

A2A, RESULTS AS AT SEPTEMBER 30, 2023

CONFIRMATION OF THE IMPROVEMENT PATH IN ECONOMIC AND FINANCIAL INDICATORS

UPWARD REVISION TO 2023 GUIDANCE FOR EBITDA AND ORDINARY NET PROFIT

DEVELOPMENT OF STRATEGIC INFRASTRUCTURES FOR ENERGY TRANSITION

INCREASE IN ENERGY PRODUCED FROM RENEWABLE SOURCES

THE GROUP'S COMMITMENT TO SUSTAINABLE FINANCE CONTINUES: PORTION OF SUSTAINABLE DEBT AT 67%

- **EBITDA at 1,354 million euro:** +19% compared to 9M 2022 (1,136 million euro).
- **Ordinary net profit at 402 million euro:** +26% compared to the same period of 2022 (319 million euro).
- **Revenues at 10,952 million euro:** -35% compared to the same period of 2022 mainly following the contraction in electricity and gas prices on the markets.
- **Mass market customer base at 3.5 million:** +445,000 customers compared to 9M 2022
- **Capex of 796 million euro** for the development of plants of green energy production plants and for the enhancement and efficiency of networks to support the **decarbonisation and circular use** of resources
- **Net Financial Position at 4,469 million euro** (4,258 million euro as at December 31, 2022). Net of changes in the scope of consolidation of -12 million euro, the NFP increased by 223 million euro, given capex for 796 million euro and dividends for 283 million euro. NFP/EBITDA rolling ratio at 2.6x, down from December 31, 2022 (2.8x).
- **Upward revision to guidance:** The Group will target an **EBITDA of between 1.88 and 1.92 billion euro and an Ordinary Group Net Profit of between 550 and 570 million euro** in 2023 on the basis of the significant results in the first nine months and the better than expected performance of the Generation & Trading and Market Business Units.

Energy Transition

- Introduced innovative offers for **Power Purchase Agreement (PPA)**, aimed at mass-market customers and renewable energy producers, with the goal of making energy prices less exposed to market fluctuations. The Group is positioning itself among the leading players in the green energy market.
- **New agreement for the construction of two 17.5 MW solar plants in Veneto:** acquisition by A2A Rinnovabili S.p.A. of 100% of the companies Juwi Development 12 S.r.l. and Juwi, Development 13 S.r.l., which have obtained the authorisations for the construction and operation of two solar plants.

Sustainability

- 602 GWh of green energy from solar and wind sources in 9M 2023 (475 GWh in 9M 2022), +27%.

The Group's commitment to sustainable finance continues: in 2023, A2A successfully placed a new 500 million euro Green Bond with an 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. Following these transactions, the portion of sustainable debt to the Group's total gross debt as at September 30, 2023 reached 67% (60% as at September 30, 2022).

The Board of Directors of A2A S.p.A. has examined and approved the quarterly Financial Information as at September 30, 2023

Milan, November 14, 2023 - At today's meeting of the Board of Directors of A2A S.p.A., chaired by Roberto Tasca, the Board examined and approved the quarterly financial information at September 30, 2023.

*"The results of these nine months confirm the solidity of the growth path undertaken by our Group. In the course of the year, we invested around 800 million euro in new solar and wind power plants, network upgrades, and material and energy recovery. We have increased wind and photovoltaic production by 27%, and through power purchase agreements (PPA) with clients (Noi2) and producers (Enfinity), we can provide an increasing share of green energy, consolidating our role as a key player supporting the Country's ecological transition." - commented **Renato Mazzoncini, Chief Executive Officer of A2A** - "The significant improvement in the economic and financial indicators, supported in particular by the performance of the Generation & Trading and Market Business Units, has allowed us to revise upwards the Group's guidance with EBITDA between 1.88 and 1.92 billion euro and a Ordinary Net Profit between 550 and 570 million euro. We are proceeding with conviction in the direction outlined in our Business Plan, aimed at fostering the decarbonisation and electrification of consumption: indispensable goals to provide concrete answers to the challenges of ongoing climate change and to help make the energy market more stable and autonomous.*

In the first nine months of 2023, A2A achieved excellent economic-financial results, thanks to the excellent performance of the Generation & Trading and Market Business Units, which were able to benefit from a progressive normalisation of the energy context in which they operate.

The period saw an attenuation of the strong tensions in the energy markets that had characterised 2022, with wholesale electricity and gas prices falling significantly: the PUN (Single National Price) decreased by 60.2% (from 323 euro/MWh in 9M 2022 to 129 euro/MWh in the corresponding period of 2023) and the average cost of gas at the PSV by 67.2% (from 130.7 euro/MWh to 42.8 euro/MWh).

In a context characterised by downward dynamics in energy prices, the A2A Group has adopted effective hedging strategies and, thanks to the optimisation of the integrated production portfolio and profitable commercial development actions, has obtained significant increases in operating margins.

The main economic indicators are the following:

<i>Millions of euro</i>	9M 2023	9M 2022 Restated	Δ	Δ%
Revenues	10,952	16,854	-5,902	-35%
Gross Operating Margin – EBITDA	1,354	1,136	218	19%
Net Operating Income – EBIT	682	551	131	24%
Net Profit	425	461	-36	-8%
Ordinary Net Profit	402	319	83	26%

In 9M 2023, the **Revenues** of the Group amounted to **10,952 million euro**, down 35% compared to the same period of the previous year (16,854 million euro). About 80% of the change is attributable to the drop in energy prices and the remainder to lower volumes sold and brokered in the wholesale markets, only partially offset by higher quantities sold in the retail sector.

In line with the trend in revenues and related commodity market dynamics, **operating costs** amounted to **8,999 million euro**, a significant reduction compared to the same period last year (**-41%**).

Labour costs increased by about **35 million euro** (+6%), amounting to 599 million euro. Approximately 60% of the change is related to the higher number of FTE (Full-Time Equivalent) in the first nine months of 2023 compared to the previous year (+433 FTE, +3.3%) as a result of the Group's expansion through the acquisition of new companies, the awarding of tenders in the urban hygiene sector and the start-up of new plants, as well as the expansion of certain structures and business areas to support the ongoing growth. The remainder of the increase (about 40%), is mainly attributable to the effects of the contractual renewals of the Collective Contract National Labour (CCNL) Urban Hygiene, Electricity, Gas Water and merit pay increases.

EBITDA equalled **1,354 million euro**, an increase of 19%, +218 million compared to 9M 2022 (1,136 million euro).

Net of non-recurring items (+7 million euro in 2023, +16 million euro in 2022), **Ordinary EBITDA amounted to 1,347 million euro**, an increase of 20%, +227 million euro compared to first nine months of 2022 (1,120 million euro) thanks to the excellent performance of the Generation & Trading Business Unit and the Market Business Unit, which marked a notable recovery in the year after the exceptional decline of the previous year.

EBIT amounted to **682 million euro**, up 24%, +131 million euro on 2022 (551 million euro). This positive change is attributable to the increase in EBITDA, and to the:

- higher net accruals of 36 million euro mainly due to lower releases of the provision for risks (in 2022, releases of about 40 million euro had been made to decommissioning and landfill provisions as a result of the increase in discount rates); accruals to the provision for bad debts were in line with the previous year;
- increase in depreciation and amortisation for 51 million euro, mainly related to investments made by the Group in the period October 2022 - September 2023 and the contribution of newly consolidated companies in the field of renewables.

Net Financial Expenses amounted to 103 million euro, up compared to 9M 2022 (57 million euro) The change is mainly due to new bonds issued during 2022 and 2023. The cost of debt at September 30, 2023 was 2.5%, with a duration of 5.6 years.

Taxes amounted to 169 million euro, with a tax rate of 29% (32% in the same period of the previous year), up by 10 million euro compared to the first nine months of 2022 due to the increase in the tax base.

As a result of the above trends, the **Ordinary Group Net Profit** amounted to **402 million euro**, up 26% compared to the first nine months of 2022 (319 million euro at September 30, 2022).

Group Net Profit amounted to 425 million euro, down 8% compared to the same period of the previous year (461 million euro), considering the extraordinary items that involved:

- the current year for 23 million euro, relating to the effect of the release of the higher tax values of part of the goodwill of the renewable companies;
- the previous year for a total of 142 million euro related to the gain, net of taxation, on the sale of certain assets (sale of real estate and gas ATEMs deemed non-strategic)

Capex in the first nine months of 2023 amounted to **796 million euro** and related to almost 60% for development work aimed at improving the quality and upgrading electricity distribution networks to support the progressive electrification of consumption, the growth of wind and solar plants, the development of generation plants contributing to the adequacy and security of the national electricity grid, the energy and material recovery, the expansion of water and sewage networks, the development of purification plants and the digitalization of the Group.

M&A transactions amounted to **26 million euro**, mainly relating to the acquisition of a majority stake in VGE05, a company that will develop a solar plant in Friuli-Venezia Giulia with an installed capacity of 59MW, and the A2A Rinnovabili purchase of 100% of Juwi Development 12 S.r.l. and Juwi Development 13 S.r.l., companies that have obtained authorisations for the construction and operation of two solar plants in Veneto.

Moreover, on May 31, 2023, the ASVT S.p.A business branch related to the Integrated Water Service was sold to Acque Bresciane s.r.l. for a total cash-in of 38 million euro.

The overall impact of these changes was positive and amounted to **12 million euro**.

The **Net Financial Position** at September 30, 2023 amounted to **4,469 million euro** (4,258 million euro at December 31, 2022). Excluding changes in scope that took place during the period under review, amounting to -12 million euro, NFP came to **4,481 million euro**, after investments for 796 million euro and dividends for 283 million euro, recording net cash absorption of 223 million euro. This change is mainly attributable to the increase in the A2A Energia customer base (referring in particular to Safeguarded Customers and Micro-enterprises Gradual Protection Customers).

Compared to June 30, 2023 (**4,372 million euro**), the change in NFP is **97 million euro** (with NFP/Ebitda rolling steady at 2.6x) and is mainly due to the payment of the second part of one-off taxes, confirming the Group's ability to generate cash to cover its investments.

A2A Group – Results by Business Unit

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

<i>Millions of euro</i>	09.30.2023	09.30.2022	Change	Change %
Generation & Trading	541	445	96	21.6%
Market	205	70	135	192.9%
Waste	278	287	-9	-3.1%
Smart Infrastructures	366	355	11	3.1%
Corporate	-36	-21	-15	n.s.
Total	1,354	1,136	218	19.2%

Generation & Trading Business Unit

In the first nine months of 2023, the Generation & Trading Business Unit contributed to fulfil the sales demand of the A2A Group through 10.1 TWh of plant production (13.9 TWh at 30 September 2022).

In particular, thermoelectric production for the period amounted to 7 TWh, down 38.5% compared to the same period of the previous year (11.4 TWh at September 30, 2022). The contraction affected CCGT plants as a result of lower contestable demand for electricity in 2023 compared to last year's requirements (-4% - source: Terna) and higher net imports (+14.8%).

Production from renewable sources, on the other hand, amounted to 3.1 TWh, up 21% compared to the same period of the previous year, mainly due to higher hydroelectric volumes as a result of the higher rainfall in 2023 (particularly in the third quarter) compared to the previous year, which was affected by a persistent drought, and to the contribution of the new plants of the 3 and 4 New companies acquired in 2022.

Revenues in the period amounted to 8,187 million euro, down by 6,041 million euro (-42.5%) compared to the first nine months of the previous year due to both lower volumes sold and brokered of electricity and lower unit prices.

EBITDA of the Generation & Trading Business Unit amounted to 541 million euro, an increase of 22%, +96 million euro compared to 9M 2022. Net of the non-recurring items recorded in the months under review (+7 million euro), ordinary EBITDA increased by 89 million euro.

The positive change is mainly attributable to:

- positive effects resulting from higher hydraulicity from which the current year benefited, particularly the third quarter, compared to last year, which was penalised by a severe drought that had led to a significant drop in hydroelectric production and consequently, where necessary, a very costly recourse to the spot market in a context of rising prices;
- effective hedging strategies that offset the reduction in energy commodity prices.

The positive impacts were partly offset by a decrease in margins on the ancillary services markets (MSD) due to lower requests from Terna and by the lower contribution of CCGT production, following the contraction in contestable demand.

Capex in the period under review amounted to approximately 164 million euro (187 million euro in the same period of 2022) and included extraordinary maintenance activities of about 47 million euro, of which 33 million euro for thermoelectric plants and 11 million euro for the Group's hydroelectric plants.

Development interventions were also carried out for a total of 115 million euro, of which 37 million euro related to solar and wind plants (mainly the Matarocco plant) aimed at accelerating the growth of the Group's renewable sources and 76 million euro for interventions on CCGT thermoelectric plants aimed at guaranteeing flexibility, coverage of demand peaks and balancing the energy needs of the electricity grid.

Market Business Unit

In the first nine months of 2023, the Market Business Unit recorded 17.2 TWh of electricity sales, up 9% 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 and the higher contribution of the Gradual Protection Service.

Gas sales, at 2.1 billion cubic metres, grew by 11.1% compared to the first nine months of 2022, attributable to demand from large customers, which offset lower consumption by mass market customers due to exceptionally mild weather and the containment and efficiency measures adopted during the year.

With reference to supply points, there was a +31.6% increase in the number of POD related to the electricity market, thanks to the award of the Gradual Protection Service for micro-enterprises from April 2023.

In general, thanks also to the commercial development actions undertaken, the number of electricity and gas supply points served reached a total of 3.5 million units (+15% compared to 2022), of which 1.9 million related to the electricity market and 1.6 million to the gas market.

Revenues amounted to 5,325 million euro (6,408 million euro at September 30, 2022). The contraction recorded is mainly attributable to the decrease in unit prices of both electricity and gas, partly offset by the growth in volumes sold.

EBITDA of the Market Business Unit equalled 205 million euro (70 million euro at September 30, 2022). Net of non-recurring items (-2 million euro in 9M 2023 and +2 million euro in the same period of 2022), the Ordinary EBITDA increased by 139 million euro.

The growth in 9M 2023 compared to the same period of last year was attributable to:

- higher volumes of electricity sold in the safeguarded market;
- growth in volumes sold to the large customer segment, particularly gas;
- increase in the customer base of the mass market segment;
- increase in unit margins, also thanks to the full recovery of the contraction recorded in the first nine months of 2022 due to the different temporal distribution of the margins of fixed price sales, which confirmed the overall contractual margin on an annual or biennial basis.

These positive effects made it possible to absorb higher charges related to retention actions, activated by the Group during 2023 on its customer base, and the increase in operating costs for customer acquisition and management activities.

In general, the comparison with the previous year benefits from a progressive return to normality of the energy markets compared to the exceptional nature recorded in 2022, with a recovery in profitability that exceeds the levels achieved in the same period of 2021.

Capex in the first nine months of 2023 amounted to 63 million euro (46 million euro in 9M 2022) and referred to:

- the energy retail segment with 56 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 to the full-digital Group company NEN;
- the Energy Solutions segment with 7 million euro for energy efficiency projects.

Waste Business Unit

The quantity of electricity produced decreased by 5% compared to 9M of the previous year due to the reduced availability of the Acerra plant following increased maintenance stops and of the Parona plant due to the stop preparatory to the construction of a new production line. In addition, the volumes of heat sold decreased by 2% in the period as a result of lower demand in the district heating sector.

Net waste disposed of amounted to 2,693 thousand tons (+7% compared to the same period of the previous year), recording an increase in waste disposed of by material recovery plants due to the contribution of the new OFMSW (Organic Fraction of Municipal Solid Waste) plants in Lacchiarella and Cavaglià.

In the first nine months of 2023, the Waste Business Unit recorded revenues of 1,057 million euro, recording a slight decrease (-2%) compared to the same period of the previous year.

EBITDA of the Waste Business Unit equalled 278 million euro (287 million euro at September 30, 2022), down 9 million euro compared to September 30, 2022.

Net of the non-recurring items recorded in the two comparison periods (+3 million euro in 2023 and +6 million euro in 2022), the Ordinary EBITDA amounted to 275 million euro (281 million euro at September 30, 2022).

This result was determined by:

- +3 million euro related to the Collection segment mainly due to lower costs for disposal of the organic fraction of waste, partially offset by an increase in labour costs;
- -6 million euro related to Urban Waste Treatment Plants mainly due to lower electricity volumes produced by the Acerra, Parona and Brescia WTE plants and higher biomass costs partially offset by the effects of a positive energy scenario effect on WTE and biomass plants (Sant'Agata di Puglia);
- -3 million euro related to the Industrial Waste Treatment Plants segment, due to lower disposal to the Cortelona landfill and a decrease in paper margins, partly offset by the contribution of the new sludge drying plant.

Capex in the first nine months of 2023 amounted to 119 million euro (161 million euro in 9M 2022) and referred to:

- development work amounting to 62 million euro, of which 38 million euro relating to waste-to-energy plants (in particular 17 million euro for the construction of the line 3 of the Parona plant and 16 million euro for the flue gas purification line of the Brescia waste-to-energy plant) and 22 million euro to treatment plants (in particular, 6 million euro for plants dedicated to OFMSW and 7 million euro for plants intended for material recovery);
- 57 million in maintenance work on waste-to-energy plants (26 million euro), treatment plants (12 million euro) and the collection sector (19 million euro).

Smart Infrastructures Business Unit

In the first nine months of 2023, the RAB (Regulatory Asset Base) for electricity, gas and water services were up by 15%, 6% and 11%, respectively, thanks to increased investments.

Heat sales by the Business Unit in the period in question amounted to 1.8 TWht, a decrease of 4% on the volumes sold in 9M of the previous year following milder temperatures.

Electricity generated stood at 521 GWh, up 302 GWh thanks to the contribution of A2A Airport, which has been consolidated since the fourth quarter of 2022.

Revenues of the Smart Infrastructures Business Unit amounted to 1,072 million euro (1,020 million euro at September 30, 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 amounted to 366 million euro (355 million euro at September 30, 2022).

Net of non-recurring items (+6 million euro in 9M 2023; +14 million euro in the same period of the previous year), the Ordinary EBITDA of the Business Unit reached 360 million euro, up 19 million euro compared to 2022.

The change in margins is distributed as follows:

- +13 million euro related to the electricity distribution network due to an increase in revenues allowed for regulatory purposes as a result of increased investments and inflation, and higher connection contributions;
- +7 million euro relating to the gas distribution network due to an increase in the restriction on revenues admitted for regulatory purposes due to an increase in investments and inflation, partly offset by lower connection fees;
- +14 million euro related to the water cycle attributable to the decrease in electricity costs and the increase in regulated revenues;
- -12 million related to the heat segment, due to lower district heating volumes sold and a negative scenario effect. This contraction in margins was partly neutralized by the benefits of the tax credits for non-energy and non-gas-consuming companies under the Aid Decrees, and by the contribution of the new company A2A Airport;
- -3 million euro related to the public lighting segment due to the adjustment of fees to changes in energy costs.

Capex in the first nine months of 2023 amounted to 412 million euro (370 million euro in the same period of 2022) and referred to:

- 158 million euro 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 of remote control, the refurbishment of the medium and low voltage network, the maintenance and upgrading of primary plants and capex in the launch of the 2G smart meter project;
- 99 million euro in the gas distribution segment, 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;
- 68 million euro in the integrated water cycle segment, maintenance and development work carried out on the water transportation and distribution network and work and refurbishment of the sewerage networks and purification plants;
- 69 million euro in the district heating and heat management segment: development and maintenance of plants and networks;
- 9 million euro in public lighting segment for new projects;
- 5 million euro in the e-mobility segment for the installation of new recharging stations;
- 4 million euro in the Smart City segment, mainly laying fibre optics, radio frequencies and data centres.

Balance sheet

It is noted that the consolidation scope as of September 30, 2023 changed compared to December 31, 2022 for to the following operations:

- acquisition and line-by-line consolidation by AEB S.p.A. of 90% of VGE 05 S.r.l., a company operating in the solar sector;
- acquisition and line-by-line consolidation by A2A Calore & Servizi S.r.l. of 100% of Termica Cologno S.r.l.;
- incorporation and line-by-line consolidation of the company A2A Services & Real Estate S.p.A., formerly A2A Servizi S.r.l. by A2A S.p.A., which owns 100% of it;
- incorporation and line-by-line consolidation of the company Mogorella S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it;
- acquisition and line-by-line consolidation by A2A Rinnovabili S.p.A. of 100% of the companies Juwi Development 12 S.r.l. and Juwi Development 13 S.r.l..

millions of euro	09.30.2023	12.31.2022	Change
CAPITAL EMPLOYED			
Net fixed assets	9,038	8,849	189
- Tangible assets	6,321	6,162	159
- Intangible assets	3,490	3,515	(25)
- Shareholdings and other non-current financial assets (*)	83	82	1
- Other non-current assets/liabilities (*)	(294)	(296)	2
- Deferred tax assets/liabilities	432	363	69
- Provisions for risks, charges and liabilities for landfills	(761)	(729)	(32)
- Employee benefits	(233)	(248)	15
<i>of which with counter-entry to equity</i>	<i>(102)</i>	<i>(112)</i>	
Net Working Capital and Other Current Assets/Liabilities	(19)	(124)	105
Net Working Capital:	77	(308)	385
- Inventories	415	536	(121)
- Trade receivables	2,729	4,680	(1,951)
- Trade payables	(3,067)	(5,524)	2,457
Other current assets/liabilities:	(96)	184	(280)
- Other current assets/liabilities (*):	(37)	283	(320)
- Current tax assets/tax liabilities	(59)	(99)	40
<i>of which with counter-entry to equity</i>	<i>5</i>	<i>27</i>	
Assets/liabilities held for sale (*)	42	0	42
<i>of which with counter-entry to equity</i>			
TOTAL CAPITAL EMPLOYED	9,061	8,725	336
SOURCES OF FUNDS			
Shareholders' equity	4,592	4,467	125
Total financial position after one year	5,517	5,834	(317)
Total financial debt within one year	(1,048)	(1,576)	528
Total Net Financial Position	4,469	4,258	211
<i>of which with counter-entry to equity</i>	<i>(11)</i>	<i>(10)</i>	
TOTAL SOURCES	9,061	8,725	336

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

Net Fixed Assets

The "Net fixedAssets" amounted to 9,038 million euro, up 189 million euro compared to December 31, 2022.

Changes are detailed below:

- Tangible assets increased by 159 million euro due to:
 - capex made for 519 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 251 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 135 million euro; the development of district heating networks for 45 million euro; the purchase of movable means to collect waste and other equipment for 23 million euro; investments focussed on developing the energy efficiency plan for 14 million euro; interventions on the optic fibre and gas transport network for 6 million euro; for the plan to increase efficiency with new LED light sources for 6 million euro; investments on the network of electric vehicle charging stations for 5 million euro; the implementation of telecommunications equipment for 2 million euro; the purchase of specific equipment for the gas network for 2 million euro, and interventions on buildings for 30 million euro;
- decrease of 382 million euro for the depreciation charge for the period;
 - net increase for other changes of 28 million due to the increase in rights of use in application of the IFRS16 accounting standard for 32 million euro, the increase in the decommissioning provision and landfill closure and post-closure expenses for 10 million euro, the decrease for the recognition of the tax credit equal to 6 million euro for investments in new capital goods provided for by Law no. 178/2020, art.1 paragraph 1051, the decrease of 2 million euro due to the registration of contributions on investments of previous years, the decrease of 6 million euro following reclassifications to other items of the financial statements;
 - decrease of 6 million euro arising from disposals in the period, net of accumulated depreciation;
- Intangible fixed assets decreased by 25 million euro with respect to December 31, 2022, due to:
- capex made amounting to 277 million euro, due to development and maintenance of gas distribution systems and the replacement of underground medium and low pressure pipes for 95 million euro, the implementation of information systems for 86 million euro, works on the water transport and distribution network, sewage networks and treatment plants for 68 million euro, 28 million euro for costs incurred for new acquisitions and maintenance of the customer portfolio;
 - first-time consolidation of period acquisitions, accounting for a 22 million euro increase;
 - decrease of 43 million euro mainly due to the reclassification to assets held for sale of the integrated water service assets carried out in some municipalities by A2A Ciclo Idrico S.p.A. and which will be sold to Acque Bresciane S.p.A. for 33 million euro and the decrease in environmental certificates of the industrial portfolio for 9 million euro;
 - decrease of 197 million euro for the amortisation charge for the period;
 - decrease of 84 million euro due to disposals for the period net of the related accumulated amortisation of 3 million euro and 81 million euro due to the sale of assets related to the integrated water service of ASVT S.p.A. to Acque Bresciane;
- Shareholdings and other non-current financial assets amounted to 83 million euro, substantially in line with the value recorded at December 31, 2022;
- Other non-current assets and liabilities show a net increase in liabilities of 2 million euro due to an increase in security deposits from customers of 10 million euro, a decrease in security deposits from suppliers of 5 million euro, a decrease in receivables for past due items related to water service revenues of 3 million euro, and other decreases in non-current assets of 2 million euro, partially offset by an increase in Ecobonus receivables of 18 million euro;
- deferred tax assets amounted to 432 million euro (363 million euro at December 31, 2022) and showed a net increase of 69 million euro, due mainly to the recognition of 56 million euro in deferred tax assets in the financial statements of the subsidiary A2A Rinnovabili S.p.A.. It should be noted

that in the period under review, was exercised the possibility, pursuant to Article 15, paragraphs 10 et seq. of Legislative Decree No. 185/2008, to release, the higher tax values of controlling interests arising from the Purchase Price Allocation (PPA) process and recognised in the consolidated financial statements as goodwill and other intangible assets. Against the payment of the substitute tax of 33 million euro, the derogatory release resulted in the recognition of deferred tax assets of 56 million euro, relating to off-balance-sheet deductions of the higher released values. These deferred tax assets will be released pro rata in connection with off-balance-sheet deductions starting in 2025;

- as at September 30, 2023, provision for risks, charges and liabilities for landfills amounted to 761 million euro and showed an increase of 32 million euro. The change for the period was due to net accruals for the period of 28 million euro, mainly related to higher hydroelectric derivation fees of 25 million euro, accruals to the decommissioning provision of 3 million euro, surpluses for landfills of 3 million euro, and other accruals of 3 million euro; other increases of 31 million euro, of which 22 million euro related to decommissioning and landfills. These increases are partly offset by uses in the period for 27 million euro, of which 17 million euro relating to the incurrance of decommissioning and landfill costs and 10 million euro to the conclusion of some disputes;
- Employee benefits decreased by 15 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

“**Net Working Capital**”, defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to 77 million euro, up 385 million euro compared to December 31, 2022. Comments on the main items are given below:

Inventories

millions of euro	Balance at 12.31.2022	First-time consolidation effect acquisitions 2023	Changes	Balance at 09.30.2023
- Materials	115	0	24	139
- Material obsolescence provision	(23)	0	(2)	(25)
Total materials	92	0	22	114
- Fuel	435	0	(146)	289
- Others	7	0	(3)	4
Raw and ancillary materials and consumables	534	0	(127)	407
Third-party fuel	2	0	6	8
Total inventories	536	0	(121)	415

“Inventories” amounted to 415 million euro (536 million euro as at December 31, 2022), net of the related obsolescence provision for 25 million euro, down 121 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 146 million euro due to the decrease in market prices and a net increase in material and other inventories of 25 million euro.

Trade receivables

millions of euro	Balance at 12.31.2022	First-time consolidation effect acquisitions 2023	Changes	Balance at 09.30.2023
Trade receivables – invoices issued	1,404	0	187	1,591
Trade receivables – invoices to be issued	3,468	0	(2,091)	1,377
(Bad debts provision)	(192)	0	(47)	(239)
Total trade receivables	4,680	0	(1,951)	2,729

As at September 30, 2023, “Trade receivables” amounted to 2,729 million euro (4,680 million euro at December 31, 2022), with a decrease of 1,951 million euro. The change in trade receivables is mainly attributable to the reduction in tariffs for the sale of electricity and gas that took place during the period as well as to the seasonal nature of the business.

The Bad debt provision of 239 million euro increased by a net 47 million euro with respect to December 31, 2022, due to provisions for 63 million euro and period uses for 16 million euro.

Trade receivables ageing is detailed here below:

millions of euro	12.31.2022	09.30.2023
Trade receivables of which:	4,680	2,729
Current	978	994
Past due of which:	426	596
Past due up to 30 days	60	99
Past due from 31 to 180 days	198	235
Past due from 181 to 365 days	73	99
Past due over 365 days	95	163
Invoices to be issued	3,468	1,378
Bad debts provision	(192)	(239)

Trade payables

millions of euro	Balance at 12.31.2022	First-time consolidation effect acquisitions 2023	Changes	Balance at 09.30.2023
Advances and payables to customers	43	0	(31)	12
Payables to suppliers	5,481	1	(2,427)	3,055
Total trade payables	5,524	1	(2,458)	3,067

“Trade payables” amounted to 3,067 million euro and compared to the closing of the previous year, represent a decrease of 2,458 million euro, net of the effect of the first-time consolidations in the period for 1 million euro. This change is mainly attributable to the decreasing dynamics of commodity market prices.

“Other current assets/liabilities” evidenced a net decrease of 280 million euro compared to December 31, 2022. This change is due to:

- a net decrease in derivative assets of 197 million euro, attributable to a reduction in fair value valuation due to a lower average difference between subscription prices and market prices;
- 82 million euro net increase in tax payables for VAT, excise duties and other indirect taxes;

- net increase in payables to Cassa per i Servizi Energetici e Ambientali for 120 million euro;
- net decrease in current tax payables for 40 million euro;
- increase in deferred assets of 28 million euro relating to portions of cost pertaining to future years;
- increase of 41 million euro in receivables related to the sale of the water branch by the subsidiary Azienda Servizi Valtrompia S.p.A;
- decrease in payables to personnel and social security institutions for 8 million euro;
- net increase in other current assets for 2 million euro.

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

millions of euro	09.30.2023	12.31.2022	Change
Generation & Trading	(595)	(668)	73
Market	544	741	(197)
Waste	(6)	(113)	107
Smart Infrastructures	93	102	(9)
Corporate	(55)	(186)	131
TOTAL	(19)	(124)	105

"**Assets/liabilities held for sale**" amounted to 42 million euro and consisted of 33 million euro in assets pertaining to the integrated water service and 9 million euro for the construction of 2 substations (which will be sold to Terna) for the connection of new production plants as part of the development projects related to renewable sources.

Consolidated "**Capital Employed**" as at September 30, 2023 amounted to 9,061 million euro and was financed by Equity for 4,592 million euro and the Net financial position for 4,469 million euro.

"**Equity**" amounted to 4,592 million euro and showed a positive change for a total of 125 million euro. The positive change was partly due to the period result for 439 million euro (425 million euro pertaining to the Group and 14 million euro to minorities), offset by the dividends distributed for 302 million euro (of which 283 million euro distributed by the parent company A2A S.p.A.). Lastly, there was a negative net change of cash flow hedge derivatives and IAS 19 reserves for a total of 11 million euro and other negative change for 1 million euro.

Financial position

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

millions of euro	09.30.2023	09.30.2022
EBITDA	1,354	1,136
Change Net Working Capital	(385)	58
Changes in Other assets/liabilities	251	(508)
Utilization of provisions, net taxes and net financial expenses	(364)	(148)
Operating cash flow	856	538
Capital Expenditure	(796)	(802)
Property disposals	-	221
Cash flow before dividend payment	60	(43)
Dividends	(283)	(283)
Net cash flow	(223)	(326)
Change in scope	12	(472)
Change in Net Financial Position	(211)	(798)

The "**Consolidated Net Financial Position**" at September 30, 2023 amounted to 4,469 million euro (4,258 million euro as at end 2022). The gross debt amounted to 6,684 million euro, up by 205 million euro compared to December 31, 2022. Cash and cash equivalents amounted to 2,155 million euro, up by 429 million euro. The other net financial assets/liabilities showed an active balance of 60 million euro with a net increase of 13 million euro as compared with December 31, 2022.

The fixed rate portion of the gross debt is equal to 87%. The duration is 5.6 years.

During the period, the net cash absorption amounted to 223 million euro, after capex of 796 million euro and the payment of dividends for 283 million euro, partly offset by the cash generated by operating activities equal to 856 million euro. Changes in the scope of consolidation during the period amounted to 12 million euro.

Regarding net cash flow absorption:

- the change in Trade Receivables, Trade Payables, Inventories, resulted in a cash absorption of 385 million euro attributable to the increase in the A2A Energia customer base (referring in particular to Safeguarded Customers and Micro-enterprises Gradual Protection Customers) only partially offset by the reduction in the energy scenario. It should be noted that the Group occasionally assigns receivables without recourse and has no revolving factoring programmes in place;
- the positive change of 251 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 were partially offset by the increase in deferred assets and receivables related to the sale of the water BU by the subsidiary Azienda Servizi Valtrompia S.p.A.;
- the payment of net financial charges, taxes and provisions absorbed cash of 364 million euro.

“Net capex”, amounting to 796 million euro, concerned the following Business Units:

<i>Millions of euro</i>	09.30.2023	09.30.2022	Change
Generation & Trading	164	187	-23
Market	63	46	17
Waste	119	161	-42
Smart Infrastructures	412	370	42
Corporate	38	38	0
Total	796	802	(6)

For a description of the main interventions, please refer to the section on BU results, above.

Business outlook

The significant results of the first nine months and the solid performance expected from the Generation & Trading and Market Business Units for the last quarter of the year allow to revise upwards the guidance for 2023.

It is expected that the Group will achieve:

- Ebitda between 1.88 and 1.92 billion euro
- Ordinary Group Net Profit of between 550 and 570 million euro.

The A2A Group constantly monitors the evolution of the context, which remains characterised by high economic and geopolitical uncertainty and, as done in other situations of volatility, promptly identifies possible mitigating actions, aimed at 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 May 5, 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 EBITDA 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 Operating Result (Ordinary EBIT):** an alternative indicator of operating performance, calculated by excluding items arising from non-recurring transactions from the Net Operating Result;
- **Special Items:** non-recurring events that occurred during the period that produced an effect on the consolidated income statement;
- **“Ordinary” Net Result (Ordinary Net Profit):** alternative performance indicator, calculated by excluding the impact deriving from special items from each income statement item;
- **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.

On the basis of the Issuer Regulations, amended by Consob, with Resolution no. 19770 of October 26, 2016 effective as of January 02, 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.

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.

The A2A Group's financial statements at September 30, 2023 are annexed.

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CONSOLIDATED BALANCE SHEET	09.30.2023	12.31.2022
(millions of euro)		
ASSETS		
<u>NON-CURRENT ASSETS</u>		
Tangible assets	6,321	6,162
Intangible assets	3,490	3,515
Shareholdings carried according to equity method	31	33
Other non-current financial assets	66	70
Deferred tax assets	432	363
Other non-current assets	84	86
TOTAL NON-CURRENT ASSETS	10,424	10,229
<u>CURRENT ASSETS</u>		
Inventories	415	536
Trade receivables	2,729	4,680
Other current assets	2,005	3,289
Current financial assets	44	14
Current tax assets	44	35
Cash and cash equivalents	2,155	2,584
TOTAL CURRENT ASSETS	7,392	11,138
NON-CURRENT ASSETS HELD FOR SALE	42	-
TOTAL ASSETS	17,858	21,367
EQUITY AND LIABILITIES		
<u>EQUITY</u>		
Share capital	1,629	1,629
Reserves	1,975	1,869
Result of the year	-	401
Result of the period	425	-
Equity pertaining to the Group	4,029	3,899
Minority interests	563	568
Total equity	4,592	4,467
<u>LIABILITIES</u>		
<u>NON-CURRENT LIABILITIES</u>		
Non-current financial liabilities	5,532	5,867
Employee benefits	233	248
Provisions for risks, charges and liabilities for landfills	761	729
Other non-current liabilities	377	370
Total non-current liabilities	6,903	7,214
<u>CURRENT LIABILITIES</u>		
Trade payables	3,067	5,524
Other current liabilities	2,041	3,006
Current financial liabilities	1,152	1,022
Tax liabilities	103	134
Total current liabilities	6,363	9,686
Total liabilities	13,266	16,900
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL EQUITY AND LIABILITIES	17,858	21,367

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2023 09.30.2023	01.01.2022 09.30.2022 Restated (*)
Revenues		
Revenues from the sale of goods and services	10,829	16,730
Other operating income	123	124
Total Revenues	10,952	16,854
Operating expenses		
Expenses for raw materials and services	8,738	14,870
Other operating expenses	261	284
Total Operating expenses	8,999	15,154
Labour costs	599	564
Gross operating income - EBITDA	1,354	1,136
Depreciation, amortization, provisions and write-downs	672	585
Net operating income - EBIT	682	551
Result from non-recurring transactions	-	157
Financial balance		
Financial income	56	22
Financial expenses	159	79
Affiliates	1	2
Result from disposal of other shareholdings	(1)	-
Total financial balance	(103)	(55)
Result before taxes	579	653
Income taxes	146	208
Result after taxes from operating activities	433	445
Net result from discontinued operations	6	46
Net result	439	491
Minorities	(14)	(30)
Group result of the period	425	461
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	09.30.2023	09.30.2022
Net result of the period (A)	439	491
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	5	40
Tax effect of other actuarial gains/(losses)	(1)	(13)
Total actuarial gains/(losses) net of the tax effect (B)	4	27
Effective part of gains/(losses) on cash flow hedge	(21)	33
Tax effect of other gains/(losses)	6	(10)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	(15)	23
Total comprehensive result (A)+(B)+(C)+(D)	428	541
Total comprehensive result attributable to:		
Shareholders of the parent company	414	511
Minority interests	(14)	(30)

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 30 September 2022 have been restated to make them consistent with the values as at 30 September 2023 by reclassifying under the item "Net result from discontinued operations " revenues, operating costs and depreciation related to Water activities subject to sale .

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	09.30.2023	09.30.2022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,584	964
<u>Operating activities</u>		
Net Result	439	491
Net income taxes	146	208
Net financial interests	103	57
Capital gains/expenses	(1)	(191)
Tangible assets depreciation	382	363
Intangible assets amortization	197	165
Fixed assets write-downs/disposals	9	2
Net provisions	93	57
Result from affiliates	(1)	(2)
Net financial interests paid	(93)	(45)
Net taxes paid	(244)	(79)
Dividends paid	(301)	(302)
Change in trade receivables	1,886	(804)
Change in trade payable	(2,458)	1,271
Change in inventories	121	(460)
Other changes in net working capital	329	(443)
Cash flow from operating activities	607	288
<u>Investment activities</u>		
Investments in tangible assets	(519)	(551)
Investments in intangible assets and goodwill	(277)	(251)
Investments in shareholdings and securities (*)	(32)	(497)
Cash and cash equivalents from first consolidations asset	8	94
Disposal of fixed assets and shareholdings	43	349
Dividends paid by equity investments and other investments	-	1
Cash flow from investment activities	(777)	(855)
FREE CASH FLOW	(170)	(567)
<u>Financing activities</u>		
Changes in financial assets		
Issuance of loans	-	-
Proceeds from loans	6	(3)
Other changes	(30)	(2)
Total changes in financial assets (*)	(24)	(5)
Changes in financial liabilities		
Borrowings/bonds issued	905	4,456
Repayment of borrowings/bond	(1,124)	(2,137)
Other changes	(16)	(47)
Total changes in financial liabilities (*)	(235)	2,272
Cash flow from financing activities	(259)	2,267
CHANGE IN CASH AND CASH EQUIVALENTS	(429)	1,700
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,155	2,664

(*) 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	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2021	1,629	-	28	1,599	504	3,760	543	4,303
<i>Changes in the first nine months of 2022</i>								
2021 result allocation				504	(504)			
Distribution of dividends				(283)		(283)	(19)	(302)
IAS 19 reserves (*)				27		27		27
Cash flow hedge reserves (*)			23			23		23
Other changes				(1)		(1)	(3)	(4)
Group and minorities result of the period					461	461	30	491
Net equity at September 30, 2022	1,629	-	51	1,846	461	3,987	551	4,538
<i>Changes from 1st October 2022 to 31st December 2022</i>								
IAS 19 reserves (*)				(5)		(5)		(5)
Cash flow hedge reserves (*)			(24)			(24)		(24)
Change in scope			3	(3)			(3)	(3)
Other changes				1		1	3	4
Group and minorities result of the period					(60)	(60)	17	(43)
Net equity at December 31, 2022	1,629	-	30	1,839	401	3,899	568	4,467
<i>Changes in the first nine months of 2023</i>								
2022 result allocation				401	(401)			
Distribution of dividends				(283)		(283)	(19)	(302)
IAS 19 reserves (*)				4		4		4
Cash flow hedge reserves (*)			(15)			(15)		(15)
Other changes				(1)		(1)		(1)
Group and minorities result of the period					425	425	14	439
Net equity at September 30, 2023	1,629	-	15	1,960	425	4,029	563	4,592

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