

## A2A, RESULTS AS OF MARCH 31, 2023

### SUSTAINED GROWTH IN INVESTMENTS AND MARGINS

### CONTINUITY IN THE PURSUIT OF SUSTAINABLE SUCCESS

### SIGNIFICATIVE INCREASE IN SOLAR AND WIND ENERGY

### COMMITMENT CONFIRMED TO BUILD STRATEGIC INFRASTRUCTURES FOR THE COUNTRY

- **Revenues at 5,131 million euro:** -7% compared to the same period in 2022 mainly as a result of falling prices in the energy markets
- **EBITDA totals 500 million euro:** +30% compared to Q1 2022 (386 million euro).
- **Net ordinary profit at 173 million euro:** +63% compared to Q1 2022 (106 million euro).
- **Capex amount to 219 million euro:** +18% compared to the same period of last year, for the development of plants for the production of green energy, and for the upgrading and streamlining of networks.
- **Net Financial Position at 4,373 million euro** (4,258 million euro as of December 31, 2022). Net of changes in the scope of consolidation of the period of 12 million euro, the NFP increased by 103 million euro, after capex for 219 million euro.

#### Energy Transition

- Entry in the share capital of VGE 05, a company that will develop a 59MW photovoltaic plant in Friuli Venezia Giulia.

#### Sustainability

- 177 GWh of green energy, produced from solar and wind sources in Q1 2023 (73 GWh in Q1 2022)

**The Group's commitment to sustainable finance continues:** during the quarter, A2A successfully placed a new 500 million euro Green Bond with a 11-year term, receiving orders for approximately 2.2 billion euro (around four times the amount offered) to strengthen the Group's liquidity position and support its investment plan. After this transaction, the proportion of sustainable debt to the Group's total gross debt as of March 31, 2023 reached 64% (49% as of March 31, 2022).

*A2A S.p.A. Board of Directors has examined and approved the quarterly Financial Information as of March 31, 2023*

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**Milan, May 11, 2023** - At today's meeting of the Board of Directors of A2A S.p.A., chaired by Marco Patuano, the Board examined and approved the quarterly financial information as of March 31, 2023.

*"The results of the first three months of 2023 consolidate the Group's growth, confirming the validity of its strategic choices" - comments **Renato Mazzoncini, A2A's Chief Executive Officer** - "Being able to increase investments by 18%, compared to the record levels of the same period last year, is for us a source of great satisfaction because it demonstrates A2A's ability to build infrastructures that are indispensable for the country's development. We grew both in the number of customers and in the development of new plant projects, thus strengthening our role as a national player. We have come up with an innovative offer to stabilize the price of electricity for retail customers for ten years using our green sources, to be less subject to market fluctuations. We will continue to work to achieve the goals set out in our Business Plan, to create shared value for the benefit of people, territories and businesses, aware that we are on the right track."*

During the first quarter, the A2A Group's economic-financial results increased compared to the previous period, despite the continuing drought, thanks to the diversification of production sources, hedging strategies and a solid customer base.

The Group operated in an environment that was moving towards a gradual return to normalization and the overcoming of the strong turbulence that had characterized 2022: the PUN (Single National Price) decreased by 37% (from 248 euro/MWh in Q1 2022 to 157 euro/MWh in Q1 2023) and the average cost of gas at the PSV by 42% (from 98 euro/MWh to 57.3 euro/MWh).

The following are the main economic indicators:

<i>Millions of euro</i>	<b>3M2023</b>	<b>3M 2022 Restated</b>	<b>Δ</b>	<b>Δ%</b>
Revenues	<b>5,131</b>	<b>5,536</b>	-405	-7%
Gross Operating Margin – EBITDA	<b>500</b>	<b>386</b>	114	30%
Net Operating Income – EBIT	<b>288</b>	<b>180</b>	108	60%
Group Net Profit	<b>173</b>	<b>201</b>	-28	-14%
Ordinary Group Net Profit	<b>173</b>	<b>106</b>	67	63%

In Q1 2023, the A2A Group **Revenues** amounted to **5,131 million euro**, down 7% compared to the same period of the previous year (5,536 million euro). The change, attributable to lower revenues in the wholesale energy markets due to both lower unit prices and lower volumes sold and brokered electricity, was partially offset by higher quantities sold of electricity and gas in the retail markets.

The downward trend in commodities led, like the revenue trend, to a significant drop in **operating costs** to **4,433 million euro**, down 11% compared to the same period last year.

**Labour costs** increased by about **6 million euro** to 198 million euro as a result of recruitment in 2022 and Q1 2023.

**EBITDA** equalled **500 million euro**, an increase of 30%, +114 million compared to Q1 2022 (386 million euro). Net of non-recurring items (+8 million euro in Q1 2023, +2 million euro in Q1 2022), **Ordinary EBITDA amounted to 492 million euro**, up 28%, +108 million euro compared to Q1 2022 (384 million euro): the excellent results of the Generation and Market Business Units more than offset the margin contraction recorded in the Heat segment of the Smart Infrastructure Business Unit.

**EBIT** amounted to **288 million euro**, up 60%, +108 million euro on 2022 (180 million euro). This increase is attributable to the increase in EBITDA, and to the:

- increase in depreciation and amortization (16 million euro) mainly related to investments made by the Group in the period April 2022-March 2023 and the contribution of newly consolidated companies in the field of renewables;
- lower net provisions of 10 million euro mainly as a result of lower accruals to the provision for bad debts.

**Ordinary Group Net Profit** came in at **173 million euro**, up 63%, +67 million euro on Q1 2022 (106 million euro). The change is attributable to the increase in EBIT, partly offset by higher financial expenses and higher taxes following the increase in interest rates and higher taxes due to a higher tax base. The Group tax rate was 30%, (31.5% in Q1 2022).

Considering the extraordinary items recorded in the first quarter of 2022, amounting to 95 million euro, relating to the gain on the sale of certain real estate (no extraordinary items in 2023), **Ordinary Group Net Profit attributable** amounted to 173 million euro, down 14% year-on-year (201 million euro).

Capex in the period under review amounted to **219 million euro**, an increase of 18% compared to Q1 of the previous year. Almost 60% of investments are related to developments: the main interventions were aimed at the growth of wind and photovoltaic plants, the recovery of energy and materials, the improvement and upgrading of distribution networks, as well as the construction of new purification plants and the digitalization of the Group.

**M&A transactions** amounted to **12 million euro**, mainly related to the acquisition of a majority stake in VGE 05, which will develop a photovoltaic plant in Friuli Venezia Giulia with an installed capacity of 59MW.

The **Net Financial Position** as of March 31, 2023 amounted to **4,373 million euro** (4,258 million euro as of December 31, 2022). Excluding changes in scope that took place during the period under review, of 12 million euro, NFP came to **4,361 million euro**, recording net cash absorption of 103 million euro, after capex for 219 million euro. This change is mainly attributable to the seasonality of the business and a greater concession to instalment requests from customers, only partially offset by lower gas and electricity prices. The value of instalments, in particular for A2A Energia, was almost 7 times that of the same quarter of the pre-pandemic period and 1.1 times that of the January-March 2022 quarter.

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## **A2A Group – Results by Business Unit**

The following table shows the composition of EBITDA by Business Unit:

<i>Millions of euro</i>	<b>03.31.2023</b>	<b>03.31.2022</b>	<b>Change</b>	<b>Change %</b>
Generation and Trading	179	126	53	42.1%
Market	48	-21	69	n.s.
Waste	122	123	-1	-0.8%
Smart Infrastructures	158	162	-4	-2.5%
Corporate	-7	-4	-3	n.s.
<b>Total</b>	<b>500</b>	<b>386</b>	<b>114</b>	<b>29.5%</b>

### **Generation and Trading Business Unit**

In Q1 2023, the Generation and Trading Business Unit contributed to fulfil the sales demand of the A2A Group through 4.3 TWh of plant production (4.6 TWh as of March 31, 2022).

More specifically, thermoelectric production for the period amounted to 3.6 TWh (3.9 TWh as of March 31, 2022), down 7% from the same period of the previous year: the higher volumes generated by coal- and oil-fired plants, functional to the government's need to maximize the use of non-gas-fuelled plants, only partially offset the lower production of CCGT plants due to lower contestable demand and higher imports from abroad.

Production from renewable sources, on the other hand, amounted to 0.73 TWh, essentially stable compared to last year (-1%): the new wind and solar plants in the 3 and 4 New perimeters acquired in 2022 offset the lower hydroelectric volumes (-17%) due to the continuing drought.

Revenues amounted to 4,206 million euro, down by 322 million euro (-7%) compared to the first three months of the previous year due to both lower volumes sold and brokered of electricity and lower unit prices.

EBITDA of the Generation and Trading Business Unit amounted to 179 million euro, an increase of 42%, +53 million euro compared to Q1 2022. Excluding the non-recurring items recorded in Q1 2022 (+2 million euro) and 2023 (+1 million euro), ordinary EBITDA increased by 54 million euro.

The positive change is mainly attributable to:

- hedging strategies, mainly on thermoelectric sources (CCGT and Coal), which made it possible to offset the reduction in the energy scenario;
- contribution of newly acquired solar and wind power plants, which offset the drop in hydroelectric production, confirming the soundness of the business model based on a diversified mix of energy production sources.

The positive impacts were partly offset by a contraction in margins on ancillary services market (MSD) due to lower demand from Terna.

In the period in question, the Capex of the Generation and Trading Business Unit amounted to around 36 million euro (20 million euro in Q1 2022) and mostly related to the development of the Group's photovoltaic and wind plants.

## Market Business Unit

In Q1 2023, the Market Business Unit recorded 5.7 TWh of electricity sales, up 9.2% compared to the same period of the previous year. The increase is mainly related to the acquisition, by auction, of customers subject to the safeguard regime.

Gas sales, equal to 1.2 billion cubic metres, increased by +6% compared to Q1 2022, thanks above all to the key accounts segment.

With reference to the mass market segment (electricity and gas), it should be noted that the number of supply points on the free market of 2.2 million increased by about 40 thousand compared to the end of 2022, thanks to the positive contribution of commercial development in the period.

Revenues amounted to 2,403 million euro (2,191 million euro as of March 31, 2022). The growth recorded is mainly attributable to the increase in gas and electricity quantities sold, partly offset by the decrease in electricity unit prices.

Market Business Unit EBITDA amounted to a positive 48 million euro (negative 21 million euro as of March 31, 2022).

The growth in margins for Q1 2023 compared to the same period of last year was attributable to:

- positive unit margins that fully recover the contraction recorded in Q1 2022 mainly due to the different time distribution of fixed-price sales margins, confirming the assumptions of an overall contractual margin on an annual or two-year basis;
- positive contribution of the large customer segment;
- higher volumes of electricity sold to safeguarded customers;
- increased mass-market customer base.

In general, the comparison with the previous year benefits from a progressive return to normality of the energy markets compared to the exceptional trend recorded in 2022, although not yet reaching the profitability levels of Q1 2021.

Capex in Q1 2023 amounted to 19 million euro (14 million euro as of March 31, 2022) and mainly related to digitalization processes in the energy retail segment.

## Waste Business Unit

Net waste disposed of amounted to 904 thousand tonnes (+5% compared to the same period last year).

The quantity of electricity produced, equal to 502 GWh, decreased by 7% compared to the previous year due to the reduced availability of the Acerra plant following increased maintenance shutdowns and the Parona plant due to the construction of a new production line.

In Q1 2023, the Waste Business Unit recorded revenue of 382 million euro, up 2.4% compared to the same period in 2022 (373 million euro as of March 31, 2022) mainly due to higher revenue from the sale of electricity and higher revenue from waste disposal.

The EBITDA of the Waste Business Unit equalled 122 million euro (123 million euro as of March 31, 2022). There are no non-recurring items.

This result was determined by the following contributions:

- positive in the Collection segment (+3 million euro compared to Q1 2022) mainly due to lower costs for disposal of the organic fraction of waste;
- negative for the Urban Waste Treatment Plants segment (-2 million euro compared to 1Q2022), due to lower volumes produced by the Acerra and Parona waste-to-energy plants, partially offset by higher electricity prices for WTE and biomass plants (Sant'Agata di Puglia);
- negative for the Industrial Waste Treatment Plants segment (-2 million euro compared to Q1 2022) due to lower deliveries.

Capex in Q1 2023 amounted to 37 million euro (35 million euro as of March 31, 2022) and mainly concerned development and maintenance work on the Group's waste-to-energy plants.

### **Smart Infrastructures Business Unit**

In Q1 2023, the RABs for electricity, gas and water services were up by 16%, 2.5% and 11%, respectively, thanks to increased investments.

Heat sales by the Business Unit in the period in question amounted to 1.3 TWh, a decrease of 10% on the volumes sold in Q1 of the previous year following milder temperatures.

As of March 31, 2023, the Smart Infrastructures Business Unit's revenue amounted to 469 million euro (446 million euro as of March 31, 2022). The change is related to the contribution of A2A Airport, which was acquired in 2022, partially offset by lower revenues in the district heating segment due to the drop in unit prices and the contraction in quantities sold.

EBITDA of the Smart Infrastructures Business Unit in 2023 was 158 million euro (162 million euro as of March 31, 2022).

Excluding non-recurring items (+7 million euro in the first months of 2023; +1 million euro in the same period of the previous year), the Ordinary EBITDA of the Business Unit reached 151 million euro, down 10 million euro with respect to Q1 2022.

The change in margins is distributed as follows:

- electricity and gas distribution networks (+7 million euro): due to an increase in the permitted revenue constraint and higher electricity connection fees;
- district heating: -16 million euro, due to lower volumes and the TLR scenario effect, partially offset by the positive contribution of the company acquired in 2022 (A2A Airport) and higher margins from Gestione Calore

Capex in Q1 2023 amounted to 117 million euro (107 million euro as of March 31, 2022), of which about 60% related to the upgrading and renewal of electricity and gas distribution networks.

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### **Balance sheet**

It is noted that the consolidation scope as of March 31, 2023 changed compared to December 31, 2022 for the following operations:

- acquisition and line-by-line consolidation by AEB S.p.A. of 67.5% of VGE05 S.r.l., a company operating in the renewable energy sector.

Millions of euro

	03.31.2023	12.31.2022	Change
<b>CAPITAL EMPLOYED</b>			
<b><u>Net fixed assets</u></b>	<b>8,732</b>	<b>8,849</b>	<b>(117)</b>
- Tangible assets	6,164	6,162	2
- Intangible assets	3,434	3,515	(81)
- Shareholdings and other non-current financial assets (*)	87	82	5
- Other non-current assets/liabilities (*)	(352)	(296)	(56)
- Deferred tax assets/liabilities	372	363	9
- Provisions for risks, charges and liabilities for landfills	(731)	(729)	(2)
- Employee benefits	(242)	(248)	6
<i>of which with counter-entry to equity</i>	<i>(105)</i>	<i>(112)</i>	
<b><u>Net Working Capital and Other current assets/liabilities</u></b>	<b>152</b>	<b>(124)</b>	<b>276</b>
<b>Net Working Capital:</b>	<b>355</b>	<b>(308)</b>	<b>663</b>
- Inventories	174	536	(362)
- Trade receivables	4,272	4,680	(408)
- Trade payables	(4,091)	(5,524)	1,433
<b>Other current assets/liabilities:</b>	<b>(203)</b>	<b>184</b>	<b>(387)</b>
- Other current assets/liabilities (*)	(16)	283	(299)
- Current tax assets/tax liabilities	(187)	(99)	(88)
<i>of which with counter-entry to equity</i>	<i>-</i>	<i>27</i>	
<b>Assets/liabilities held for sale (*)</b>	<b>110</b>	<b>-</b>	<b>110</b>
<i>of which with counter-entry to equity</i>	<i>-</i>	<i>-</i>	
<b>TOTAL CAPITAL EMPLOYED</b>	<b>8,994</b>	<b>8,725</b>	<b>269</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' equity</b>	<b>4,621</b>	<b>4,467</b>	<b>154</b>
Total financial position after one year	5,716	5,834	(118)
Total financial position within one year	(1,343)	(1,576)	233
<b>Total Net Financial Position</b>	<b>4,373</b>	<b>4,258</b>	<b>115</b>
<i>of which with counter-entry to equity</i>	<i>(13)</i>	<i>(10)</i>	
<b>TOTAL SOURCES</b>	<b>8,994</b>	<b>8,725</b>	<b>269</b>

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

## Net Fixed Capital

“Net fixed Assets” amounted to 8,732 million euro, down 117 million euro compared to December 31, 2022.

Changes are detailed below:

- Tangible assets increased by 2 million euro due to:
  - capex made for 134 million euro due to interventions on waste treatment and waste-to-energy plants, on thermoelectric and hydroelectric plants and on renewable source energy plants for 65 million euro, to the development and maintenance of electricity distribution plants, the expansion and reconstruction of the medium and low voltage network, and the installation of new electronic meters for 38 million euro, the development of district heating networks for 16 million euro, the purchase of movable means to collect waste and other equipment for 6 million euro, interventions on buildings for 3 million euro, interventions on the fiber optic and gas transport network for 2 million euro, as well as other investments for a total of 4 million euro;
  - a decrease of 125 million euro for the depreciation charge for the period;
  - net decrease for other changes of 4 million euro due to a decrease of 2 million euro following reclassifications to other items of the financial statements, a decrease of 1 million euro due to the recognition of grants on investments from previous years, and a decrease of 1 million euro in rights of use in accordance with IFRS 16;
  - decrease of 3 million euro arising from disposals in the period, net of accumulated depreciation;
- Intangible fixed assets decreased by 81 million euro with respect to December 31, 2022, due to:
  - capex made amounting to 85 million euro, due to development and maintenance of gas distribution systems and the replacement of underground medium and low pressure pipes for 31 million euro, the implementation of information systems for 23 million euro, works on the water transport and distribution network, sewage networks and treatment plants for 22 million euro, as well as 9 million euro for costs incurred for new acquisitions and maintenance of the customer portfolio;
  - first consolidation of VGE05 S.r.l., which resulted in an increase of 14 million euro, mainly attributable to the goodwill generated by the transaction;
  - decrease totalling 110 million euro as a result of the reclassification under assets held for sale of certain assets pertaining to the integrated water service, the sale of which will be finalized during the year under review;
  - a decrease of 65 million euro for the depreciation charge for the period;
  - net decrease of 3 million euro for other changes due to the registration of grants on investments of previous years and the decrease in environmental certificates of the industrial portfolio;
  - decrease of 2 million euro arising from disposals in the period, net of accumulated amortization;
- Equity investments and Other non-current financial assets, at 87 million euro, up by 5 million euro compared to 31 December 2022; the change is attributable to an increase in the value of investments in associates as a result of valuation according to the equity method in the amount of 2 million euro, investments in innovative start-ups through Corporate Venture Capital projects in the amount of 2 million euro, and other increases in the amount of 1 million euro;
- Other non-current assets and liabilities showed a net increase in liabilities of 56 million euro due to an increase in payables for security deposits of 58 million euro, partly offset by higher non-current assets of 2 million euro;



- deferred tax assets amounted to 372 million euro (363 million euro as of December 31, 2022) and showed a net increase of 9 million euro, of which 7 million euro was due to the tax effect on the change in the equity reserves on the fair value of derivatives, as well as other increases of 2 million euro;
- As of March 31, 2023, provision for risks, charges and liabilities for landfills amounted to 731 million euro and showed an increase of 2 million euro. The movement for the period is due to utilisations for the period of 8 million euro: 6 million euro relating to decommissioning and landfill costs and 2 million euro for the conclusion of certain disputes; other increases totalling 4 million euro, of which 3 million euro attributable to decommissioning and landfill provisions. Furthermore, net provisions for the period of 6 million euro refer to the higher hydroelectric derivation fees;
- Employee benefits decreased by 6 million euro, due to disbursements during the period and payments to welfare funds, net of period allocations.

### Net Working Capital and Other Current Assets/Liabilities

The “**Net Working Capital**”, defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to 355 million euro, up 663 million euro compared to December 31, 2022. Comments on the main items are given below:

#### Inventories

<i>(millions of euro)</i>	<b>Balance at 12.31.2022</b>	<b>First-time consolidation effect acquisitions 2023</b>	<b>Changes in the period</b>	<b>Balance at 03.31.2023</b>
- Materials	115		(2)	113
- Material obsolescence provision	(23)		0	(23)
- Fuel	435		(365)	70
- Others	7		(2)	5
<b>Raw and ancillary materials and consumables</b>	<b>534</b>	-	<b>(369)</b>	<b>165</b>
<b>Third-party fuel</b>	<b>2</b>		7	<b>9</b>
<b>Total inventories</b>	<b>536</b>	-	<b>(362)</b>	<b>174</b>

“Inventories” amounted to 174 million euro (536 million euro as of December 31, 2022), net of the related obsolescence provision for 23 million euro, down 362 million euro compared to December 31, 2022. The decrease is attributable to lower inventories of fuels for electricity generation and gas inventories for sales and storage activities of 365 million euro as a result of the use thereof during the period, and a net increase in material and other inventories of 3 million euro.

## Trade receivables

<i>Millions of euro</i>	<b>Balance at 12.31.2022</b>	<b>First-time consolidation effect acquisitions 2023</b>	<b>Changes in the period</b>	<b>Balance at 03.31.2023</b>
Trade receivables – invoices issued	1,404	-	422	1,826
Trade receivables – invoices to be issued	3,468	-	(816)	2,652
Bad debts provision	(192)	-	(14)	(206)
<b>Total trade receivables</b>	<b>4,680</b>	<b>-</b>	<b>(408)</b>	<b>4,272</b>

As of March 31, 2023, "Trade receivables" amounted to 4,272 million euro (4,680 million euro as of December 31, 2022), a decrease of 408 million euro mainly attributable to the seasonality of the business and a greater allowance for instalment requests from customers, only partly offset by lower commodity prices.

The Bad debt provision of 206 million euro increased by a net 14 million euro with respect to 31 December 2022, due to net provisions for 16 million euro and period utilizations for 2 million euro.

Trade receivables ageing is detailed here below:

<i>(millions of euro)</i>	<b>03.31.2023</b>	<b>12.31.2022</b>
<b>Trade receivables of which:</b>	<b>4,272</b>	<b>4,680</b>
<b>Current</b>	<b>1,251</b>	<b>978</b>
<b>Past due of which:</b>	<b>575</b>	<b>426</b>
<i>Past due up to 30 days</i>	<i>185</i>	<i>60</i>
<i>Past due from 31 to 180 days</i>	<i>191</i>	<i>198</i>
<i>Past due from 181 to 365 days</i>	<i>88</i>	<i>73</i>
<i>Past due over 365 days</i>	<i>111</i>	<i>95</i>
<b>Invoices to be issued</b>	<b>2,652</b>	<b>3,468</b>
<b>Bad debts provision</b>	<b>-206</b>	<b>-192</b>

## Trade payables

<i>Millions of euro</i>	<b>Balance at 12.31.2022</b>	<b>First-time consolidation effect acquisitions 2023</b>	<b>Changes in the period</b>	<b>Balance at 03.31.2023</b>
Advances	43	-	(1)	42
Payables to suppliers	2,481	-	(1,432)	4,049
<b>Total trade payables</b>	<b>5,524</b>	<b>-</b>	<b>(1,433)</b>	<b>4,091</b>

"Trade payables" amounted to 4,091 million euros and show a decrease of 1,433 million euro compared to the close of the previous financial year. This change is mainly attributable to the decreasing dynamics of commodity market prices, as well as to a seasonality effect.

“Other current assets/liabilities” evidenced a net decrease of 387 million euro on December 31, 2022. This change is due to:

- net decrease of 132 million euro in derivative assets, reflecting a change in fair value at the end of the period and in the quantities hedged;
- 130 million euro net increase in tax payables for VAT, excise duties and other indirect taxes;
- net increase in current tax payables for 88 million euro;
- net increase in payables to Cassa per i Servizi Energetici e Ambientali for 85 million euro;
- increase in deferred assets of 34 million euro as a result of the advance payment of costs accruing in the future;
- increase in receivables for advances to suppliers for 8 million euro;
- increase in other current assets for 6 million euro.

Below the breakdown of the Net Working Capital by Business Unit, including changes to other current assets/liabilities:

(Millions of euro)	03.31.2023	12.31.2022	CHANGE
Generation and Trading	(735)	(668)	(67)
Market	888	741	147
Waste	(94)	(113)	19
Smart Infrastructures	34	102	(68)
Corporate	59	(186)	245
<b>TOTAL</b>	<b>152</b>	<b>(124)</b>	<b>276</b>

“Assets/liabilities held for sale” amounted to 110 million euro and refer to the value of certain assets pertaining to the integrated water service, the sale of which will be finalized during the year under review.

Consolidated “Invested capital” as of March 31, 2023 amounted to 8,994 million euro and was financed by Equity for 4,621 million euro and the Net Financial Position for 4,373 million euro.

“Equity” amounted to 4,621 million euro and showed a positive change for a total of 154 million euro. The increase is due to the period result for 181 million euro (173 million euro pertaining to the Group and 8 million euro to minorities). There was also a negative change in the reserves of cash flow hedge derivatives for 17 million euro, as well as other decreases for a total of 10 million euro.

The “Consolidated net financial position” as of March 31, 2023 amounted to 4,373 million euro (4,258 million euro at end 2022). The gross debt amounted to 7,067 million euro, up by 178 million euro compared to 31 December 2022. Cash and cash equivalents amounted to 2,640 million euro, up by 56 million euro. The other net financial assets/liabilities showed an active balance of 54 million euro with a net increase of 7 million euro as compared with December 31, 2022.

The fixed rate portion of the gross debt amounted to 83%. The duration is 5.9 years.

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### Change Consolidated Net Financial Position

The following table summarizes the changes in the Net Financial Position.

	03.31.2023	03.31.2022
<b>EBITDA</b>	<b>500</b>	<b>386</b>
Change in Net Working Capital	(663)	(473)
Changes in Other assets/liabilities	311	(69)
Utilization of provisions, net taxes and net financial charges	(32)	(38)
<b>Operating cash flow</b>	<b>116</b>	<b>(194)</b>
Capital Expenditure	(219)	(186)
Property disposals	-	221
<b>Net cash flow</b>	<b>(103)</b>	<b>(159)</b>
Change in scope	(12)	(25)
<b>Change in Net Financial Position</b>	<b>(115)</b>	<b>(184)</b>

During the period, net cash absorption amounted to 103 million euro, after capital expenditure of 219 million euro, plus perimeter changes during the period of 12 million euro.

Regarding net cash flow absorption:

- the Net Working Capital resulted in a negative change in the Net Financial Position of 663 million euro attributable to the reduction in trade payables for 1,433 million euro partially offset by the reduction in trade receivables for 408 million euro and in inventories for 362 million euro;
- the positive change of 311 million euro in Other assets/liabilities mainly refers to the decrease in the net fair value of derivatives on commodities through profit or loss, the net increase in payables for VAT, excise duties and other indirect taxes, the increase net of payables to the Cassa per i Servizi Energetici e Ambientali, as well as the increase in guarantee deposits payable by customers. These changes are partly offset by the increase in deferred assets and advances to suppliers;
- the payment of net financial charges, taxes and provisions absorbed cash of 32 million euro.

“Capex”, amounting to 219 million euro, concerned the following Business Units:

#### Capital Expenditure

<i>Millions of euro</i>	<b>03.31.2023</b>	<b>03.31.2022</b>	<b>Change</b>
Generation and Trading	36	20	16
Market	19	14	5
Waste	37	35	2
<i>Smart Infrastructures</i>	117	107	10
Corporate	10	10	0
Adjustments	0	-6	6
<b>Total</b>	<b>219</b>	<b>180</b>	<b>39</b>

### Generation and Trading

Capex in the period under review amounted to approximately 36 million euro and included extraordinary maintenance work of about 10 million euro, of which 5 million euro at thermoelectric plants and 4 million euro at the Group's hydroelectric plants.

In addition, development work totalling 26 million euro was carried out, of which 22 million euro related to photovoltaic and wind power plants (mainly the Matarocco plant) aimed at accelerating the growth of the Group's renewable sources and 4 million euro for investments in thermoelectric plants (in particular, gas turbine upgrades at the combined-cycle plants in Piacenza).

### Market Business Unit

Capex in Q1 2023 amounted to 19 million euro. These capex concerned:

- the energy retail segment with 17 million euro for capitalised charges for the acquisition of new customers and for evolutionary maintenance and development work on hardware and software platforms, aimed at supporting billing and customer management activities, and the full-digital NEN start-up;
- the Energy Solution segment with 2 million euro for energy efficiency projects.

### Waste Business Unit

Capex in Q1 2023 amounted to 37 million euro and regarded:

- development work amounting to 21 million euro, of which 15 million euro relating to waste-to-energy plants (in particular 4 million euro for the construction of the line 3 of the Parona plant and 9 million euro for the flue gas purification line of the Brescia waste-to-energy plant) and 6 million euro to treatment plants (in particular, 2 million euro for OFMSW plants and 3 million euro for plants intended for material recovery);
- 16 million in maintenance work on waste-to-energy plants (9 million euro), treatment plants (2 million euro) and the collection sector (5 million euro).

## Smart Infrastructures Business Unit

Capex in Q1 2023 amounted to 117 million euro and regarded:

- in the electricity distribution segment, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary cabins, the extension and refurbishment of the medium and low voltage network, the maintenance and upgrading of primary plants and investments in the launch of the 2G smart meter project (40 million euro);
- in the gas distribution subsector, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters (31 million euro);
- in the integrated water cycle sector, maintenance and development work carried out on the water transport and distribution network, as well as works and restoration works on the sewer networks and purification plants (24 million euro);
- district heating and heat management segment: development and maintenance of plants and networks for a total of 16 million euro.
- in the public lighting sector for new projects (2 million euro);
- in the Smart City segment, mainly laying fibre optics, radio frequencies and data centres (2 million euro);
- in the e-mobility sector for the installation of new electric energy recharging stations (1 million euro).

## Corporate

Capex in Q1 2023, amounting to 10 million euro, mainly refer to work on IT systems (6 million euro) and buildings (2 million euro).

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## Business outlook

The results achieved in Q1 allow us to positively review expectations for 2023: the Group is expected to consolidate an Ebitda between 1.64 and 1.68 billion euro and Group Net Profit, net of non-recurring items, between 390 and 410 million euro.

High levels of volatility in the energy markets, exceptionally low water levels and new regulatory measures are risks that could generate impacts on the Group that are difficult to quantify to date.

The A2A Group constantly monitors the evolution of the context and, as done in other situations of volatility, promptly identifies possible mitigating actions, aimed at a greater protection of the economic and financial position.

## Alternative Indicators of Performance (AIP)

Certain alternative performance indicators (AIP) not envisaged by the International Financial Reporting Standards endorsed by the European Union (IFRS-EU) are presented in the press release to give a better view of the A2A Group's performance. In accordance with the recommendations of the new ESMA Guidelines published in July 2020 and applicable from 5 May 2021, the meaning, content and calculation basis of these indicators are set out below:

- **EBITDA (Gross Operating Margin):** an alternative indicator of operating *performance*, calculated as the sum of "Net operating income" plus "Depreciation, amortisation, provisions and impairment".
- **Ordinary EBITDA:** an alternative indicator of operating performance, calculated as the gross operating margin described above net of items, both positive and negative, arising from transactions or operations that have characteristics of non-repeatability in future years (e.g. adjustments relating to past years; costs for extraordinary mobility plans, etc.);
- **Ordinary Net Profit (Ordinary EBIT)** is an alternative measure of performance, calculated by excluding from the Group's net result the items deriving from non-recurring transactions (net of related items) and the write-down of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects);
- **Net financial position** is an indicator of one's financial structure. This indicator is determined as the result of current and non-current financial payables, the non-current portion of trade payables and other non-interest-bearing payables that have a significant implicit financing component (payables due over 12 months); net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments);
- **Capex:** alternative indicator of performance used by the A2A Group as a financial target within the scope of intra-Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.
- **M&A:** alternative indicator of performance used by the A2A Group to represent the overall impact at capital level of growth operations by external line.

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On the basis of the Issuer Regulations, amended by Consob, with Resolution no. 19770 of October 26, 2016 effective as of January 2, 2017, article 82-ter (additional periodic financial information), the Board of Directors, in order to ensure continuity and regular information for the financial community, has decided to continue to publish the quarterly financial information on a voluntary basis, adopting the following disclosure policy effective as of financial year 2017 and until otherwise resolved.

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The executive responsible for drawing up A2A S.p.A.'s corporate accounting documents, Luca Moroni, states – in accordance with article 154-bis, sub-section 2 of the Financial Act (Legislative Decree 58/1998) – that the accounting information contained in this document corresponds to the documentary evidence, books and accounting records.

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The A2A Group's financial statements at 31 March 2023 are attached.



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<b>CONSOLIDATED BALANCE SHEET</b>	<b>03.31.2023</b>	<b>12.31.2022</b>
(millions of euro)		
<b>ASSETS</b>		
<b><u>NON-CURRENT ASSETS</u></b>		
Tangible assets	6,164	6,162
Intangible assets	3,434	3,515
Shareholdings carried according to equity method	35	33
Other non-current financial assets	73	70
Deferred tax assets	372	363
Other non-current assets	88	86
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,166</b>	<b>10,229</b>
<b><u>CURRENT ASSETS</u></b>		
Inventories	174	536
Trade receivables	4,272	4,680
Other current assets	2,281	3,289
Current financial assets	21	14
Current tax assets	30	35
Cash and cash equivalents	2,640	2,584
<b>TOTAL CURRENT ASSETS</b>	<b>9,418</b>	<b>11,138</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>115</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>19,699</b>	<b>21,367</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>EQUITY</u></b>		
Share capital	1,629	1,629
Reserves	2,252	1,869
Result of the year	-	401
Result of the period	173	-
<b>Equity pertaining to the Group</b>	<b>4,054</b>	<b>3,899</b>
Minority interests	567	568
<b>Total equity</b>	<b>4,621</b>	<b>4,467</b>
<b><u>LIABILITIES</u></b>		
<b><u>NON-CURRENT LIABILITIES</u></b>		
Non-current financial liabilities	5,749	5,867
Employee benefits	242	248
Provisions for risks, charges and liabilities for landfills	731	729
Other non-current liabilities	428	370
<b>Total non-current liabilities</b>	<b>7,150</b>	<b>7,214</b>
<b><u>CURRENT LIABILITIES</u></b>		
Trade payables	4,091	5,524
Other current liabilities	2,297	3,006
Current financial liabilities	1,318	1,022
Tax liabilities	217	134
<b>Total current liabilities</b>	<b>7,923</b>	<b>9,686</b>
<b>Total liabilities</b>	<b>15,073</b>	<b>16,900</b>
<b>LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>	<b>5</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,699</b>	<b>21,367</b>

<b>CONSOLIDATED INCOME STATEMENT</b> (millions of euro)	<b>01.01.2023</b> <b>03.31.2023</b>	<b>01.01.2022</b> <b>03.31.2022</b> Restated (*)
<b>Revenues</b>		
Revenues from the sale of goods and services	5,092	5,504
Other operating income	39	32
<b>Total Revenues</b>	<b>5,131</b>	<b>5,536</b>
<b>Operating expenses</b>		
Expenses for raw materials and services	4,355	4,876
Other operating expenses	78	82
<b>Total Operating expenses</b>	<b>4,433</b>	<b>4,958</b>
<b>Labour costs</b>	<b>198</b>	<b>192</b>
<b>Gross operating income - EBITDA</b>	<b>500</b>	<b>386</b>
<b>Depreciation, amortization, provisions and write-downs</b>	<b>212</b>	<b>206</b>
<b>Net operating income - EBIT</b>	<b>288</b>	<b>180</b>
<b>Result from non-recurring transactions</b>	<b>-</b>	<b>-</b>
<b>Financial balance</b>		
Financial income	17	3
Financial expenses	53	18
Affiliates	2	-
Result from disposal of other shareholdings	-	-
<b>Total financial balance</b>	<b>(34)</b>	<b>(15)</b>
<b>Result before taxes</b>	<b>254</b>	<b>165</b>
<b>Income taxes</b>	<b>76</b>	<b>114</b>
<b>Result after taxes from operating activities</b>	<b>178</b>	<b>51</b>
Net result from discontinued operations	3	163
<b>Net result</b>	<b>181</b>	<b>214</b>
<b>Minorities</b>	<b>(8)</b>	<b>(13)</b>
<b>Group result of the period</b>	<b>173</b>	<b>201</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> (millions of euro)	<b>03.31.2023</b>	<b>03.31.2022</b>
<b>Net result of the period (A)</b>	<b>181</b>	<b>214</b>
Effective part of gains/(losses) on cash flow hedge	(24)	116
Tax effect of other gains/(losses)	7	(34)
<b>Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)</b>	<b>(17)</b>	<b>82</b>
<b>Total comprehensive result (A)+(B)+(C)+(D)</b>	<b>164</b>	<b>296</b>
<b>Total comprehensive result attributable to:</b>		
<b>Shareholders of the parent company</b>	<b>156</b>	<b>283</b>
<b>Minority interests</b>	<b>(8)</b>	<b>(13)</b>

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

(\*) The values as at 31 March 2022 have been restated to make them consistent with the values as at 31 March 2023 by reclassifying under the item "Net result from discontinued operations " revenues, operating costs and depreciation related to Water activities subject to sale .

<b>CONSOLIDATED CASH-FLOW STATEMENT</b> (millions of euro)	<b>03.31.2023</b>	<b>03.31.2022</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>2,584</b>	<b>964</b>
<b><u>Operating activities</u></b>		
Net Result	181	214
Net income taxes	76	114
Net financial interests	36	15
Capital gains/expenses	-	(157)
Tangible assets depreciation	125	121
Intangible assets amortization	65	53
Fixed assets write-downs/disposals	5	1
Net provisions	22	32
Result from affiliates	(2)	-
Net financial interests paid	(23)	(31)
Net taxes paid	(1)	(1)
Change in trade receivables	392	(583)
Change in trade payable	(1,433)	14
Change in inventories	362	74
Other changes in net working capital	320	(64)
<b>Cash flow from operating activities</b>	<b>125</b>	<b>(198)</b>
<b><u>Investment activities</u></b>		
Investments in tangible assets	(134)	(114)
Investments in intangible assets and goodwill	(85)	(72)
Investments in shareholdings and securities (*)	(12)	(24)
Cash and cash equivalents from first consolidations asset	-	3
Disposal of fixed assets and shareholdings	-	222
<b>Cash flow from investment activities</b>	<b>(231)</b>	<b>15</b>
<b>FREE CASH FLOW</b>	<b>(106)</b>	<b>(183)</b>
<b><u>Financing activities</u></b>		
<b>Changes in financial assets</b>		
Proceeds from loans	-	(1)
Other changes	(7)	(1)
<b>Total changes in financial assets (*)</b>	<b>(7)</b>	<b>(2)</b>
<b>Changes in financial liabilities</b>		
Borrowings/bonds issued	944	1,244
Repayment of borrowings/bond	(759)	(748)
Lease payments	-	(2)
Other changes	(16)	(13)
<b>Total changes in financial liabilities (*)</b>	<b>169</b>	<b>481</b>
<b>Cash flow from financing activities</b>	<b>162</b>	<b>479</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>56</b>	<b>296</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2,640</b>	<b>1,260</b>

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

**Statement of changes in Group equity**

(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
<b>Net equity at December 31, 2021</b>	<b>1,629</b>	<b>-</b>	<b>28</b>	<b>1,599</b>	<b>504</b>	<b>3,760</b>	<b>543</b>	<b>4,303</b>
<i>Changes in the first quarter of 2022</i>								
2021 result allocation				504	(504)			
Cash flow hedge reserves (*)			82			82		82
Other changes				1		1	(9)	(8)
Group and minorities result of the period					201	201	13	214
<b>Net equity at March 31, 2022</b>	<b>1,629</b>	<b>-</b>	<b>110</b>	<b>2,104</b>	<b>201</b>	<b>4,044</b>	<b>547</b>	<b>4,591</b>
<i>Changes from 1st April 2022 to 31st December 2022</i>								
Distribution of dividends				(283)		(283)	(19)	(302)
IAS 19 reserves (*)				22		22		22
Cash flow hedge reserves (*)			(1)			(1)		(1)
Change in scope			(79)	(3)		(82)	(3)	(85)
Other changes				(1)		(1)	9	8
Group and minorities result of the period					200	200	34	234
<b>Net equity at December 31, 2022</b>	<b>1,629</b>	<b>-</b>	<b>30</b>	<b>1,839</b>	<b>401</b>	<b>3,899</b>	<b>568</b>	<b>4,467</b>
<i>Changes in the first quarter of 2023</i>								
2022 result allocation				401	(401)			
Distribution of dividends							(10)	(10)
IAS 19 reserves (*)								
Cash flow hedge reserves (*)			(17)			(17)		(17)
Change in scope								
Other changes				(1)		(1)	1	
Group and minorities result of the period					173	173	8	181
<b>Net equity at March 31, 2023</b>	<b>1,629</b>	<b>-</b>	<b>13</b>	<b>2,239</b>	<b>173</b>	<b>4,054</b>	<b>567</b>	<b>4,621</b>

(\*) These form part of the statement of comprehensive income.