A2A, RESULTS AS AT MARCH 31, 2021

Margins and investments grow

Further boost to sustainable development thanks to renewables and circular economy

- Revenues at 2,174 million euro: +27% compared to the first quarter of 2020
- EBITDA comes to 399 million euro (331 million euro as at March 31, 2020) thanks to significant organic growth and M&A transactions (+21%)
- Net profit at 136 million euro, up 21% compared to the first quarter of 2020
- Capex amounted to 155 million euro, +26% compared to the same period of the previous year
- Net Financial Position stands at 3,472 million euro, unchanged with respect to December 31, 2020. Excluding perimeter changes, the NFP amounted to 3,186 million euro
- Improvement in Sustainability indicators compared to the first quarter of 2020:
  - +14% of waste recovered as material or energy
  - +14% installed capacity from renewable sources

A2A S.p.A. Board of Directors has examined and approved the quarterly Financial Information as at March 31, 2021

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Milan, May 13, 2021 – At today's meeting, chaired by Marco Patuano, the Board of Directors of A2A S.p.A. examined and approved the quarterly financial information as at March 31, 2021.

"We are very pleased with the results of this first quarter. Revenues, EBITDA and net income recorded double-digit growth, confirming the founding elements of the new ten-year Business Plan: an extremely positive European scenario in the circular economy and energy transition sectors, the value of our assets in the network, waste and energy sectors and, last but not least, the value of the A2A Group's important know-how and our human capital, which is interpreting the new Plan with skill and passion" commented **Renato Mazzoncini**, Chief Executive Officer of A2A. "*We have also increased investments by 26%; a particularly significant increase coming from a record 2020 (+18% on 2019) and which allowed us to conclude strategic operations in line with the Plan announced in January. With the recent acquisition of a portfolio of 17 photovoltaic plants of 173 megawatts, we have consolidated our second position among operators in the renewable energy sector and are among the leaders in solar energy in Italy. With these foundations, we want to continue to provide our contribution to the creation of innovative infrastructures, strategic for the sustainable development of the Country".*

The results for the first quarter of the year were achieved through the contribution of all Group's Business Units.

In the reporting period, A2A operated against a backdrop of a recovery in consumption and an upward trend in energy prices, within a framework of gradually overcoming the related anomalies associated with the COVID emergency. Thanks to sustained organic growth and M&A transactions completed in the previous year, the results achieved far exceeded those of the first quarter of 2020, which was only partially affected by the highly negative impacts related to the energy scenario and the pandemic, both characterizing the rest of 2020.

As far as energy consumption is concerned, the net electricity demand in Italy in the first three months of 2021 was 78,634 GWh, up +2.2% compared to the first quarter of the previous year, however still down compared to the corresponding period of 2019 (-2.1%). In addition, natural gas consumption for the period totalled 25,245 Mcm, or 5.7% more than in the first quarter of 2020.

In relation to price dynamics of energy goods, in the first three months of 2021 the PUN (Single National Price) increased by 49.6% compared to the first quarter of 2020, reaching 59.2 €/MWh as a result of the rise in gas and CO2 costs. The average price of gas to the PSV in the period under review amounted to 18.7 €/MWh, up 65.3% compared to the same period of the previous year. CO2 quotations stood at an average price of 37.5 €/tonne in Q1 2021 (22.9 €/tonne in Q1 2020, +64%).

Growing price and quantity dynamics, the excellent performance of all the Group's Business Units, the contribution of the consolidation of AEB, the launch of the 2021 - 2030 Strategic Plan approved in January 2021, resulted in:

- substantial increase in revenues (+27%);
- significant growth in Gross Operating Margin(+21%);
- acceleration of capex, with an increase of 26% compared to the same period of 2020, with development interventions mainly aimed at the recovery of energy and materials, the strengthening of distribution networks, in particular electricity, purification plants, photovoltaic plants and the digitalisation of the Group. The investments made, together with the acquisition in March 2021 of 17 new photovoltaic plants, are consistent with A2A's strategic sustainable business model, based on circular economy, decarbonisation, enabling electrification of consumption and digitalisation.

The following are the main indicators:

Millions of euro	**Q1 2021**	**Q1 2020**	**Δ**	**Δ%**
Revenues	**2,174**	**1,707**	+467	+27.4%
Gross Operating Margin – EBITDA	**399**	**331**	+68	+20.5%
Net Operating Income – EBIT	**237**	**196**	+41	+20.9%
Net profit	**136**	**112**	+24	+21.4%

In the first three months of 2021, the **Revenues** of the A2A Group amounted to 2,174 million euro, up 27.4% compared to the first quarter of the previous year.

The increase occurred in the electric power and natural gas wholesale markets due to both higher prices and higher volumes sold and brokered. Revenues in the electricity retail market were also up thanks to higher unit prices and higher quantities sold to customers in the free market.
The positive contribution of the AEB group, consolidated on a line-by-line basis from November 2020, should also be noted.

EBITDA equalled 399 million euro, an increase of 68 million euro compared to the first three months of 2020 (+20.5%).
Net of non-recurring items (no impact in the first three months of 2021; -1 million euro in the corresponding period of 2020), the ordinary EBITDA increased by 69 million euro. Excluding the contribution deriving from the consolidation of AEB (19 million euro), growth amounted to 50 million euro (+15.2%)

EBIT, amounting to 237 million euro, was up by 41 million euro compared to the first three months of 2020 (196 million euro). The change was due to the following:

- increase in EBITDA, as described above (+68 million euro);
- increase in depreciation and amortisation (25 million euro) mainly related to investments made in the period April 2020 - March 2021, the 1G electricity meter replacement plan and the consolidation of AEB assets;
- increase of 2 million euro in net provisions due to higher releases of excess provisions for risks and bad debt made in the first quarter of the previous year.

The **Group Net Profit** in the first three months of 2021 amounted to 136 million euro, up 21.4% compared to the corresponding period of 2020.
This change was due, in addition to the increase of the Net Operating Result, to the following:

- decrease of 5 million euro in net financial expense, due mainly to the improved conditions in the capital markets when refinancing maturing bonds;
- increase of 9 million euro in minority interest;
- higher taxes for 14 million euro.

Consolidated Net Financial Position as at March 31, 2021 amounted to 3,472 million euro, unchanged compared to December 31, 2020. Excluding changes in scope in the first three months of 2021, NFP amounted to 3,186 million euro, recording cash absorption of 286 million euro, after total capex of 155 million euro.

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<u>A2A Group – Results by Business Unit</u>

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

Millions of euro	**03/31/2021**	**03/31/2020**	**Change**	**Change %**
Generation and Trading	90	58	32	55.2%
Market	70	63	7	11.1%
Waste	86	77	9	11.7%
Networks	157	139	18	12.9%
Corporate	-4	-6	2	-33.3%
Total	**399**	**331**	**68**	20.5%

Generation and Trading Business Unit

In the first three months of 2021, the Generation and Trading Business Unit contributed to fulfil the sales demand of the A2A Group through production by the plants it owns amounting to 4.5 TWh (3.8 TWh at March 31, 2020).
Thermoelectric production increased to 3.5 TWh (3 TWh in the corresponding period of the previous year), up 17%, reflecting a rise in output by combined-cycle facilities that follows an increase in energy demand.
Production from renewable sources, which amounted to 1.1 TWh, was up 24%, due mainly to the contribution of the reservoirs of hydroelectric plants in the North.
As far as new renewable sources are concerned, the acquisition in March 2021 of 17 photovoltaic plants with a nominal capacity of 173 MW should be noted, in addition to the 111 MW already held by A2A and the 8.2 MW of wind power capacity acquired at the end of 2020. This expansion of the green portfolio will enable the Group to significantly increase the weight of renewables on its total production.

The revenues amounted to 1,282 million euro, up 366 million euro compared to the same period of the previous year. The change was caused by a significant increase in the prices of electricity and natural gas and by higher volumes sold and brokered in both markets.

EBITDA amounted to 90 million euro, an increase of 32 million euro compared to the same period of the previous year. Net of the non-recurring items in the two periods considered (+1 million euro in 2021 and +2 million in 2020), the Ordinary Gross Operating Margin increased by 33 million euro.

The change was mainly due to the following:

- growth of the PUN;
- higher production volumes from both hydroelectric and combined-cycle thermoelectric power plants;
- excellent performance achieved in the ancillary services market (MSD), amounting to 40 million euro (+ 8 million euro compared to 2020).

In the reporting period, the Capex of the Generation and Trading Business Unit amounted to around 10 million euro (8 million euro in the first three months of 2020).

Market Business Unit

In the first three months of 2021, the Market Business Unit recorded 4.4 TWh of electricity sales, up 16% compared to the same period of the previous year. The increase recorded is attributable to the higher quantities sold to large customers in the free market, the greater contribution of the safeguarded market and the sales of the AEB group, consolidated since November 2020.
Gas sales, equal to 1,035 Mcm, increased by 11% compared to the first three months of 2020 thanks to the consolidation of AEB.
There was also an increase in the number of mass-market free market customers, both in the electricity and gas segments (about 40 thousand more than at the end of 2020).

Revenues amounted to 858 million euro (771 million euro as at March 31, 2020), up 11.3% following the consolidation of the AEB Group and the increase in unit prices and quantities sold of electricity.
EBITDA equalled 70 million euro (63 million euro in the first three months of 2020).

Net of non-recurring items (no impact in 2021 and +1 million euro in 2020), Ordinary EBITDA grew by 8 million euro compared to the same period of the previous year, mainly attributable to the contribution of the consolidation of AEB in the retail sector.

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In the first quarter of 2021, the Capex of the Business Unit came to around 14 million euro (9 million at March 31, 2020).

Waste Business Unit

In the period considered, the quantity of waste collected, equal to 0.5 million tonnes, increased by 12% following the contribution of AEB consolidation.
Waste disposed of, net of inter-company disposals, amounted to 0.9 million tonnes, an increase of 6.5%, with a greater weight of waste destined for material recovery (significant growth in paper and bulky items) and energy (greater quantities treated in waste-to-energy plants). On the other hand, the quantities brokered and disposed of to third-party plants and waste treated but not sent for recovery fell.
The quantities of electricity and heat produced by waste-to-energy plants increased by 2% and 6% respectively.

During the first three months of 2021, the Waste Business Unit recorded revenues of 301 million euro, up 9.4% compared to the corresponding period of the previous year (275 million euro at March 31, 2020) mainly due to higher revenues from material recovery (in particular paper sales), and from electricity sales and to the contribution of the companies acquired in the previous year (Agritre operating since March 2020 and AEB consolidated since November 2020).

EBITDA amounted to 86 million euro, up by 9 million euro compared to the same period of the previous year (+12%).

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The change was mainly due to the following:

- positive trend in prices for the sale of electricity and for waste conferral, in particular the one similar to urban waste;
- increase in revenues from paper sales, mainly due to higher prices following the strong appreciation of this recycled product due to the high demand recorded in the European market starting from the first lockdown;
- incremental contribution of the biomass-fuelled generation plant (Agritre) operating since March 2020.

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Capex in the first three months of 2021 amounted to 33 million euro (31 million euro at March 31, 2020).

Networks Business Unit

In the first quarter of 2021, the RAB related to electricity distribution and the RAB related to gas distribution were up 11% and 10%, respectively, compared to the same period in 2020. This increase is due to the greater capex and, in particular for the gas sector, to the consolidation of AEB Group from November 1, 2020.
The share of RAB for water services increased by 8% as a result of the capex made.

The Business Unit's heat sales amounted to 1.5 TWh (1.4TWh in Q1 2020): this increase (+10%) was mainly due to the acquisition of new customers and the contribution of the AEB Group's sales.

The revenues for the period of the Networks Business Unit amounted to 344 million euro (317 million euro at March 31, 2020, +8.5%). The change is partly attributable to the incremental contribution of AEB consolidation (+4%) and partly to the higher revenues from district heating and the higher services provided compared to the same period of the previous year, which was heavily penalised by the effects of the anti-COVID measures adopted since March 2020.

EBITDA amounted to 157 million euro (139 million euro as at March 31, 2020).

The change in margins is distributed as follows:

- electricity and gas distribution networks (+12 million euro): increase linked to the incremental contribution of AEB consolidation (7 million euro, including the contribution of the gas distribution assets sold by Unareti to Retipiù of the AEB group), lower operating costs, higher connections and services compared to Q1 2020;
- district heating (+3 million euro): higher margins thanks to higher volumes sold;
- water cycle (+4 million euro): higher revenues due to the tariff increases approved by the sector Authority;
- Smart City (-1 million euro): conclusion of activities started in previous years relating to the construction of infrastructure for the laying of fibre optic cables.

Capex in the reporting period equalled 94 million euro (69 million euro at March 31, 2020).

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Balance sheet

The data of Balance Sheet at March 31, 2021 are homogeneous with respect to the figures at December 31, 2020, with the exception of the following changes in perimeter:

- acquisition and line-by-line consolidation by LGH S.p.A. of 100% of Agripower S.r.l., a company specialising in the development and management of power generation plants from biogas;
- acquisition by A2A Rinnovabili S.p.A. and line-by-line consolidation of 15 companies with 17 plants and 173MW of installed photovoltaic capacity, previously managed by Octopus Renewables.

(millions of euro)	03/31/2021	12/31/2020	Change
CAPITAL EMPLOYED			
Net fixed capital	**7,365**	**7,067**	**298**
- Tangible assets	5,337	5,162	175
- Intangible assets	2,851	2,737	114
- Shareholdings and other non-current financial assets (*)	42	32	10
- Other non-current assets/liabilities (*)	(105)	(99)	(6)
- Deferred tax assets/liabilities	263	265	(2)
- Provisions for risks, charges and liabilities for landfills	(751)	(752)	1
- Employee benefits	(272)	(278)	6
of which with counter-entry to equity	*(102)*	*(94)*	
Net Working Capital and Other current assets/liabilities	**384**	**507**	**(123)**
Net Working Capital:	***823***	***617***	***206***
- Inventories	102	139	(37)
- Trade receivables	2,136	2,030	106
- Trade payables	(1,415)	(1,552)	137
Other current assets/liabilities:	***(439)***	***(110)***	***(329)***
- Other current assets/liabilities (*)	(435)	(181)	(254)
- Current tax assets/tax liabilities	(4)	71	(75)
of which with counter-entry to equity	*30*	*7*	
Assets/liabilities held for sale (*)	**2**	**14**	**(12)**
of which with counter-entry to equity	*0*	*0*	
TOTAL CAPITAL EMPLOYED	**7,751**	**7,588**	**163**
SOURCES OF FUNDS			
Shareholders' equity	**4,279**	**4,116**	**163**
Total financial position after one year	3,439	3,907	(468)
Total financial debt within one year	33	(435)	468
Total Net Financial Position	**3,472**	**3,472**	**0**
of which with counter-entry to equity	*26*	*31*	
TOTAL SOURCES	**7,751**	**7,588**	**163**

(*) Excluding balances included in the net financial position.

Net Fixed Assets

"**Net Fixed Assets**" amounted to 7,365 million euro, up by 298 million euro compared to 31 December 2020, of which 280 million euro refer to contributions deriving from the first consolidations.
The main changes are detailed below:

- Tangible assets increased by 175 million euro due to:
    - capex of 85 million euro;
    - first consolidation of the companies acquired during the first quarter of the year, which led to an increase of 207 million euro, mainly due to photovoltaic plants and power generation from biogas;
    - net decrease for other changes of 8 million euro due to the restatement of the value in use of some IFRS 16 contracts for 2 million euro, reclassifications from tangible assets to intangible assets for 5 million euro and other decreases of 1 million euro;
    - decrease of 109 million euro for the depreciation charge for the period.

- intangible assets increased by 114 million euro compared to December 31, 2020, due to:
    - capex of 70 million euro due to the implementation of computer systems for 28 million euro, plant development and maintenance work in the gas distribution area for 22 million euro, works on the water transport and distribution network, sewers and purification plants for 17 million euro, other minor capex of 3 million euro;
    - first consolidation of the companies acquired during the first quarter of the year, which resulted in an increase of 73 million euro, mainly due to the goodwill generated by the acquisitions of Agripower S.r.l. and the companies operating in the production of energy from photovoltaic plants;
    - net increase of 18 million euro for other changes due to the increase in environmental certificates of the industrial portfolio for 12 million euro, reclassifications from tangible assets to intangible assets for 5 million euro and other increases for 1 million euro;
    - a decrease of 47 million euro for period amortisation.

- Shareholdings and other Non-current financial assets, amounted to 42 million euro, up by 10 million euro compared to December 31, 2020, following the change in the consolidation method of Consul System S.p.A., from line by line consolidation to equity;
- Other non-current assets and liabilities showed a negative balance of 105 million euro, with an increase of 6 million euro compared to December 31, 2020;
- Deferred tax assets/liabilities showed an asset balance of 263 million euro, a decrease of 2 million euro compared to December 31, 2020;
- Provisions for risks, charges and liabilities for landfills recorded a decrease of 1 million euro. The period change is the net result of period utilisations for 6 million euro related to decommissioning and landfill costs, net provisions for 1 million euro related to public water derivation fees, and other increases for 1 million euro. The first-time consolidation effects amounted to 3 million euro;
- 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

Net working capital, defined as the sum of trade receivables, closing inventories and trade payables, amounted to 823 million euro, an increase of206 million euro compared to December 31, 2020. Comments on the main items are given below:

Trade receivables

(millions of euro)	Balance at 12/31/2020	Changes in the period	Balance at 03/31/2021
Trade receivables – invoices issued	831	320	1,151
Trade receivables – invoices to be issued	1,329	(211)	1,118
Bad debts provision	(130)	(3)	(133)
Total trade receivables	**2,030**	**106**	**2,136**

As at March 31, 2021, Trade receivables amounted to 2,136 million euro (2,030 million euro at December 31, 2020), with an increase of 106 million euro. The contribution deriving from first consolidations was 8 million euro.

Bad debt provision of 133 million euro increased by 3 million euro with respect to December 31, 2020, due to net provisions for 5 million euro, partly offset by period uses for 2 million euro.

Trade receivables ageing is detailed here below:

(millions of euro) **Trade receivables of which:**	**03/31/2021** **2,136**	**12/31/2020** **2,030**
Current	**840**	**588**
Past due of which:	**311**	**241**
Past due up to 30 days	*101*	*55*
Past due from 31 to 180 days	*66*	*51*
Past due from 181 to 365 days	*31*	*40*
Past due over 365 days	*113*	*95*
Invoices to be issued	**1,118**	**1,331**
Bad debts provision	**-133**	**-130**

Trade payables

(millions of euro)	Balance at 12/31/2020	Changes in the period	Balance at 03/31/2021
Advances	3	(2)	1
Payables to suppliers	1,549	(135)	1,414
Total trade payables	**1,552**	**(137)**	**1,415**

“Trade payables” amounted to 1,415 million euro, a decrease of 137 million euro. The contribution deriving from first consolidations was13 million euro.

Inventories

(millions of euro)	Balance at 12/31/2020	Changes in the period	Balance at 03/31/2021
- Materials	77	10	87
- Material obsolescence provision	(20)	(1)	(21)
- Fuel	73	(49)	24
- Others	9	3	12
Raw and ancillary materials and consumables	**139**	**(37)**	**102**
Total inventory	**139**	**(37)**	**102**

Inventories amounted to 102 million euro (139 million euro at December 31, 2020), net of the related obsolescence provision for 21 million euro, in reduction of 37 million euro compared to December 31, 2020.
The change is due to the reduction in fuel stocks for 49 million euro, the increase in material stocks, net of the related obsolescence fund, for 9 million and other increases for 3 million euro.

Other current assets/liabilities evidenced a net increase of 329 million euro, due to:

- net increase in tax payables for 75 million euro;
- net increase in payables due to employees and social security institutions for 11 million euro;
- 142 million euro increase in tax payables for VAT, excise duties and other taxes;
- net increase in payables to Cassa per i Servizi Energetici e Ambientali (Energy and Environmental Service Fund) for 138 million euro;
- increase in advances to suppliers and deferred assets for 33 million euro;
- other decreases in current liabilities for 4 million euro.

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

(millions of euro)	03/31/2021	12/31/2020	CHANGE
Generation and Trading	(4)	(6)	2
Market	525	542	(17)
Waste	103	49	54
Networks	(71)	(39)	(32)
Corporate	(169)	(39)	(130)
TOTAL	**384**	**507**	**(123)**

Assets/liabilities held for sale were positive and equal to 2 million euro at March 31, 2021 and refer to the reclassification of the equity investment in Ge.S.I. in December 2020, in accordance with IFRS 5. The decrease compared to December 31, 2020 is attributable to the sale of 26% stake in Consul System S.p.A. which was completed at the end of January 2021.

Total "**Capital Employed"** at March 31, 2021 amounted to 7,751 million euro and was financed by Equity for 4,279 million euro and by Net Financial Position for 3,472 million euro.

Shareholders' equity

Equity amounted to 4,279 million euro and showed a positive change for a total of 163 million euro.

The increase was due to:

- the positive period result for 153 million euro (136 million euro pertaining to the Group and 17 million euro to minorities);
- reserves arising from the valuation of cash flow hedges, which increased by 20 million euro;
- other decreases amounting to 10 million euro.

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Financial position

Net free cash flow	**03/31/2021**	**03/31/2020**
EBITDA	**399**	**331**
Changes in Net Working Capital	(206)	(282)
Changes in Other assets/liabilities	300	129
Utilization of provisions, net taxes and net financial charges	(52)	(58)
FFO	**441**	**120**
Capex	(155)	(123)
Net free cash flow	**286**	**(3)**
Changes in consolidation scope	(286)	(140)
Change in Net Financial Position	**0**	**(143)**

The **Net Financial Position** as at March 31, 2021 amounted to 3,472 million euro, unchanged with respect to December 31, 2020.
The gross debt amounted to 4,230 million euro, down by 267 million euro compared to December 31, 2020.
Cash and cash equivalents amounted to 741 million euro, down by 271 million euro compared to December 31, 2020.
Other net financial assets/liabilities showed a positive balance of 17 million euro with a net increase of 4 million euro compared to December 31, 2020.

The fixed rate and hedged portion of the gross debt amounted to 72%. The duration is 5.7 years.

Period net cash flows generation was positive for 286 million euro, balanced by the effects deriving from the change in the consolidation perimeter, which absorbed cash for 286 million euro.

Regarding net cash flow generation:

- Net Working Capital, calculated as the sum of trade receivables, trade payables and inventories, generated a worsening of approximately 206 million euro in the net financial position, due to the 106 million euro increase in trade receivables, the 137 million euro decrease in trade payables and the 37 million euro decrease in gas and other fuel inventories. The above changes were mainly due to the seasonal effect.

  The Group occasionally performs non-recourse credit assignments.
  As at March 31, 2021, as well as at December 31, 2020, there were no receivables which had not yet fallen due, sold by the Group on a definitive basis and derecognised in accordance with the requirements of IFRS 9. The Group has no rotating factoring programs.

- The payment of the net financial charges, taxes and funds absorbed 52 million euro of cash and capex in the period, as detailed below, absorbed resources of 155 million euro.

- The change in the consolidation perimeter worsened the Net Financial Position by 286 million euro.

Net Capex, amounting to 155 million euro, concerned the following Business Units:

Millions of euro	**03/31/2021**	**03/31/2020**	**Change**
Generation and Trading	10	8	2
Market	14	9	5
Waste	33	31	2
Networks	94	69	25
Corporate	10	6	4
Adjustments	-6		-6
Total	**155**	**123**	**32**

Generation and Trading

Capex amounted to about 10 million euro in the reporting period and were related to extraordinary maintenance at the Group's thermoelectric power plants and hydroelectric power plants for more than

5 million euro and to development work on photovoltaic plants (Exhibition Project) and thermoelectric plants (gas turbine upgrades) for 4 million euro.

Market Business Unit

In the first three months of 2021, the Market Business Unit capex amounted to about 14 million euro. Said capex involved for 10 million euro evolutionary maintenance and development interventions on the Hardware and Software platforms aimed at supporting marketing and billing activities and the start-up of NEN (full-digital start-up of the A2A Group intended for the sales of electricity and gas), for 3 million euro interventions relating to the public lighting sector for the start-up of new projects in new municipalities and for 2 million euro energy efficiency and e-moving projects.

Waste Business Unit

In the first quarter of 2021, Waste Business Unit capex amounted to 33 million euro and were mainly related to maintenance and development works on waste-to-energy plants (17 million euro), processing plants and landfills (15 million euro), the purchase of vehicles, containers, operating systems and the restructuring of corporate buildings in the collection segment (2 million euro).

Networks Business Unit

Networks and District Heating Business Unit capex in the reporting period amounted to 94 million euro and concerned:

- 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 capex to start the smart meter 2G project (33 million euro);
- 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 (26 million euro);
- integrated water cycle segment: maintenance and development work carried out on the water transportation and distribution network and the sewerage networks and purification plants (20 million euro);
- district heating and heat management segment: development and maintenance of plants and networks for a total of 13 million euro;
- company Smart City: development and maintenance interventions on TLC projects and IOT solutions (2 million euro).

Corporate

Capex in the period, amounting to 10 million euro, mainly refer to work on IT systems and buildings.

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Business outlook

In the first quarter of 2021, the Covid 19 health emergency did not have material impacts on the Company's operations, nor are there any signs at present that the macroeconomic scenario is likely to be significantly different from the first quarter. The energy scenario, whose weakness, also induced by Covid 19, was the main cause of the negative impact on economic and financial performance in 2020, remains positive: the forward curves for the next nine months of 2021 and 2022 show sustained prices and spreads. In addition, as at the current date, the Group has hedged about 70% of its production, thereby limiting any negative and unanticipated changes in the economic scenario that could affect its results in the current year.

The Group's expectations for 2021 are therefore good: Ebitda is expected to be higher than 2020 and between 1,230 and 1,250 million euro.

Capex are expected at record level (over 1 billion) in line with the forecasts of the 2021-2030 Strategic Plan.

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Alternative Performance Measures (APM)

Certain alternative performance measures (APM) 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 in the ESMA Guidelines published in October 2015, the measures are described below, with an explanation of their content and calculation base:

- **Gross operating margin (EBITDA):** alternative indicator of operating performance, calculated as the sum of the net operating profit and amortisation, depreciation and write-downs;
- **EBITDA before non-recurring items:** alternative indicator of operating performance calculated as the gross operating margin described above by excluding non-recurring transactions or operations (e.g. adjustments relating to previous years, extraordinary redundancy plans, etc.);
- **Ordinary Net Result (Net Operating Income, EBIT):** alternative indicator of operating 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:** indicator of financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits 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.

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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 publishing 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, Andrea Crenna, 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 accounting tables of the A2A Group, as at March 31, 2021, are annexed.

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CONSOLIDATED BALANCE SHEET (millions of euro)	03.31.2021	12.31.2020
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	5,337	5,162
Intangible assets	2,851	2,737
Shareholdings carried according to equity method	26	17
Other non-current financial assets	38	36
Deferred tax assets	263	265
Other non-current assets	24	28
TOTAL NON-CURRENT ASSETS	**8,539**	**8,245**
CURRENT ASSETS		
Inventories	102	139
Trade receivables	2,136	2,030
Other current assets	780	685
Current financial assets	12	11
Current tax assets	46	76
Cash and cash equivalents	741	1,012
TOTAL CURRENT ASSETS	**3,817**	**3,953**
NON-CURRENT ASSETS HELD FOR SALE	**2**	**28**
TOTAL ASSETS	**12,358**	**12,226**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,977	1,598
Result of the year	-	364
Result of the period	136	-
Equity pertaining to the Group	**3,688**	**3,537**
Minority interests	591	579
Total equity	**4,279**	**4,116**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,445	3,909
Employee benefits	272	278
Provisions for risks, charges and liabilities for landfills	751	752
Other non-current liabilities	145	146
Total non-current liabilities	**4,613**	**5,085**
CURRENT LIABILITIES		
Trade payables	1,415	1,552
Other current liabilities	1,216	866
Current financial liabilities	785	588
Tax liabilities	50	5
Total current liabilities	**3,466**	**3,011**
Total liabilities	**8,079**	**8,096**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**14**
TOTAL EQUITY AND LIABILITIES	**12,358**	**12,226**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2021 03.31.2021	01.01.2020 03.31.2020
Revenues		
Revenues from the sale of goods and services	2,117	1,657
Other operating income	57	50
Total Revenues	**2,174**	**1,707**
Operating expenses		
Expenses for raw materials and services	1,516	1,138
Other operating expenses	71	58
Total Operating expenses	**1,587**	**1,196**
Labour costs	**188**	**180**
Gross operating income - EBITDA	**399**	**331**
Depreciation, amortization, provisions and write-downs	**162**	**135**
Net operating income - EBIT	**237**	**196**
Financial balance		
Financial income	5	3
Financial expenses	18	21
Affiliates	1	-
Total financial balance	**(12)**	**(18)**
Result before taxes	**225**	**178**
Income taxes	**72**	**58**
Result after taxes from operating activities	**153**	**120**
Net result	**153**	**120**
Minorities	**(17)**	**(8)**
Group result of the period	**136**	**112**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	03.31.2021	03.31.2020
Net result of the period (A)	**153**	**120**
Effective part of gains/(losses) on cash flow hedge	28	(33)
Tax effect of other gains/(losses)	(8)	10
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**20**	**(23)**
Total comprehensive result (A)+(B)+(C)+(D)	**173**	**97**
Total comprehensive result attributable to:		
Shareholders of the parent company	**156**	**89**
Minority interests	**(17)**	**(8)**

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.

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	**03.31.2021**	**03.31.2020 (**)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,012**	**434**
Operating activities		
Net Result	153	120
Net income taxes	72	58
Net financial interests	13	18
Tangible assets depreciation	109	98
Intangible assets amortization	47	33
Fixed assets write-downs/disposals	-	2
Net provisions	6	4
Result from affiliates	(1)	-
Net financial interests paid	(46)	(46)
Change in trade receivables	(103)	(181)
Change in trade payable	(150)	(171)
Change in inventories	45	82
Other changes in net working capital	250	74
Cash flow from operating activities	**395**	**91**
Investment activities		
Investments in tangible assets	(85)	(71)
Investments in intangible assets and goodwill	(70)	(52)
Investments in shareholdings and securities (*)	(128)	(105)
Contribution of first consolidation of acquisitions on cash and cash equivalents	27	14
Disposal of fixed assets and shareholdings	5	-
Cash flow from investment activities	**(251)**	**(214)**
FREE CASH FLOW	**144**	**(123)**
Financing activities		
Changes in financial assets		
Other changes	-	(3)
Total changes in financial assets (*)	**-**	**(3)**
Changes in financial liabilities		
Borrowings/bonds issued	125	104
Repayment of borrowings/bond	(536)	(100)
Lease payments	-	(2)
Other changes	(4)	(3)
Total changes in financial liabilities (*)	**(415)**	**(1)**
Cash flow from financing activities	**(415)**	**(4)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(271)**	**(127)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**741**	**307**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.
(**) Values at March 31, 2020 have been reclassified according to the different presentation of the cash-flow statement adopted from December 31, 2020

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
Net equity at December 31, 2019	**1,629**	**(54)**	**(30)**	**1,355**	**389**	**3,289**	**362**	**3,651**
Changes of the first quarter of 2020								
2019 result allocation				389	(389)			
Cash flow hedge reserves (*)			(23)			(23)		(23)
Other changes				(10)		(10)	8	(2)
Group and minorities result of the period					112	112	8	120
Net equity at March 31, 2020	**1,629**	**(54)**	**(53)**	**1,734**	**112**	**3,368**	**378**	**3,746**
Changes from 1st April 2020 to 31st December 2020								
Distribution of dividends				(241)		(241)	(15)	(256)
IAS 19 reserves (*)				8		8		8
Cash flow hedge reserves (*)			47			47		47
Other changes				103		103	220	323
Group and minorities result of the period					252	252	(4)	248
Net equity at December 31, 2020	**1,629**	**(54)**	**(6)**	**1,604**	**364**	**3,537**	**579**	**4,116**
Changes of the first quarter of 2021								
2020 result allocation				364	(364)			
Cash flow hedge reserves (*)			20			20		20
Other changes				(5)		(5)	(5)	(10)
Group and minorities result of the period					136	136	17	153
Net equity at March 31, 2021	**1,629**	**(54)**	**14**	**1,963**	**136**	**3,688**	**591**	**4,279**

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