,953,338	2,789,571
b) social security contributions	510,228	651,892
c) severance Indemnity	70,282	65,456
d) pensioning and similar	84,755	89,944
e) other costs	35,282	43,301
10) amortization, depreciations and write-downs	439,042	181,265
a) intangible fixed assets amortization	158,033	128,963
b) tangible fixed assets depreciation	41,213	52,302
d) write-downs of receivables falling in the current assets and liquid assets	239,796	-
11) changes in inventories of raw materials, accessories, consumables and goods	2,598,788	8,680,079
14) other operating expenses	385,830	467,415
<b>Total costs of production (B)</b>	<b>1,736,440,857</b>	<b>768,528,425</b>
<b>Difference between the value and costs of production (A - B)</b>	<b>2,790,511</b>	<b>2,520,294</b>

# INCOME STATEMENT

euro  
31/12/2021

euro  
31/12/2020

## C) Financial income and expense

16) other Financial Income		
d) income other than the above	26,060	28,525
d.1) by subsidiaries	4,080	0
d.5) from others	21,980	28,525
17) Interest and other financial charges	199,225	174,324
17.3) from controlling companies	62,113	50,655
17.5) from others	137,112	123,669
17 - bis) exchange gains (losses)	1,151	1,024
<b>Total financial income and expense (16 - 17)</b>	<b>-174,316</b>	<b>-146,823</b>

## D) Value adjustments of financial assets and liabilities

18) revaluations		
d) of financial derivatives instruments	96,690	160,838
19) write-downs		
d) of financial derivatives instruments	164,261	249,005
<b>Total of the adjustments (18 - 19)</b>	<b>-67,571</b>	<b>-88,167</b>

<b>Profit (loss) before taxes (A - B + / - C + / - D)</b>	<b>2,548,624</b>	<b>2,285,304</b>
<b>20) Income taxes for the year: current, deferred and prepaid</b>	<b>-580,832</b>	<b>-640,604</b>
a) current	-662,986	-350,857
b) accrued	81,954	-295,357
c) deferred	200	5,610
<b>21) Profit for the year</b>	<b>1,967,792</b>	<b>1,644,700</b>

## Cash Flow Statement

## A) Cash flow to/from operating activities

Profit for the year	1,967,792	1,644,700
Adjustments for		
- Interest expense / (income)	173,165	145,799
- Income taxes	580,832	640,604

**1) Profit (Loss) for the year before income tax, interest, dividends and capital gains/losses from disposals**

	<b>2,721,789</b>	<b>2,431,103</b>
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Tangible assets depreciation	41,213	52,302
Intangible assets amortization	158,033	128,963
Value adjustments for derivative assets and liabilities not involving monetary movements	67,571	88,167
Other adjustments increasing/(decreasing) non-monetary elements	664,229	385,966

**2) Cash flow before changes in net working capital**

	<b>3,652,834</b>	<b>3,086,500</b>
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(Increase) decrease in inventories	2,598,789	8,680,078
Decrease/(Increase) in receivables from customers	-272,678,291	16,561,252
Increase/(Decrease) in trade payables	174,465,429	-15,321,411
Decrease/(Increase) in accrued income and prepaid expenses	-56,210	16,807
Increase/(Decrease) in accrued expenses and deferred income	-30,525	37,032
Other decreases/(increases) in net working capital	17,213,591	71,989

**Total changes in net working capital**

	<b>-78,487,217</b>	<b>10,045,747</b>
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**3) Cash flow from operating activities**

	<b>-74,834,383</b>	<b>13,132,247</b>
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Interest received/(paid)	-173,165	-145,799
(Income tax paid)	-263,238	-515,916
<b>Total other adjustments</b>	<b>-436,403</b>	<b>-661,715</b>

**Cash flow from operating activities (A)**

	<b>-75,270,786</b>	<b>12,470,532</b>
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# CASH FLOW STATEMENT

euro  
31/12/2021

euro  
31/12/2020

## B) Cash flow from investments

Tangible assets acquisition	-34,877	-35,174
Intangible assets acquisition	-52,650	-559,600
<b>Cash flow from investments (B)</b>	<b>-87,527</b>	<b>-594,774</b>

## C) Cash flow from financing activity


Increase/(Decrease) in short-term payables due to banks	37,915,047	-7,275,865
Opening of intra-group loans payable	75,028,258	-5,993,158
<b>Cash flow from financing activity (C)</b>	<b>112,943,305</b>	<b>-13,269,023</b>

<b>Increase (decrease) of net cash and cash equivalents (A + B + C)</b>	<b>37,584,992</b>	<b>-1,393,265</b>
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Net cash and equivalent at the beginning of the year	7,790,727	9,183,992
Net cash and equivalent at the closing of the year	45,375,719	7,790,727
<b>Increase (decrease) of net cash and equivalent for the year</b>	<b>37,584,992</b>	<b>-1,393,265</b>

Milan, 29 April 2022

For the Board of Directors  
The Managing Directors  
Michele Libutti and Rostislav Kazancev



Notes to the  
Financial Statements  
at 31/12/2021

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## 4 NOTES TO THE STATEMENTS, FIRST PART

### 4.1 Introduction

The financial statements, subject to your review and approval, show a profit for the year of € 1,967,792 (compared to a profit of € 1,644,700 for financial year 2020).

The company is subject to management and coordination by Gazprom PAO.

### 4.2 Business activities

The company's purpose is the creation and use of energy and gas production plants, the strategic structuring of energy and gas supply contracts, as well the creation of distribution structures, the sale and distribution of oil and natural gas products, and the purchase and sale of energy and natural gas.

### 4.3 Significant events during the year

Financial year 2021 ended with a profit of € 1,967,792 (compared to a profit of € 1,644,700 in the previous year), a result however very positive considering the pandemic context in which the company operated.

The year was not affected negatively by the COVID-19 pandemic or by the high gas prices which will be discussed further below. In fact, in terms of volumes sold, the company continued to see growth: +7% in 2021 compared to 2020. Also in financial terms, the company did not suffer repercussions on the credit management side (no delays in collections were reported) or in relation to the financial lines available (relations with banking counterparties remain excellent, as better described below). The need for higher credit lines to finance net working capital as a consequence of higher gas prices, were mainly handled with the Group's financial resources. The operating management of the company therefore continued regularly, as shown by the good result achieved in the year in question.

This is confirmed today when these financial statements will be approved.

For more information, please see the paragraph "Operating performance" in the Report on Operations.

### 4.4 Structure and content of the Annual Financial Statements

The financial statements for the year ending 31/12/2021, consisting of the Balance Sheet, Income Statement, Statement of Cash Flows and Explanatory Notes, correspond with the entries in the accounting records kept regularly and were prepared in compliance with the rules provided for in Arts. 2423 and 2423-bis of the Italian Civil Code, as well as the accounting standards and recommendations prepared by the Italian Accounting Board (OIC).

The financial statements were prepared on a going concern basis. Please see that found in section 2.13 "Significant events after the reporting date and outlook" for considerations regarding the current situation of risk and uncertainty associated with the crisis between Russia and Ukraine.

Their structure is compliant with that outlined by the Italian Civil Code in arts 2424 and 2425, on the basis of the premises laid down in Art. 2423-*ter*, while the Explanatory Notes are compliant with the content provided for in arts 2427 and 2427-*bis*, and in all the other provisions that make reference to them. The Statement of Cash Flows is compliant with the provisions of Art. 2425-*ter* of the Italian Civil Code.

The entire document, in its constituent parts, was prepared to offer a true and accurate picture of the company's equity and financial situation, as well as its economic results during the year, providing additional information complementary to this goal when necessary.

Pursuant to Article 2423-*ter*, the amount for the previous financial year is indicated for each item. With regard to information on the company's economic and financial performance and relationships and transactions occurring with related parties, please refer to the Report on Operations.



#### 4.5 Accounting standards

In compliance with the provisions of Article 2423-*bis* of the Italian Civil Code, the following standards were observed when preparing the Financial Statements:

- the valuation of individual items was performed in compliance with the general principles of prudence and on a going concern basis, as well as bearing in mind the substance of the transaction or contract;
- only profits effectively realised during the year were recognised;
- income and expenses accruing during the year were indicated, regardless of their actual date of payment;
- risks and losses accruing during the year were taken into account, even if only discovered after the end of the year;
- heterogeneous elements included in the various items of the financial statements were measured distinctly.

The measurement criteria provided for in art. 2426 of the Italian Civil Code were kept unaltered with respect to those adopted in the previous financial year.

The Annual Financial Statements, as well as these Notes, were prepared in euro units.

#### 4.6 Measurement criteria adopted

In preparing these Financial Statements, the measurement criteria envisaged in article 2426 of the Italian Civil Code were applied.

The accounting items were measured on the basis of general criteria of prudence and accrual, in the prospect of the company continuing as a going concern. Please see that found in section 2.13 "Significant events after the reporting date and outlook" for considerations regarding the current situation of risk and uncertainty associated with the crisis between Russia and Ukraine.

The application of the principle of prudence gave rise to the individual valuation of the elements making up the individual entries or items of the assets or liabilities in order to avoid offsets between losses to be acknowledged and profits not to be acknowledged given that they were not achieved.

In compliance with the accruals concept, the effect of transactions and other events was booked and attributed to the financial year in which such transactions and events took place and not that in which the relevant accounting entries are made (collections and payments).

In application of the principle of significance the obligations on the subject of recognition, measurement, presentation and disclosure were not observed when their observance had insignificant effects in giving a true and correct picture.

Significance is assessed by the directors with reference to the reasonable possibility that a certain item of information will influence the decisions that potential users of the financial statements take on the basis of this information.

The measurement, therefore, considers each time both quantitative factors (namely the value of the item) and qualitative factors (associated with specific factors of the company).

Some of the main declinations of the principle of significance in preparing the company's financial statements are the following:

The amortised cost was not applied in the following items:

- 1) Financial amounts due from subsidiaries and parent companies, because, in relation to the amount of these receivables, the contractual rates do not differ significantly from the market rates at the moment of signing;
- 2) Financial payables, because they were all entered into at market rates and without significant transaction costs;
- 3) Trade receivables of Current Assets and Trade payables, because they mature within twelve months and the effects would be insignificant.

The continuity in the application of the valuation criteria over time represents a necessary element for the purposes of comparability of the company's financial statements in the various financial years.

The accounting items were recognised and presented taking into account the substance of the operation or contract.

### **Intangible fixed assets**

Intangible fixed assets were recognised at the cost of acquisition, including directly attributable ancillary expenses. The related amounts were recognised net of amortisation, systematically calculated on the basis of the rates indicated below, taking their residual possibilities of use into account.

Industrial patent and intellectual property rights, licences, concessions and trademarks are amortised with an annual rate differentiated according to the estimated useful life:

- 33% in relation to assets with an estimated useful life of three financial years;
- 20% in relation to assets with an estimated useful life of five financial years.

No changes were made to depreciation rates with respect to the previous financial year.

Improvements to third-party assets are amortised according to rates that depend on the duration of the contract.

Under the terms of point 5) of paragraph 1 of art. 2426, we note that no dividends were distributed that exceeded available reserves able to cover the amount of the said non-amortised costs.

Fixed assets for which the value as of the reporting date was found to be permanently lower with respect to the value as determined above were recognised at this lower value. If the reasons for the write-down cease to exist in future years, it is not maintained.

### Property, plant and equipment

Property, plant and equipment items are recognised in the Financial Statements at the purchase cost. This cost includes ancillary expenses and directly attributable costs.

The related amounts are recognised net of depreciation, systematically calculated on the basis of the rates indicated below, in relation to their residual possibility of use, taking into consideration the use, destination and economic/technical duration of the assets.

Description	Rates applied
Plant and machinery	20%
Other tangible assets:	
- furnitures	20%
- electronic office machines	20%
- mobile equipment	33%

No changes were made to depreciation rates with respect to the previous financial year.

Fixed assets for which the value as of the reporting date was found to be permanently lower with respect to the value as determined above were recognised at this lower value. If the reasons for the write-down cease to exist in future years, it is not maintained.

### Financial fixed assets

Financial fixed assets consisting of equity investments in subsidiaries were measured using the cost method, including ancillary charges. The book value is determined on the basis of the purchase or subscription price or the value attributed to the assets transferred.

The cost as determined above is reduced when lasting losses in value are determined. If the reasons for the adjustment made cease to exist, the value of the equity investment is restored up to the purchase cost.

The value determined in this way is not higher than the value that would be determined applying the criteria envisaged in art. 2426, paragraph 1, point 4, of the Italian Civil Code.

### Inventories

Inventories of "Finished products and goods" made up of quantities of stored gas, are recognised at the lower of the purchase cost, including directly attributable ancillary expenses, and the estimated realisable value taken from market trends.

Finished products were recognised applying the weighted average cost method.

### Receivables

The amortised cost criterion and the discounting process, as already highlighted in the measurement criteria, were not applied because the effects are insignificant for the purpose of giving a true and correct picture. Receivables are therefore stated at their estimated realisable value. The measurement of receivables takes into account the estimated realisable value, through the allocation of a specific provision for impairment, to which an amount corresponding to the risk of not collecting the receivables recognised in the financial statements is allocated annually, in relation to general economic conditions and the related sector, as well as the origins of the debtor.

### Cash and cash equivalents

This item includes cash and cash equivalents and monetary deposits in accounts the company holds with credit institutions, all expressed at their nominal value, duly converted into the national currency in the case of accounts in other currencies.

### Accruals and deferrals

Accruals and deferrals are determined on the basis of the accruals concept.

In relation to multi-year accruals and deferrals, the amount original recognised was verified and when necessary appropriate adjustments were made.

### Provisions for risks and charges

Provisions are allocated to cover losses or liabilities of a determinate nature, which are certain or likely to exist, but for which at the end of the financial year the amount or date of payment cannot be determined. In measuring these provisions, the general criteria of prudence and accrual were observed, and no generic provisions for risks were established without an economic justification.

### Employee severance indemnity

The provisions for TFR (employee severance indemnity) corresponds to the company's effective commitment related to each employee, determined in compliance with current legislation and in particular with the provisions of art. 2120 of the Italian Civil Code and the collective employment and supplementary company contracts.

This liability is subject to revaluation based on indices.

### Payables

The amortised cost criterion and the discounting process, as already highlighted in the measurement criteria, were not applied because the effects are insignificant for the purpose of giving a true and correct picture.

Payables are therefore shown at their nominal value, possibly modified, for trade payables, on the occasion of invoicing adjustments.

## Derivatives

Derivatives are activated in order to guarantee the hedging of risks underlying the oscillation of selling prices.

A derivative financial instrument hedging the cash flows or the fair value of an asset follows the classification, in current or fixed assets, of the asset hedged; a derivative financial instrument hedging the cash flows and the fair value of a liability, an irrevocable commitment or a highly probable planned transaction is classified in current assets, as is a derivative financial instrument not for hedging. In the case of negative fair value, such instruments are recognised as liabilities among provisions for risks.

Fair value changes in derivatives are recognised in the income statement in section D) "Value adjustments of financial assets and liabilities", while fair value changes in the effective component of derivatives hedging financial flows recognised in shareholders' equity are recognised under the item *Reserves for hedging of expected financial flows*.

## Recognition of revenues and costs

Revenue and income are recognised net of returns, discounts and rebates, as well as of taxes directly associated with the sale of products and provision of services.

Specifically:

- revenue for the provision of services are recognised on the basis of the actual provision and in accordance with the related contracts. revenue related to contract work in progress are recognised in proportion to the progress of the work;
- revenue from the sale of products are recognised at the time ownership is transferred, which normally corresponds with the delivery or shipping of the product;
- costs are recognised based on the accruals concept;
- allocations to provisions for risks and expenses are recognised based on their nature, when possible, in the appropriate class within the income statement;
- financial income and expenses are recognised on an accrual basis.

## Income tax

Income tax for the year is recognised in application of the accruals concept, determined by applying the current provisions under the law and based on an estimate of taxable income. The payable is recognised in the Balance Sheet under the item "tax payables", and the receivable under the item "tax credits".

With reference to the recognition of tax effects deriving from temporal differences between the recognition of economic components in the financial statements and the moment the same become fiscally relevant we note the following.

Deferred tax liabilities are calculated on the basis of temporary taxable differences, applying the tax rate that it is believed will be in effect at the moment these temporary differences generate increases in the taxable base.

Following the principle of prudence, deferred tax assets are calculated on temporary deductible differences, applying the tax rate that it is believed will be in effect at the moment these differences generate a decrease in the taxable amount, based on the principle of reasonable certainty that future taxable income will exist in an amount sufficient to reabsorb said changes.

The amount of deferred tax assets is reviewed every year to verify that the reasonable certainty of achieving future taxable income still exists in order to be able to recover the entire amount of deferred tax assets.

The amount of deferred tax liabilities and assets is also subject to redetermination in the case of a change in the tax rates originally used.

For corporate tax (IRES) purposes, the company subscribed in 2015 to the "national tax consolidation regimen" pursuant to Arts. 117 to 129 of the Income Tax Consolidation Act (TUIR), together with the company Weedoo S.p.A., a company 51% controlled, entailing the calculation of a single taxable base for the group of companies subscribing to this regimen, and only the consolidating company is allocated the requirements relating to the calculation and payment of the Group's corporate income tax, as well as settling the balances and advance payments due for the said tax. This option was renewed tacitly, following the introduction of Art. 7-*quater* of Italian Law Decree 193/2016.

The economic relations, together with the reciprocal responsibilities and obligations between the company and the consolidated company, are set out in the tax consolidation contract for the Group's companies.

Based on the above, current corporate income tax is calculated according to the accruals concept, based on the company's year-end result, not taking into account that it belongs to the tax consolidation regimen, and charged to its income statement. Regional business tax (IRAP) does not fall within the scope of the tax consolidation, and the effects of this tax have therefore only been stated in the company's income statement according to the regulations that were originally in effect.

### **Use of estimates**

Preparation of the annual financial statements and the related Notes to the Statements requires the Management to make estimates and assumptions that have an effect on the values of the balance sheet assets and liabilities and on the disclosure related to contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience and on other factors considered significant. The final results that will emerge could therefore differ from these estimates. The estimates and assumptions are reviewed periodically, and the effects of all changes made to them are reflected in the income statement in the period in which the estimate is revised, if the revision has effects only on this period, or also in subsequent periods, if the revision has effects both on the current year and on future ones. The main accounting items that require estimates and assumptions are chiefly provisions for bad debt and provisions for risks.

## 5 NOTES TO THE STATEMENTS – COMMENT ON THE ACCOUNTING ITEMS

## Balance Sheet Assets

## Subscribed capital, unpaid

As of 31 December 2021, the capital was fully subscribed and paid up.

## Fixed assets

*I. Intangible fixed assets*

The breakdown of intangible fixed assets is as follows:

<i>Amounts in euro</i>	31/12/21	31/12/20	Var	Var %
4) Concessions, licenses, trademarks and similar rights	546,744	623,857	-77,113	-12.4%
6) Investments in progress and advances	34,530	52,800	-18,270	-34.6%
7) Others assets	59,164	69,164	-10,000	-14.5%
<b>Total intangible assets</b>	<b>640,438</b>	<b>745,821</b>	<b>-105,383</b>	<b>-37.9%</b>

The changes which occurred during the year (Art. 2427, paragraph 1, point 2, of the Italian Civil Code.) are shown in the statement below:

<i>Amounts in euro</i>	Gross Value				Accumulated amortization			Net Value
	31/12/20	Increase	Reclass.	31/12/21	31/12/20	Increase	31/12/21	
Start-up and expansion costs	8,727			8,727	8,727		8,727	0
Concessions, licenses	1,163,202	18,120	52,800	2,234,122	539,345	148,033	687,378	546,744
Improvements on third party assets	120,895			120,895	51,732	10,000	61,732	59,163
Other intangible assets	132,395			132,395	132,394		132,394	1
Investments in progress, advances	52,800	34,530	-52,800	34,530	0		0	34,530
<b>Total intangible assets</b>	<b>1,478,019</b>	<b>52,650</b>	<b>0</b>	<b>1,530,669</b>	<b>732,198</b>	<b>158,033</b>	<b>890,231</b>	<b>640,438</b>



Intangible fixed assets at 31/12/2021 amounted to € 640,438 (€ 745,821 at the end of the previous financial year), net of amortisation. This item increased mainly due to continued investments in management software for the new electricity business and to develop document software for management/authorisation in the accounts payable cycle (please see the Report on Operations for more information about development prospects in 2021).

Intangible fixed assets include costs for software and management application licences related to the creation of the ETRM (Energy Trading Risk Management) system, the invoicing system and Customer Relationship Management (CRM), as well as expenses to improve third-party assets.

## II. Property, plant and equipment

The breakdown of property, plant and equipment is as follows:

<i>Amounts in euro</i>	31/12/21	31/12/20	Var	Var %
4) Others assets	98,897	105,233	-6,336	-6.0%
<b>Total tangible assets</b>	<b>98,897</b>	<b>105,233</b>	<b>-6,336</b>	<b>-6.0%</b>

The changes that occurred during the year (Art. 2427, paragraph 1, point 2, of the Italian Civil Code.) in the item "Other assets" are shown in the statement below:

<i>Amounts in euro</i>	Gross Value			Accumulated depreciation			Net Value
	31/12/20	Increase	31/12/21	31/12/20	Increase	31/12/21	
Plant and machinery	1,700		1,700	1,700		1,700	0
Furnitures	26,448		26,448	26,448		26,448	0
Electronic office machines	312,300	1,900	314,200	216,695	34,380	251,075	63,125
Mobile equipment	28,992	3,881	32,873	22,391	4,839	27,230	5,643
Other electronic equipments	36,568	29,096	65,664	33,541	1,994	35,535	30,129
<b>Total tangible assets</b>	<b>406,008</b>	<b>34,877</b>	<b>440,885</b>	<b>300,775</b>	<b>41,213</b>	<b>341,988</b>	<b>98,897</b>

Property, plant and equipment, net of depreciation, came to € 98,897 (€ 105,233 at the end of the previous year), with a decrease explained mainly by depreciation for the year, only in part offset by the investments made.

**III. Financial fixed assets**

The item "financial fixed assets" consists of an equity investment in a subsidiary, as shown in the table below:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Interests in controlled companies	2,017,566	2,017,566	0	0.0%
<b>Total interests</b>	<b>2,017,566</b>	<b>2,017,566</b>	<b>0</b>	<b>0.0%</b>
<b>Total financial fixed assets</b>	<b>2,017,566</b>	<b>2,017,566</b>	<b>0</b>	<b>0.0%</b>

The item Equity investments refers to the equity investment held in Weedoo S.p.A., with registered office in Milan, and represents a long-term and strategic investment by the company. The total value at 31/12/2021 was € 2,017,566 (and remained unchanged compared to the end of the previous year). The equity investment in question is measured at the purchase cost.

Under the terms of art. 2427, paragraph 1, point 5, of the Italian Civil Code, the information related to this, the only equity investment in subsidiaries, is provided below:

**WeeDoo S.p.A. - VAT nr. 8961560961**

<i>Description</i>	<b>31/12/20</b>
Share Capital	1,000,000
Retained earnings / reserves	523,974
Net Profit (Loss)	-210,616
<b>Total equity WeeDoo</b>	<b>1,313,358</b>
Owned share	51%
Owned share in euro	669,813
Interest amount	2,017,566

The company decided that it did not have to write down the value of the equity investment in Weedoo S.p.A., even though it is recognised in the accounts at a value higher than the related portion of shareholders' equity, as it represents a strategic and lasting investment for the company, while waiting for it to reach the break-even point foreseen in the coming years. The company also carried out an impairment test on the equity investment in the subsidiary Weedoo, discounting to the present the expected cash flows (DCF Method) which will be generated by the subsidiary as defined in the 2022-2026 development plan. No risk of impairment emerged from this test.

The subsidiary Weedoo holds a stake of 75% in the share capital of SMG S.r.l., a gas and electricity retail sales company with registered office in Arese (Milan), Italy, VAT no. 03761580962. SMG S.r.l. had shareholders' equity at 31 December 2020 of € 1,148,125, while the value at which the equity investment is recognised in the financial statements of Weedoo is € 2,361,565. Also in this case, Weedoo carried out an impairment test, discounting to the present the expected cash flows (DCF Method) which will be generated by the subsidiary as defined in the 2022-2026 development plan. From this measurement there emerges a positive difference between the percentage pertaining of the value of SMG determined with the DCF Method, and the book value of the equity investment in the accounts.

**Current assets*****I. Inventories***

Under the terms of art. 2427, paragraph 1, point 4, of the Italian Civil Code, below we provide a breakdown of the item in question:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Inventories	16,180,079	18,778,868	-2,598,789	-13.8%
<b>Total inventories</b>	<b>16,180,079</b>	<b>18,778,868</b>	<b>-2,598,789</b>	<b>-13.8%</b>

The company opportunely checked that the inventory amounts expressed were not more than the current cost of the assets ascertainable on the reporting date (art. 2426, paragraph 1, point 10, of the Italian Civil Code). The check did not find the need to recognise any write-down of inventories.

***II. Receivables***

Below, we note the breakdown of and changes in receivables recognised in current assets (Article 2427, no. 4 of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
From customers	353,909,166	81,470,671	272,438,495	334.4%
From subsidiaries	4,369,293	1,570,161	2,799,132	178.3%
From parent company	1,134	231,972	-230,838	-99.5%
From other group companies	79,002,448	0	79,002,448	100.0%
Tax credits	3,446,883	3,896,013	-449,130	-11.5%
Deferred tax assets	333,267	251,311	81,956	32.6%
From Others	14,454,182	1,708,914	12,745,268	745.8%
<b>Total receivables</b>	<b>455,516,373</b>	<b>89,129,042</b>	<b>366,387,331</b>	<b>411.1%</b>

Under the terms of art. 2427, paragraph 1, no. 6 of the Italian Civil Code, we can note that all receivables pursuant to the present item are to be considered enforceable within the year.

The adjustment of receivables to their estimated realisable value is obtained by using the appropriate provisions for impairment of receivables - determined through a valuation of the specific risk of collectability and taking into consideration the general economic conditions and those of the industry.

The significant increase in receivables due from customers is due to the price effect, given that sales in December 2021 were strongly impacted by the rise in gas prices at the end of the year.

The amount of receivables recognised in current assets takes account both of credit notes to be issued and of provisions for impairment of receivables of € 667,920. Details of the item and related changes in provisions for impairment of receivables are shown below:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Receivables from customers	354,577,086	81,898,794	272,678,292	332.9%
Reserve for bad debts	-667,920	-428,123	-239,797	56.0%
<b>Tot. receivables from customers</b>	<b>353,909,166</b>	<b>81,470,671</b>	<b>272,438,495</b>	<b>334.4%</b>

#### *Amounts in euro*

Balance as of 31 December 2020 -428,123

Accrual -239,796

**Balance as of 31 December 2021 -667,920**

As at 31/12/2021, no receivables had a duration of more than five years.

The item Receivables from subsidiaries is made up as follows:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Receivables from Weedoo SpA	1,567,466	668,691	898,775	134.4%
Receivables from SMG Srl	2,801,828	901,470	1,900,358	210.8%
<b>Tot. receivables from subsidiaries</b>	<b>4,369,293</b>	<b>1,570,161</b>	<b>2,799,132</b>	<b>178.3%</b>

We must specify that the item from Weedoo S.p.A. includes an interest-bearing loan of € 204,000 remunerated at a fixed rate of 2%.

The item "Receivables from parent companies" consists only of trade receivables, in line with the figure at 31 December 2020.

Following the extraordinary operation described in the Report on Operations, which brought the Company into the Gazprom Export Group, the receivable due from Gazprom Marketing & Trading Ltd (hereafter also "GMT") and from Gazprom Italia SpA (hereafter, also "GPI") is recognised under the specific item "Receivables due from subsidiaries of parent companies". At 31 December 2020, the receivable due from these two counterparties was included in "Receivables due from customers" and amounted to € 7,972,667, relative to just GMT.

The item Tax Credits is made up as follows:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
VAT receivables	1,387,715	1,082,483	305,232	28.2%
VAT asked for refund	1,319,967	1,119,972	199,995	17.9%
VAT credit in compensation	321,826	0	321,826	100.0%
Ires advances	127,315	169,808	-42,493	-25.0%
Excise credits	178,935	1,299,099	-1,120,164	-86.2%
Advances on regional withholding taxes	110,855	224,380	-113,525	-50.6%
Withholding on interest received	271	271	0	0.0%
<b>Total tax credits</b>	<b>3,446,883</b>	<b>3,896,013</b>	<b>-449,130</b>	<b>-11.5%</b>

"Receivables from others", for € 14,454,182 (€ 1,708,914 at 31 December 2020), consists mainly of guarantee deposits strictly linked to operations related to the business. The increase in the item can be explained by the need for higher guarantee deposits paid to GMT given the high gas prices at the end of the year and by the new guarantee deposit at Unicredit Bank for guarantee of the clearing service related to gas purchases on EEX exchange market.

Receivables in current assets break down as follows based on the geographical area in which the debtor has its registered office (Article 2427, paragraph 1, point 6, of the Italian Civil Code):

Geographical area	Italy	EU	Non-EU	Total
From customers	240,613,218	37,818,334	75,477,614	353,909,166
From subsidiaries	4,369,293			4,369,293
From parent company		1,134		1,134
From other group companies	34,271,058		44,731,390	79,002,448
Tax credits	3,446,883			3,446,883
Deferred tax assets	333,267			333,267
From Others	10,879,182	3,575,000		14,454,182
<b>Total receivables</b>	<b>293,912,901</b>	<b>41,394,468</b>	<b>120,209,004</b>	<b>455,516,373</b>



**III. Financial assets not classified as fixed assets**

Below is a table indicating the structure and changes in financial assets not classified as fixed assets (Article 2427, paragraph 1, point 4 of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Derivatives	4,961,516	1,319,470	3,642,046	276.0%
<b>Financial assets not classified as fixed assets</b>	<b>4,961,516</b>	<b>1,319,470</b>	<b>3,642,046</b>	<b>276.0%</b>

For more information, please see paragraph 6 "Other Information", in the specific point on "Information on derivatives, pursuant to Art. 2427-bis of the Italian Civil Code".

**IV. Cash and cash equivalents**

The balance, as detailed below, indicates the amount of and changes in cash and cash equivalents existing at the end of the year (Article 2427, paragraph 1, point 4, of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Bank and postal deposits	45,375,558	7,790,262	37,585,296	482.5%
Cash and cash values	161	465	-304	-65.4%
<b>Total cash and cash equivalents</b>	<b>45,375,719</b>	<b>7,790,727</b>	<b>37,584,992</b>	<b>482.4%</b>

The change in cash and cash equivalents is analysed in the statement of cash flows annexed to the financial statements on the basis of the nature of the components that determined it.

**Accrued income and prepaid expenses**

The breakdown and changes to the item in question are shown below (article 2427, paragraph 1, point 7, of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Deferred charges of financial expenses	106,021	40,905	65,116	159.2%
Other deferred charges	110,445	99,202	11,243	11.3%
Accrued incomes	0	20,149	-20,149	-100.0%
<b>Total</b>	<b>216,466</b>	<b>160,256</b>	<b>56,210</b>	<b>35.1%</b>

As at 31/12/2021, no accruals or deferrals had a duration of more than five years, nor were there any significant amounts with duration beyond the subsequent financial year.

The item "Prepaid expenses" is made up of expenses for sureties, discounted for each surety on the basis of the related duration, and for the remainder, mainly of prepayments on car hire fees, rents paid and fees to access to data bases.

## BALANCE SHEET LIABILITIES

## Shareholders' equity

<i>Amounts in euro</i>	31/12/21	31/12/20	Var	Var %
Share Capital	5,000,000	5,000,000	0	0.0%
Legal reserve	584,021	501,786	82,235	16.4%
- other reserves - capital payments	925	925	0	0.0%
- other reserves - payments from shareholders	5,000,000	5,000,000	0	0.0%
- other reserves - extraordinary	421,076	421,076	0	0.0%
<b>Subtotal other reserves</b>	<b>5,422,001</b>	<b>5,422,001</b>	<b>0</b>	<b>0.0%</b>
Reserve, hedging of expected cash flows	2,265,070	861,251	1,403,819	163.0%
Profits (Losses) carried forward	8,003,097	6,440,632	1,562,465	24.3%
Operating Profit (Loss)	1,967,792	1,644,700	323,092	19.6%
<b>Total shareholders' equity</b>	<b>23,241,981</b>	<b>19,870,371</b>	<b>3,371,610</b>	<b>17.0%</b>

Shareholders' Equity amounted to € 23,241,981 at the end of the year, showing the following changes in the last three years (Article 2427, paragraph 1, point 4, of the Italian Civil Code):

<i>Amounts in euro</i>	Share capital	Legal reserve	Other reserves	Cash flow hedging reserve	Losses carried forward	Result of the year	Total net worth
<b>Balance as of December 31, 2018</b>	<b>5,000,000</b>	<b>374,171</b>	<b>5,422,001</b>	<b>-52,605</b>	<b>5,812,746</b>	<b>-1,796,800</b>	<b>14,759,512</b>
Previous year loss allocation					-1,796,800	1,796,800	0
Other movements (includ. tax effects)				407,421			407,421
Profit for the year						2,552,300	2,552,300
<b>Balance as of December 31, 2019</b>	<b>5,000,000</b>	<b>374,171</b>	<b>5,422,001</b>	<b>354,816</b>	<b>4,015,947</b>	<b>2,552,300</b>	<b>17,719,235</b>
Previous year net profit allocation		127,615			2,424,685	-2,552,300	0
Other movements (includ. tax effects)				506,435			506,435
Profit for the year						1,644,700	1,644,700
<b>Balance as of December 31, 2020</b>	<b>5,000,000</b>	<b>501,786</b>	<b>5,422,001</b>	<b>861,251</b>	<b>6,440,632</b>	<b>1,644,700</b>	<b>19,870,371</b>
Previous year net profit allocation		82,235			1,562,465	-1,644,700	0
Other movements (includ. tax effects)				1,403,819			1,403,819
Profit for the year						1,967,792	1,967,792
<b>Balance as of December 31, 2021</b>	<b>5,000,000</b>	<b>584,021</b>	<b>5,422,001</b>	<b>2,265,070</b>	<b>8,003,097</b>	<b>1,967,792</b>	<b>23,241,981</b>

We provide details on the reserves which make up Shareholders' Equity, specifying their origins and nature, possibility of use and limits on distribution (Article 2427, paragraph 1, point 7-*bis* of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>Origin/ Nature</b>	<b>Type of availability</b>	<b>Available amount</b>
Share Capital	5,000,000		-	0
Legal reserve	584,021	U	A,B	584,021
- other reserves - capital payments	925	C	A,B	925
- other reserves - payments from shareholders	5,000,000	C	A,B,C	5,000,000
- other reserves - extraordinary	421,076	C	A,B,C	421,076
Reserve, hedging of expected cash flows	2,265,070	U	-	0
Profits (Losses) carried forward	8,003,097	U	A,B,C	8,003,097
Operating Profit	1,967,792			
<b>Total shareholders' equity</b>	<b>23,241,981</b>			<b>14,009,119</b>
<b>Amount non-distributable</b>	<b>7,850,016</b>			<b>584,946</b>

**Key Origin/nature column:** C = Capital reserve; U = profit reserve.

**Key:** A: for capital increase, B: to cover losses, C: for distribution to Shareholders.

At 31/12/2021, the share capital was fully subscribed and paid up and is represented by 5,000,000 shares with a value of 1 euro.

## Provisions for risks and charges

The breakdown of and changes in the individual items are shown in the table below (Article 2427, paragraph 1, point 4, of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
For taxes, including deferred	715,285	272,174	443,111	162.8%
Derivatives	1,926,874	64,388	1,862,486	2892.6%
Others	1,265,950	921,845	344,105	37.3%
<b>Total provision for risks and charges</b>	<b>3,908,109</b>	<b>1,258,407</b>	<b>2,649,702</b>	<b>210.6%</b>

Provisions for taxes relate entirely to deferred tax liabilities of € 715,486.

Details on provisions for deferred taxes can be found in the section within these Notes on exposure to the effects of deferred taxes.

This table provides details on the item related to other provisions for risks and charges, as well as the changes occurring with respect to the previous financial year (Article 2427, paragraph 1, point 7, of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/20</b>	<b>Increase</b>	<b>Decrease</b>	<b>31/12/21</b>
For taxes, including deferred	272,174	443,312	201	715,285
Derivatives	64,388	1,862,486		1,926,874
Others	921,845	344,105		1,265,950
<b>Total provision for risks and charges</b>	<b>1,258,407</b>	<b>2,649,903</b>	<b>201</b>	<b>3,908,109</b>

The balance of "Other" provisions for risks and charges represents the prudential allocation, against the business risks identified or potential future outlays, made by the Directors on the basis of their best knowledge and supported, where appropriate, by the opinion of the lawyers with reference to existing or potential disputes.

With reference to the considerations presented in paragraph 4.6 on the use of estimates, or on the estimation procedures adopted in the assessment of the risk of losing in disputes, we can note that the Management is not aware of any significant risks which could derive from existing disputes against which no provisions for risks have been set aside at the end of the financial year in question. The Management, therefore, considers the provisions set aside as appropriate.

**Employee severance indemnity**

The provisions allocated represent the actual amount owed by the company, as at 31/12/2021, to employees in the workforce at this date, net of advances paid.

The breakdown and uses are detailed in the table below (Article 2427, paragraph 1, point 4 of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/20</b>	<b>Accrual</b>	<b>Usage</b>	<b>31/12/21</b>
Employees severance indemnity fund	329,377	84,755	4,427	418,559
<b>Total severance indemnity fund</b>	<b>329,377</b>	<b>84,755</b>	<b>4,427</b>	<b>418,559</b>

## Payables

The breakdown of payables, changes in individual items and division by maturity are shown in the table below (Article 2427, point 4 of the Italian Civil Code):

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Loans from parent companies	80,060,258	5,032,000	75,028,258	1491.0%
Payables to banks	58,725,688	20,810,641	37,915,047	182.2%
Trade payables	240,788,112	66,322,683	174,465,429	263.1%
Payables to subsidiaries	0	167,562	-167,562	-100.0%
Payables to parent companies	9,034,714	4,474,102	4,560,612	101.9%
Payables to other group companies	106,908,325	0	106,908,325	100.0%
Tax payables	727,178	167,062	560,116	335.3%
Payables to social security institutions	91,545	338,753	-247,208	-73.0%
Other payables	1,069,178	1,212,093	-142,915	-11.8%
<b>Total payables</b>	<b>497,404,998</b>	<b>98,524,896</b>	<b>398,880,102</b>	<b>404.9%</b>

"Payables for shareholder loans" refers to an interest-bearing loan (at market conditions) for a nominal amount of € 80,000,000 taken out in multiple tranches during 2021 and with a duration of less than one year. The item also includes interest accruing up to 31 December 2021. The company benefits from a loan facility with the Sole Shareholder for a total amount of € 105 million, of which € 80 million used at 31 December 2021, as noted above. This loan was increased during 2021, with respect to the previous € 20 million granted, to allow Centrex Italia to deal with its working capital requirements associated with the high gas prices in the second half of 2021.



The balance of Payables to banks at 31 December 2021, equal to € 58.7 million, shows a significant increase over the previous year, again due to high gas prices, which led to greater utilisation of the credit lines available to the company. Owing to the nature of the company's business, all existing loans have a duration of less than 12 months. The details of the payable by type are as follows:

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Customer invoices financing	16,000,000	4,836,896	11,163,104	230.8%
Import financing	24,999,370	9,613,180	15,386,190	160.1%
Customer contracts financing	17,726,318	6,360,565	11,365,753	178.7%
<b>Debts towards banks</b>	<b>58,725,688</b>	<b>20,810,641</b>	<b>37,915,047</b>	<b>182.2%</b>

The item Trade payables of € 240.8 million is recognised net of credit notes to be received. This item also shows a significant increase compared to the previous year, mainly due to natural gas price trends, as explained above.

The item Payables to subsidiaries was related to the payable to the subsidiary Weedoo, owing to the recognition of expenses deriving from tax consolidation, closed along the year.

The item Payables to parent companies amounted to a total of € 9.0 million, payable in relation to Centrex Energy & Gas AG. This is a trade payable.

Similar to that indicated in the Receivables section of Current Assets, after the extraordinary operation described in the Report on Operations, which brought the company into the Gazprom Group, the payables due to GMT and GPI are recognised under the item "Payables due to subsidiaries of parent companies". At 31 December 2020, the payable due to these two counterparties fell under the item "Trade payables" and amounted to € 14,209,109, relative to just GMT.

The item "tax payables" is mainly made up of payables for taxes withheld on income of self-employed workers and employees.

The item "Others Payables" consists mainly of payables to personnel.

There were no payables backed by real guarantees.

We also provide an informative table on the breakdown of payables based on where the creditor counterparty has its registered office:

Geographical area	Italy	EU	Non-EU	Total
Loans from parent companies		80,060,258		<b>80,060,258</b>
Payables to banks	58,725,688			<b>58,725,688</b>
Trade payables	116,193,858	29,019,984	95,574,270	<b>240,788,112</b>
Payables to parent companies		9,034,714		<b>9,034,714</b>
Payables to other group companies	55,449,502		51,458,823	<b>106,908,325</b>
Tax payables	727,178			<b>727,178</b>
Payables to social security institutions	91,545			<b>91,545</b>
Other payables	1,069,178			<b>1,069,178</b>
<b>Total payables</b>	<b>232,256,949</b>	<b>118,114,956</b>	<b>147,033,093</b>	<b>497,404,998</b>

**Accruals and deferrals**

<i>Amounts in euro</i>	<b>31/12/21</b>	<b>31/12/20</b>	<b>Var</b>	<b>Var %</b>
Accrued expenses	19,433	9,360	10,073	107.6%
Deferred income	13,974	54,574	-40,600	-74.4%
<b>Total accruals and deferrals</b>	<b>33,407</b>	<b>63,932</b>	<b>-30,525</b>	<b>-47.7%</b>

As at 31/12/2021, no accruals or deferrals had a duration of more than five years, nor were there any significant amounts with duration beyond the subsequent financial year.

**INCOME STATEMENT****Value of production**

Below we provide a breakdown of the value of production, as well as the changes seen in the individual items with respect to the previous year:

<i>Amounts in euro</i>	<b>2021</b>	<b>2020</b>	<b>Var</b>	<b>Var %</b>
Revenue from sales and services	1,739,122,133	770,824,914	968,297,219	125.6%
Other revenue and income	109,235	223,805	-114,570	-51.2%
<b>Total value of production</b>	<b>1,739,231,368</b>	<b>771,048,719</b>	<b>968,182,649</b>	<b>125.6%</b>

The significant increase in Sales Revenue is mainly attributable to the increase in gas prices seen during the second half of 2021 and in particular during the last quarter of the year.

The breakdown of revenue by geographical area of sale, identified on the basis of where the customer has its registered office, is the following:

<b>Geographical area</b>	<b>Italy</b>	<b>EU</b>	<b>Non-EU</b>	<b>Total</b>
Revenue from sales and services	861,365,239	529,135,508	348,621,386	<b>1,739,122,133</b>
Other revenue and income	109,235			<b>109,235</b>
<b>Total value of production</b>	<b>861,474,474</b>	<b>529,135,508</b>	<b>348,621,386</b>	<b>1,739,231,368</b>

## Costs of production

The table below provides information on the structure and changes in the item "Costs of production".

<i>Amounts in euro</i>	2021	2020	Var	Var %
Consumables and goods	1,690,639,392	726,175,609	964,463,783	132.8%
Services	38,335,101	28,989,613	9,345,488	32.2%
Use of third party assets	388,819	394,280	-5,461	-1.4%
- wages and salaries	2,953,338	2,789,571	163,767	5.9%
- social charges	510,228	651,892	-141,664	-21.7%
- severance indemnity	70,282	65,456	4,826	7.4%
- pensioning and similar	84,755	89,944	-5,189	-5.8%
- other costs	35,282	43,301	-8,019	-18.5%
<b>Cost of personnel</b>	<b>3,653,885</b>	<b>3,640,164</b>	<b>13,721</b>	<b>0.4%</b>
- intangible fixed assets amortization	158,033	128,963	29,070	22.5%
- tangible fixed assets depreciation	41,213	52,302	-11,089	-21.2%
- write-off of receivables	239,796	0	239,796	100.0%
<b>Depreciations and devaluations</b>	<b>439,042</b>	<b>181,265</b>	<b>257,777</b>	<b>142.2%</b>
Changes in inventories	2,598,788	8,680,079	-6,081,291	-70.1%
Other operating expenses	385,830	467,415	-81,585	-17.5%
<b>Total cost of production</b>	<b>1,736,440,857</b>	<b>768,528,425</b>	<b>967,912,432</b>	<b>125.9%</b>

Similar to that seen in Sales Revenue, the costs of production with reference to costs to purchase gas saw a significant increase, almost solely due to the increase in gas prices during the second half of 2021.

The company was able to manage the trend of increasing prices, with margins for volumes of gas sold in line with those of previous years.

Costs for services are mainly related to natural gas transport and storage services and the increase seen is mainly due to the greater storage capacity used during the year.

Costs for use of third-party assets refer mainly to costs incurred for rental of offices and for vehicle hire and do not show significant changes in the year.

The item "personnel costs" includes all expenses for personnel, including merit pay increases, promotions, automatic cost-of-living increases, the cost of holidays accrued but not taken and provisions according to law and collective contracts. As in 2020, 2021 also includes the allocation of the variable associated with achieving personal and corporate objectives.

As regards depreciation and amortisation, we note that these were calculated on the basis of the useful life of the asset and its use in the manufacturing stage. Please refer to the information found in the relevant section in these Notes to the Statements for more details.

Other operating expenses include, among other things, contributions paid to the Regulatory Authority for Energy, Networks and the Environment (ARERA) of € 136,000, costs for the use of data bases of € 74,000, the contribution paid to the Competition and Market Authority (AGCM) of € 52,000 and credit insurance premiums of € 24,000.

## Financial income and expense

In accordance with the provisions of point 12 of paragraph 1 of Art. 2427 of the Italian Civil Code, we provide details on the amount of interest and other financial expenses related to payables due to banks and others, as well as details of other financial income:

<i>Amounts in euro</i>	<b>2021</b>	<b>2020</b>	<b>Var</b>	<b>Var %</b>
Financial Income	26,060	28,525	-2,465	-8.6%
Financial Charges	-199,225	-174,324	-24,901	14.3%
Exchange gains and losses	-1,151	-1,024	-127	12.4%
<b>Total financial income and charges</b>	<b>-174,316</b>	<b>-146,823</b>	<b>-27,493</b>	<b>18.7%</b>

This item worsened compared to 2020, mainly due to the significant increase of the company's credit lines during the last part of the year, as a consequence of high gas prices. Careful credit management and the use of flexible financing appropriate to the business, always obtained at the best possible market conditions, combined with the use of credit lines, especially during the last quarter of the year, made it possible to limit the overall increase in net financial expense.

**Value adjustments of financial assets and liabilities**

The table below provides information on the structure and changes in the item "Value adjustments of financial assets and liabilities":

<i>Amounts in euro</i>	2021	2020	Var	Var %
Revaluations of derivatives	96,690	160,838	-64,148	-39.9%
Write-downs of derivatives	164,261	249,005	-84,744	100.0%
<b>Adjustments of financial assets and liabilities</b>	<b>-67,571</b>	<b>-88,167</b>	<b>20,596</b>	<b>-23.4%</b>

Derivatives entered into in relation to proprietary trading activity are measured at fair value - that is the price that would be received if an asset were sold or that would be paid to dispose of a liability in a regular transaction between market operators on the measurement date.

Pursuant to article 2426, paragraph 4 of the Italian Civil Code, fair value is determined with reference to the market value, for financial instruments for which an active market can easily be identified. For prices of raw materials, there are observable market prices.

The observable market price is determined by referring to the bulletins published by recognised providers that provide information services to wholesale market participants.

The recognition in the financial statements reflects the typical (monthly) invoicing of sales and purchases on the hubs. The mark to market is then recognised using the net-settlement method on a monthly basis.

**Income tax for the year: current, deferred and prepaid**

The breakdown of the financial statements item "Income tax for the year" is provided in the table below:

<i>Amounts in euro</i>	<b>2021</b>	<b>2020</b>	<b>Var</b>	<b>Var %</b>
Current taxes	-662,986	-350,857	-312,129	89.0%
Deferred tax liabilities	200	5,610	-5,410	-96.4%
Deferred tax assets	81,954	-295,357	377,311	-127.7%
<b>Total income taxes for the year</b>	<b>-580,832</b>	<b>-640,604</b>	<b>59,772</b>	<b>-9.3%</b>

In particular, these are the details of the breakdown of current taxes:

<i>Amounts in euro</i>	<b>2021</b>	<b>2020</b>	<b>Var</b>	<b>Var %</b>
IRES	-588,584	-38,088	-550,496	1445.3%
IRAP	-129,400	-111,671	-17,729	15.9%
Income from tax consolidation	54,998	-201,098	256,096	-127.3%
<b>Current taxes</b>	<b>-662,986</b>	<b>-350,857</b>	<b>-312,129</b>	<b>89.0%</b>

**Tax reconciliation - IRES**

Below is a table with the information required under OIC 25 on reconciliation of the tax burden found in the financial statements and the theoretical tax burden.

Description ( <i>amounts in euro</i> )	Value	Taxes
<b>Pre-tax result</b>	<b>2,548,624</b>	
Theoretical tax burden %	24%	611,670
- contingent liabilities	10,010	2,402
- fines and penalties	32,910	7,898
- accrual to funds	360,504	86,521
- other increases	68,389	16,413
<b>Positive differences not carried forward into subsequent financial years</b>	<b>471,813</b>	<b>113,235</b>
Aid for economic growth ("ACE")	-477,267	-114,544
<b>Negative differences not carried forward into subsequent financial years</b>	<b>-90,738</b>	<b>-21,777</b>
<b>IRES</b>	<b>2.452,432</b>	<b>588,584</b>



## Tax reconciliation - IRAP

Below is a table with the information required under OIC 25 on reconciliation of the tax burden found in the financial statements and the theoretical tax burden.

Description ( <i>amounts in euro</i> )	Value	Taxes
<b>IRAP taxable base ( A - B + b9 + b10 lett. c) and d) + b12 + b13)</b>	<b>6,684,192</b>	
Theoretical tax burden %	3,9%	260,683
- INAIL	-8,374	-327
- social security contributions	-1,058,323	-41,275
- other deductions	-2,271,725	-88,597
<b>Total deductions</b>	<b>-3,338,422</b>	<b>-130,199</b>
- other increases	-27,821	-1,085
<b>Total other increases</b>	<b>-27,821</b>	<b>-1,085</b>
<b>IRAP</b>	<b>3,317,949</b>	<b>129,400</b>

For information on the differences which resulted in the booking of deferred tax assets, and for the reconciliation of the values reported in the balance sheet, the following should be noted:

- deferred tax liabilities were calculated on the basis of the global allocation criterion, by taking into account the cumulative amount of all timing differences and on the basis of the rates expected to be in force at the time when these timing differences occur;
- deferred tax assets were booked given that there is a reasonable certainty of the existence – in the years in which the deductible timing differences occur, and against which the deferred tax assets were booked – of taxable income that is not less than the differences which will be cancelled;

There are no temporary differences for which the related deferred tax liabilities and assets were not recognised.

**6 OTHER INFORMATION****Employment figures**

In accordance with the provisions of point 15 of paragraph 1 of Art. 2427 of the Italian Civil Code, below we provide information on the breakdown of employees as at 31/12/2021.

Staff	Average 2021	Average 2020	Var	As at 31/12/21	As at 31/12/20	Var
Managers	5	5	0	5	5	0
Employees	25	25	0	24	25	-1
<b>Total</b>	<b>30</b>	<b>30</b>	<b>0</b>	<b>29</b>	<b>30</b>	<b>-1</b>

**Fees of directors and statutory auditors**

As required by point 16 of paragraph 1 of Art. 2427 of the Italian Civil Code, we can note that the fees to members of the Board of Statutory Auditors were in line with those of the previous year and amounted to € 20,339. No advances or loans were granted to them.

No fees are envisaged for the Board of Directors, nor were advances or credits granted to them.

For information about changes in the structure of the Board of Directors, please see that indicated in the Report on Operations, in section 2.1 "Introduction".

**Exceptional costs and revenue**

As required by point 13 of paragraph 1 of Art. 2427 of the Italian Civil Code, we can note that there were no exceptional costs and revenue.

**Fees to the independent auditor or auditing firm**

Under the terms of Art. 2427 of paragraph 1, point 16-bis, the fees due to the independent auditor (the auditing firm) for services rendered, that is the independent auditing of the annual accounts, amounted to € 48,000.

### Commitments, guarantees and contingent liabilities not found in the balance sheet

Under the terms of Art. 2427 no. 9 of the Italian Civil Code, we can report that the total amount of guarantees, all of a commercial nature, given by the company (or given by the Sole Shareholder on behalf of the company) is € 77,225,078 in relation to other transporters, distributors and market operators. Of this amount, € 10,320,000 has a maturity at more than 12 months.

We can also note that the amount indicated above:

- includes the guarantee of € 365,975 issued in favour of 2i Rete Gas S.p.A. in the interest of the subsidiary SMG;
- includes € 5,050,000 issued on behalf of the company by the Sole Shareholder.

In addition, we can inform you that the Sole Shareholder issued patronage letters to guarantee the company's commitments in relation to a number of financial institutions and suppliers for a total amount of € 311.8 million (of which 102 million relative to other companies in the Gazprom Group) and that the company benefits from guarantees in its favour of € 5.8 million in the form of patronage letters.

### Information on equity and loans destined for specific business

The company does not have assets allocated to a specific area of business pursuant to Article 2447-bis, paragraph 1, letter a of the Italian Civil Code.

### Information on transactions with related parties

Under the terms of Art. 2427, paragraph 1, point 22-bis, of the Italian Civil Code we can note that during the year the company had business relationships with:

- the parent company Centrex Europe Energy & Gas AG;
- the subsidiary Weedoo S.p.A.;
- the subsidiary SMG S.r.l.;
- the related party Gazprom Marketing & Trading Ltd;
- the related party Gazprom Italia S.p.A.;
- the related party Gruppo Società Gas Rimini S.p.A.

These are commercial relationships in the context of normal core business activities, relating to the purchase of raw materials and services, and regulated by normal market conditions.

### Information on significant events after the reporting date

Pursuant to article 2427, no. 22-*quater* of the Italian Civil Code, with regard to significant events after the reporting date, please refer to section 2.13 "Significant events after the reporting date and outlook".

**Information on derivatives, pursuant to Article 2427-bis of the Italian Civil Code**

Below is the detailed information requested in Article 2427-bis, paragraph 1, no. 1 of the Italian Civil Code.

For each category of derivatives indicated in the table, we provide information about the significant terms and conditions which may influence the amount, maturities and certainty of future cash flows, and fundamental assumptions behind measurement models and techniques used when fair value is not determined on the basis of market evidence. Changes in fair value reserves occurring during the year are found in the table in the Shareholders' equity section.

The derivatives indicated below fall within proprietary trading activities begun during 2015. The underlying contracts are standard contracts to purchase and sell natural gas.

Portfolio of Proprietary Trading Contracts	Changes in S.E. year	Positive/(negative) FV	Changes in P&L year
Hedging derivatives	2,980,355		
Financial Instruments not for hedging - provisions		92,721	
Financial Instruments not for hedging - financial		-25,150	-67,571
Financial instruments for hedging - year 2021	-715,285		
<b>Total</b>	<b>2,265,070</b>	<b>67,571</b>	<b>-67,571</b>

**Information on the obligation to prepare Consolidated Financial Statements**

We must specify that the company does not prepare consolidated financial statements because it fulfils the conditions for exoneration provided for in Art. 27, paragraph 1 of Italian Legislative Decree 127/1991.

The parent company that prepares the consolidated financial statements of the larger set of companies to which the company belongs is Centrex Europe Energy & Gas AG based in Austria.

**Information pursuant to Art. 1 paragraph 125 of Italian Law no. 124 of 4 August 2017**

With reference to Art. 1, paragraph 125 of Italian Law 124/2017, the company did not receive any subsidies.

### **Proposal for allocation of profits**

Under the terms of Art. 2427, paragraph 1, no. 22-*septies* of the Italian Civil Code, it is proposed to carry forward the profit for the year of € 1,967,792, net of the portion allocated to the legal reserve.

These financial statements, made up of the Balance Sheet, the Income Statement and the Notes to the Statements, represent a true and fair view of the equity and financial situation as well as the economic result for the financial year to 31 December 2021 and correspond to the results of the accounting entries.

Milan, 29 April 2022

For the Board of Directors

The Managing Directors

Michele Libutti and Rostislav Kazancev



CENTREX ITALIA SPA  
Sole shareholder company  
Registered office in VIA LORENZINI 4 - 20139 MILANO (MI)  
Share Capital Euro 5.000.000,00 fully paid  
VAT - Tax ID 05630590965 - Rea 1835547