A2A, RESULTS AS AT MARCH 31, 2022

IN A COMPLEX SCENARIO, CAPEX CONTINUE IN THE ECOLOGICAL TRANSITION

ECONOMIC-FINANCIAL INDICATORS STABLE

- **Net profit at 201 million euro** 136 million euro in the first quarter of 2021, +65 million euro following the contribution from property disposals.
  Ordinary net profit down by 22% compared to the same period in 2021

- **EBITDA at 389 million euro**, down 2% compared to the first quarter of 2021. Activities in diversified sectors enabled the Group to offset the reduced performance of the Market Business Unit

- **Revenues at 5,540 million euro**: +155% compared to the first quarter of 2021, mostly due to an increase in energy commodities prices, with a comparable effect on the growth of supply costs

- **Capex amounted to 186 million euro**, +20% compared to the same period of the previous year

- **Net Financial Position at 4,297 million euro** (4,113 million euro at December 31, 2021). Net of changes in the scope of consolidation during the period, NFP increased by 159 million euro to 4,272 million euro, after capex of 186 million euro and proceeds of 221 million euro from property disposals.

Energy Transition

- **A2A consolidates its position among renewable energy operators in Italy:** the acquisition of majority stake in Volta Green Energy, a platform dealing in renewable energy plants construction, development and management has been finalized.

- **Further contribution to decarbonization and flexibility of the Italian electricity system**: A2A was awarded 5.4 GW of capacity, including 1.3 GW of new capacity in the capacity market auction for the 2024 delivery year.

Sustainability

- 73 GWh volumes produced from photovoltaic and wind sources in the first quarter of 2022 (31 GWh in the first three months of 2021)
- Inclusion for the first year in the S&P Global Sustainability Yearbook 2022, which includes the companies with the best sustainability performance according to S&P.

Group's commitment to sustainable finance continues: in March, A2A successfully placed its second Sustainability-Linked Bond for 500 million euro, linked to the achievement of a 2024 sustainability target for installed capacity from renewable sources. Following this transaction, the portion of sustainable debt to the Group's total gross debt as at March 31, 2022 reached 49% (vs. 30% as at March 31, 2021).

A2A S.p.A. Board of Directors has examined and approved the quarterly Financial Information as at 31 March 2022

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Milan, May 12, 2022 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Marco Patuano, the Board examined and approved the quarterly financial information as at March 31, 2022.

In the first months of 2022, the phase of uncertainty deriving from increases in the price of energy, raw materials and the availability of goods - with consequent inflationary pressures - was further exacerbated by the conflict in Ukraine which, in addition to the humanitarian drama, has caused significant effects on the economy" - comments Chief Executive Officer **Renato Mazzoncini** - *In this scenario, A2A has confirmed its solidity and has been able to carry out its activities in a responsible manner, marking a 20% capex growth compared to the first quarter of 2021 in key sectors, indispensable for achieving the country's energy autonomy, which the war has made no longer postponable, favouring the ecological transition*"**.**

During the period in question, A2A Group ensured the stability of its economic and financial results, despite operating in a complex context characterized by volatility of energy commodities price - already at record levels before the war outbreak - while exceptionally low hydraulicity led to low levels of hydroelectric production.

The inevitable economic and financial effects were appropriately managed by the Group by monitoring commodity risks and financial and credit exposure, thereby mitigating those impacts that energy markets turbulence could have had.

The activities diversification in which the Group operates made it possible to mitigate the negative impacts recorded by the Market Business Unit relating to energy price dynamics also in the first quarter of 2022.

In the first quarter of 2022, the average value of PUN (Single National Price) Base Load more than quadrupled (+318.9%) compared to the same period of 2021, standing at 248.1 euro/MWh, driven by gas prices at historic highs and CO2. In fact, the average cost of gas at the PSV (Virtual Trading Point) in the period under review was 98 euro/MWh, up 423.6% compared to the same period of the previous year, while CO2 quotations stood at an average price of 83.6 euro/ton (37.5 euro/ton in the same period of 2021, +123%).

This strongly upward price trend resulted in turnover for the period more than doubling compared with the first quarter of the previous year.
The A2A Group has adopted a prudent strategy of stabilizing margins and containing the connected to price volatility, with hedges of around 90% for fixed-price electricity production and general recourse to advance contracting for both procurement and supplies to wholesale operators and end customers, while at the same time seizing the opportunities present in the ancillary services market.
The Group thus ensured - albeit with different contributions in terms of sign and entity by the various Business Units - an operating margin substantially in line with the previous year.

In Q1 2022, A2A also continued its industrial growth, in line with the company's strategy based on energy transition and circular economy thanks to:

- **Capex for 186 million euro, up 20%** compared to the first quarter of the previous year. In particular, development investments were made for 114 million euro (+34% compared to the same period of 2021) aimed at energy and materials recovery, the strengthening of distribution networks, water and sewage networks, purification plants, interventions aimed at contributing to the adequacy and safety of the national electricity grid and to the digitalization of the Group.
- **M&A transactions for 22 million euro:** acquisition by A2A Rinnovabili S.p.A. of 100% of Volta Green Energy, a platform dedicated to the construction, development and management of renewable source plants. With this transaction A2A has acquired a pipeline of wind and photovoltaic projects with an expected installed capacity of around 800 MW.

The following are the main economic indicators:

Millions of euro	**3M 2022**	**3M 2021**	**Δ**	**Δ%**
Revenues	**5,540**	**2,170**	+3,370	+155.3%
Gross Operating Margin – EBITDA	**389**	**398**	-9	-2.3%
Net Operating Income – EBIT	**183**	**238**	-55	-23.1%
Net Result	**201**	**136**	+65	+47.8%

In Q1 2022, A2A Group **Revenues** amounted to **5,540 million euro, up 155%** on the previous year. The increase is attributable to:

- about 57% to wholesale energy markets, in particular electricity due to price increases; the contribution linked to the growth in volumes sold and traded on the markets is residual.
- more than 40% to retail markets, primarily due to higher unit prices for electricity, gas and heat.

This increase is associated with a comparable growth of supply costs.

EBITDA equalled **389 million euro, a decrease of 9 million euro** compared to Q1 2021 (-2%).
Net of non-recurring items (-4 million in the first quarter of 2022, nil in the first quarter of 2021), **EBITDA decreased by 5 million euro (-1%)**: margins drop recorded in the Market Business Unit was substantially reabsorbed thanks to the excellent performance of the other Business Units.

EBIT amounted to **183 million euro, down 55 million euro** compared to Q1 2021 (238 million euro). This change is due to:

- decrease in EBITDA, as described above (-9 million euro);
- increase in depreciation and amortization (20 million euro) mainly related to investments made by all BUs in the period April 2021 / March 2022 and the depreciation of the assets of the consolidated companies in the second quarter of 2021 (Octopus and Agripower);
- higher provisions for risks and charges and bad debt provisions totalling 26 million euro, linked to the greater credit exposure to customers due to the exceptional increase in turnover.

Group Net Profit amounted to **201 million euro, up 48%** compared to the same period of 2021. Excluding extraordinary items that affected the current year (the capital gain on property disposal amounting, net of taxation, to 108 million euro and the preliminary estimate of the economic impact of the Taglia Prezzi Decree and the Aiuti Decree calculated on the basis of the information available on May 3), the **Group's Ordinary Net**

Income amounted to **106 million euro**, down 30 million euro compared to the first quarter of 2021. The change is attributable to the decrease in Net Operating Income partly offset by the reduction in taxes linked to lower taxable income.

The **Consolidated Net Financial Position** at March 31, 2022 amounted to **4,297 million euro** (4,113 million euro as at December 31, 2021). Excluding the changes in the perimeter that took place during the period in question, the NFP stood at 4,272 million euro, recording a net cash absorption of 159 million euro, after capex for 186 million euro and proceeds from property disposal for 221 million euro. This change is primarily due to the exceptional increase in trade receivables, an effect linked to the sharp rise in commodity prices.
In addition to this trend, the impact of the payment in instalments of electricity, gas and district heating bills granted to customers of all Group companies amounted to approximately 60 million euro.

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A2A Group – Results by Business Unit

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

Millions of euro	**03.31.2022**	**03.31.2021**	**Change**	**Change %**
Generation and Trading	126	90	36	40.0%
Market	-21	67	-88	-131.3%
Waste	123	86	37	43.0%
Smart Infrastructures	165	159	6	3.8%
Corporate	-4	-4	0	0.0%
Total	**389**	**398**	**(9)**	-2.3%

Generation and Trading Business Unit

During the first three months of 2022, the Generation and Trading Business Unit contributed to covering the sales needs of A2A Group through 4.6 TWh (4.5 TWh as at March 31, 2021) for the production of the plants.
Due to the low rainfall that characterized the first quarter of this year, generation from renewable sources, amounting to 0.7 TWh, declined by 30% due to lower hydroelectric output (-0.4 TWh). There was an increase in photovoltaic production (+43 GWh) thanks to the contribution of plants acquired in April 2021 (Octopus).
Thermoelectric production increased to 3.9 TWh (3.5 TWh in the corresponding period of the previous year), up 12%, reflecting a rise in output by combined-cycle plants that reflected an increase in demand for contestable energy attributable to the decrease in hydroelectric production and imported quantities. In addition, at Terna's request, increased production was recorded at the plant in San Filippo del Mela.

Revenues amounted to 4,528 million euro, up by 3,246 million euro (+253%) compared to Q1 of the previous year. The significant change was due to the increase in electricity and gas prices and, to a lesser extent, to higher sold and brokered volumes.

EBITDA of Generation and Trading Business Unit amounted to 126 million euro, an increase of 36 million euro compared to March 31, 2021 (+40%). Net of non-recurring items recorded in the two comparison periods (-4 million euro in Q1 2022 and +1 million euro in Q1 2021), ordinary EBITDA increased by 41 million euro.
The positive change is mainly attributable to:

- extraordinary results achieved in the ancillary services market ("MSD"), thanks to the opportunities that emerged as a result of Terna's requests for critical grid conditions in the first quarter of the current year;
- remuneration of capacity market, thanks to the allocation of production capacity in auctions called by Terna to guarantee the safety of the system with resources that are always available;
- excellent performance of trading portfolio.

The price trends registered in the first quarter of the year did not have a significant impact on the margins of the industrial electricity portfolio: the hedging policies adopted by the Group considerably mitigated the effects that the price spike could have produced.

The positive impacts were partly offset by:

- lower hydroelectric production;
- negative effects of the energy scenario on the gas portfolio;
- higher charges for hydroelectric fees due to both the variable and free energy to be paid to the regions, and the fixed component for some plants.

In the period in question, Capex of Generation and Trading Business Unit amounted to around 20 million euro (10 million euro in the first three months of 2021).

Market Business Unit

In the first three months of 2022, the Market Business Unit recorded 5.2 TWh of electricity sales, up 18% compared to the same period of the previous year. The increase is attributable to the acquisition of new customers, the contribution of the Gradual Protection Service and higher sales to large customers.
Gas sales, equal to 1.1 Mcm, increased by +6% compared to the first three months of 2021 mainly attributable to the large customers sector.
Compared to the end of 2021, the increase in mass-market free market customers (electricity and gas) was approximately 50,000 units overall.

Revenues amounted to 2,191 million euro (848 million euro at March 31, 2021). The exceptional growth recorded is mainly due to the increase in unit prices of both electricity and gas and, to a lesser extent, to higher quantities sold.

EBITDA of the Market Business Unit was negative for 21 million euro (67 million euro at March 31, 2021).
The decrease recorded is attributable to the temporary fall in unitary margins in the energy retail segment for both electricity and gas, despite the increase in the number of customers in the mass market and higher sales to large gas customers, due to:

- a different time distribution of the margin of fixed-price contracts compared with the previous year, with the same overall contractual margin, with recovery during this year (for contracts with a duration coinciding with the calendar year) or in future years (for contracts providing for supply beyond the current year);
- negative impacts linked to consumption by end customers that in part differ from the contractual profiles, due to the effect of an extraordinarily high and highly volatile price context;
- unbalancing costs, also emphasized by current year's energy price level;
- an increase in operating costs to support the greater commercial activity compared with the same period of the previous year.

In the reporting period, Capex of Market Business Unit amounted to around 14 million euro (11 million euro in the first three months of 2021).

Waste Business Unit

During the period under review, the quantities of waste collected and disposed of, amounting to 0.5 and 0.9 million tonnes, respectively, were substantially in line with those of the first quarter of the previous year. In particular, there was an increase in waste destined for material recovery (growth in paper and bulky items).
The quantities of electricity and heat increased by 10% and 2% respectively, thanks to the contribution of Agripower, a company consolidated from April 2021, the greater availability of the Acerra waste-to-energy plant and the greater quantities of heat required by the district heating segment.

In the first quarter of 2022, the Waste Business Unit reported revenues of 373 million euro, up 24% compared to the same period in 2021 (301 million euro as at March 31, 2021) due to higher revenues from electricity sales, heat sales and waste disposal, as well as the contribution of Agripower, which has been consolidated since the second quarter of 2021.

EBITDA of Waste Business Unit equalled 123 million euro (86 million euro as at March 31, 2021), up 37 million euro compared to the previous year.
Both municipal waste treatment segment (+38 million euro on the first three months of 2021) and industrial waste segment (+3 million euro on the corresponding period of the previous year) made a positive contribution to the period result, thanks to:

- very positive dynamics in the sale prices of electricity and heat due to the current scenario;
- greater quantity of electricity produced by the Acerra waste-to-energy plant;
- incremental contribution of Agripower's power generation plants;
- increase in the price of delivering waste similar to municipal waste;
- greater amounts of treatment in industrial waste;
- increase in paper prices.

On the other hand, waste collection sector has negatively contributed to the result (down 4 million euro), primarily penalized by the increase in fuel cost consumed by the vehicles used and the loss of the concession in the Municipality of Varese.

Capex in the first three months of 2022 amounted to 35 million euro (33 million euro at March 31, 2021).

Smart Infrastructures Business Unit

In the first three months of 2022, RAB for electricity, gas and water services were up 12%, 4% and 24% respectively, thanks to the increase in investments made.
Volumes of water distributed during the quarter totalled 18 million cubic meters, down 4% from March 31, 2021.
The heat sales of the Business Unit in the period in question amounted to 1.5 TWht, substantially in line with the volumes sold in the first three months of the previous year.

The Smart Infrastructures Business Unit's revenue for the period amounted to 450 million euro (351 million euro at March 31, 2021, +28%). The change is related to higher revenues related to district heating due to unit price dynamics.

EBITDA of the Smart Infrastructures Business Unit in 2022 was 165 million euro (159 million euro at March 31, 2021).
Net of non-recurring items (+1 million euro in the first quarter of 2022), ordinary EBITDA of the Business Unit amounted to 164 million euro, up by 5 million euro (+3.1%) compared to first three months of 2021.

The change in margins is distributed as follows:

- electricity and gas distribution networks (down 9 million euro): the decrease is linked both to the lower revenues allowed for regulatory purposes following the resolutions of the Sector Authority (ARERA) regarding the remuneration of capital and the equalization of electricity losses, and to lower revenues from connection fees;
- district heating: +16 million euro, primarily due to an increase in unit margins as a result of scenario effect;
- water cycle: -3 million euro for a reduction in revenues, primarily due to a decrease in distributed volumes;
- public lighting: +1 million euro.

Capex in the reporting period equalled 107 million euro (97 million euro at March 31, 2021).

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Balance sheet

The data of Balance Sheet at March 31, 2022 are homogeneous with respect to the data at December 31, 2021, with the exception of the following changes in perimeter:

- acquisition by A2A Rinnovabili S.p.A. of 100% of Volta Green Energy S.r.l. and 60% of R2R S.r.l., companies operating in the photovoltaic and wind power sectors, resulting in the line-by-line consolidation of seven companies;
- disposal of the equity investment in Seasm S.r.l., previously consolidated on a line-by-line basis.

	03.31.2022	12.31.2021	Change
CAPITAL EMPLOYED			
Net fixed assets	**8,059**	**8,026**	**33**
- Tangible assets	5,587	5,588	(1)
- Intangible assets	3,171	3,125	46
- Shareholdings and other non-current financial assets (*)	76	73	3
- Other non-current assets/liabilities (*)	(76)	(93)	17
- Deferred tax assets/liabilities	388	424	(36)
- Provisions for risks, charges and liabilities for landfills	(801)	(797)	(4)
- Employee benefits	(286)	(294)	8
of which with counter-entry to equity	*(168)*	*(134)*	
Net Working Capital and Other current assets/liabilities	**723**	**243**	**480**
Net Working Capital:	***1,074***	***601***	***473***
- Inventories	130	204	(74)
- Trade receivables	3,852	3,291	561
- Trade payables	(2,908)	(2,894)	(14)
Other current assets/liabilities:	***(351)***	***(358)***	***7***
- Other current assets/liabilities (*)	(282)	(405)	123
- Current tax assets/tax liabilities	(69)	47	(116)
of which with counter-entry to equity	*161*	*55*	
Assets/liabilities held for sale (*)	**106**	**147**	**(41)**
of which with counter-entry to equity	-	-	
TOTAL CAPITAL EMPLOYED	**8,888**	**8,416**	**472**
SOURCES OF FUNDS			
Shareholders' equity	**4,591**	**4,303**	**288**
Total financial position after one year	5,102	4,309	793
Total financial debt within one year	(805)	(196)	(609)
Total Net Financial Position	**4,297**	**4,113**	**184**
of which with counter-entry to equity	*10*	*20*	
TOTAL SOURCES	**8,888**	**8,416**	**472**

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

Net Fixed Assets

"**Net Fixed Assets**" amounted to 8,059 million euro, up by 33 million euro compared to 31 December 2021, of which 22 million euro refer to contributions deriving from the first consolidations.
The main changes are detailed below:

- Tangible assets decreased by 1 million euro due to:
    - investments made for 114 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 48 million euro, to the development and maintenance of electricity distribution plants, the expansion and reconstruction of the medium and low voltage network, and the installation of new electronic meters for 38 million euro, the development of district heating networks for 15 million euro, the purchase of movable means to collect waste and other equipment for 5 million euro, investments focussed on developing the energy efficiency plan and electric mobility, as well as work on the fibre optic network and gas transport for 5 million euro, and work on buildings for 3 million euro;
    - net increase of 6 million euro due to increases in user fees in application of IFRS16;
    - decrease of 121 million euro for the depreciation charge for the period.

- intangible assets increased by 46 million euro compared to December 31, 2021, due to:
    - capex of 72 million euro, due to development and maintenance of the gas distribution area plants for 26 million euro, the implementation of information systems for 21 million euro, works on the transport and distribution network of the water, sewage networks and purification plants for 18 million euro, costs for the acquisition and maintenance of customer portfolios for 6 million euro, and other residual investments for 1 million euro;
    - first consolidation of the companies acquired during the period, which resulted in an increase of 22 million euro, mainly due to the goodwill generated by the acquisitions of the companies operating in the production of energy from renewable plants;
    - net increase of 6 million euro for other changes, mainly due to the increase in environmental certificates of the industrial portfolio;
    - a decrease of 1 million euro resulting from disposals net of accumulated amortisation;
    - a decrease of 53 million euro for period amortisation.

- Shareholdings and other non-current financial assets, at 76 million euro, up by 3 million euro compared to 31 December 2021. The change is due for 1 million euro to investments made in innovative start-ups through Corporate Venture Capital projects, as well as other minor changes for 2 million euro;
- Other non-current assets and liabilities show a net decrease of 17 million euro attributable to the increase in guarantee deposits to third parties;
- deferred tax assets/liabilities show a positive balance of 388 million euro, down by 36 million euro compared to December 31, 2021 as a result of the change in the valuations of derivatives classified as Cash Flow Hedges;
- Provisions for risks, charges and liabilities for landfills recorded a decrease of 4 million euro. The change in the period is due to uses for 6 million euro relating to the incurring of costs for decommissioning and landfills and for 1 million euro to costs for legal disputes; these changes are offset by net provisions equal to 10 million euro referring mainly to higher charges for additional charges deriving from hydroelectricity;
- Employee benefits decreased by 8 million euro, due to disbursements made during the quarter 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 1,074 million euro. The change was a rise of 473 million euro compared to December 31, 2021. Comments on the main items are given below:

Trade receivables

(millions of euro)	12 31 2021	Changes	03 31 2022
Trade receivables – invoices issued	1,124	499	1,623
Trade receivables – invoices to be issued	2,300	82	2,382
Bad debts provision	(133)	(20)	(153)
Total trade receivables	**3,291**	**561**	**3.852**

As at March 31, 2022, Trade receivables amounted to 3,852 million euro (3,291 million euro at December 31, 2021), with an increase of 561 million euro. The change in trade receivables is primarily due to the increase in tariffs for the sale of electricity and gas, which in turn was caused by the rise in commodity prices and the instalments granted to electricity, gas and district heating customers.

Bad debt provision of 153 million euro increased by 20 million euro with respect to December 31, 2021, due to net provisions for 22 million euro, and period utilizations for 2 million euro.

Trade receivables ageing is detailed here below:

(millions of euro) **Trade receivables of which:**	**03/31/2022** **3,852**	**12/31/2021** **3,291**
Current	**1,195**	**840**
Past due of which:	**428**	**284**
Past due up to 30 days	*180*	*90*
Past due from 31 to 180 days	*132*	*69*
Past due from 181 to 365 days	*30*	*32*
Past due over 365 days	*86*	*93*
Invoices to be issued	**2,382**	**2,300**
Bad debts provision	**-153**	**-133**

Trade payables

(millions of euro)	12 31 2021	Changes	03 31 2022
Advances	8	(5)	3
Payables to suppliers	2,886	19	2,905
Total trade payables	**2.894**	**14**	**2.908**

"Trade payables" amounted to 2,908 million euro, an increase of 14 million euro.

Inventories

(millions of euro)	12 31 2021	Changes	03 31 2022
- Materials and spare parts	96	4	100
- Material obsolescence provision	(22)	-	(22)
Total materials	**74**	**4**	**78**
- Fuel	122	(77)	45
- others	8	**(1)**	**7**
Total raw and ancillary materials and consumables	**204**	**(74)**	**130**
Total inventory	**204**	**(74)**	**130**

Inventories amounted to 130 million euro (204 million euro at December 31, 2021), net of the related obsolescence provision for 22 million euro, down 74 million euro compared to December 31, 2021.
The decrease is attributable to the decrease in fuel inventories for 77 million euro, as a result of the reduction in gas inventories, partially offset by the increase in fuel oil, to the increase in inventories of materials, net of the related provision obsolescence, for 4 million and other decreases for 1 million euro.
"**Other current assets/liabilities**" evidenced a net decrease of 7 million euro, due to:

- net decrease of 29 million euro in payables to CSEA (Energy and Environmental Service Fund);
- net increase of 106 million euro in derivative assets, reflecting a change in fair value at the end of the period and in the quantities hedged;
- increase in guarantee deposits for 22 million euro;
- decrease in payables for futures contracts on commodities for 96 million euro;
- net increase in tax payables for 116 million euro;
- 129 million euro increase in tax payables for VAT, excise duties and other taxes;
- other increases in current liabilities for 1 million euro.

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

(Millions of euro)	03.31.2022	12.31.2021	CHANGE
Generation and Trading	-529	-574	45
Market	1,340	959	381
Waste	30	-43	73
Smart Infrastructures	98	-1	99
Corporate	-216	-98	-118
TOTAL	**723**	**243**	**480**

"Assets/liabilities held for sale" show a balance of 106 million euro and a decrease of 41 million euro in relation to the sale of three properties in Milan during the period. The item as at March 31, 2022 refers to the branch of the gas distribution networks referring to ATEMs considered non-strategic for the Group, the sale of which was completed in April.

Total **"Capital Employed**" at 31 March 2022 amounted to 8,888 million euro and was financed by Equity for 4,591 million euro and the Net Financial Position for 4,297 million euro.

Shareholders' equity

Equity amounted to 4,591 million euro and showed a positive change for a total of 288 million euro.

The increase was due to:

- the positive period result for 214 million euro (201 million euro pertaining to the Group and 13 million euro to minorities);
- the reserves deriving from the valuation of cash flow hedge derivatives which show an increase of 82 million euro and other negative changes for a total of 8 million euro.

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Financial position

Net free cash flow	03.31.2022	03.31.2021
EBITDA	**389**	**398**
Changes in Net Working Capital	(473)	(206)
Changes in Other assets/liabilities	(72)	301
Utilization of provisions, net taxes and net financial charges	(38)	(52)
FFO	**(194)**	**441**
Investments	(186)	(155)
Property disposal	221	-
Net free cash flow	**(159)**	**286**
Changes in consolidation scope	(25)	(286)
Change in Net Financial Position	**(184)**	**(0)**

The **Net Financial Position** at 31 March 2022 amounted to 4,297 million euro (4,113 million euro as at 31 December 2021).
The gross debt amounted to 5,556 million euro, up by 488 million euro compared to December 31, 2021.
Cash and cash equivalents amounted to 1,260 million euro, up by 296 million euro compared to December 31, 2021.
The other net financial assets/liabilities showed a negative balance of 1 million euro with a net decrease of 8 million euro as compared with December 31, 2021.

The fixed rate and hedged portion of the gross debt amounted to 79%. The duration is 6.3 years.

During the period, net cash absorption amounted to 159 million euro, after capital expenditure of 186 million euro and proceeds from property disposal totalling 221 million euro, in addition to changes in the scope of consolidation perimeter during the period.

Regarding net cash flow absorption:

- Net Working Capital, calculated as the sum of trade receivables, trade payables and inventories, contributed with a negative change of 473 million euro, due to the 561 million euro increase in trade receivables, the 14 million euro increase in trade payables and the 74 million euro decrease in gas and other fuel inventories. The above changes are primarily due to changes in commodity prices and, in part, to the instalments granted to electricity, gas and district heating customers.

  The Group occasionally performs non-recourse credit assignments.

At March 31, 2022, 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. Note that the Group does not have rotating factoring programmes in place;

- the negative change of 72 million euro in Other assets/liabilities mainly refers to the reduction of payables for advances on future contracts on electricity and gas whose economic manifestation will take place in the following period, to the reduction of payables to the CSEA[1], the increase in receivables for guarantee deposits, partly offset by an increase in payables for VAT, excise duties and other taxes;

- the payment of net financial expenses, taxes and provisions absorbed cash for 38 million euro while investments, equal to 186 million euro, are more than offset by the sale of properties for 221 million euro.

The changes in the consolidation perimeter decreased the net financial position by a total of 25 million euro.

Net Capex, amounting to 186 million euro, concerned the following Business Units:

Millions of euro	**03.31.2022**	**03.31.2021**	**Change**
Generation and Trading	20	10	10
Market	14	11	3
Waste	35	33	2
Smart Infrastructures	107	97	10
Corporate	10	10	0
Adjustments	0	-6	6
Total	**186**	**155**	**31**

Generation and Trading Business Unit

Capital expenditure in the period under review amounted to approximately 20 million euro and included extraordinary maintenance work of about 8 million euro, of which 4 million euro at thermoelectric plants and 3 million euro at the Group's hydroelectric plants.
Furthermore, development work totalling 11 million euro was carried out, mainly aimed at guaranteeing the coverage of peak demand and the balancing of fluctuating energy requirements in the electricity grid (gas turbines at the combined-cycle plants in Cassano and Chivasso and the start-up of projects for endothermic engines in Cassano) in order to contribute to the adequacy and safety of the national electricity system.

Market Business Unit

Capex in the first three months of 2022 amounted to 14 million euro (11 million euro at March 31, 2021). These investments concerned:

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

[1] CSEA: Cassa conguagli Servizi Energetici e Ambientali

Waste Business Unit

Investments for the first three months of 2022 amounted to 35 million euro and regarded:

- development work amounting to 26 million euro, of which 14 million euro relating to waste-to-energy plants (in particular 8 million euro for the construction of the new Parona plant and 3 million euro for the flue gas purification line of the Brescia waste-to-energy plant) and 11 million euro to treatment plants (8 million euro for OFMSW plants);
- 9 million in maintenance work on waste-to-energy plants (5 million euro), treatment plants (2 million euro) and the collection sector (2 million euro).

Smart Infrastructures Business Unit

Investments in the period in question amounted to 107 million euro and regarded:

- electricity distribution segment, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary cabins, the extension and refurbishment of the medium and low voltage network, the maintenance and upgrading of primary plants and investments in the launch of the 2G smart meter project (39 million euro);
- gas distribution subsector, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters (30 million euro);
- integrated water cycle sector, maintenance and development work carried out on the water transport and distribution network, as well as works and restoration works on the sewer networks and purification plants (18 million euro);
- district heating and heat management segment: development and maintenance of plants and networks for a total of 16 million euro.
- public lighting sector for new projects (3 million euro);
- Smart City segment, mainly laying fibre optics, radio frequencies and data centres (1 million euro).

Corporate

Capex in the period, amounting to 10 million euro, mainly refer to work on the IT systems (8 million euro).

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Impacts of the Russia-Ukraine conflict

The ongoing conflict between Russia and Ukraine is further increasing volatility of energy commodity prices, which were already very high before the outbreak of the war. In addition to the direct impacts on the production and sale of electricity and gas, such increase in prices could lead to a general increase in inflation with particular reference to the prices of oil derivatives and foodstuffs, as well as tensions on financial markets, technological impacts and a possible increase in cyber-attacks.

The A2A Group, as part of its industrial activity of generating energy carriers and trading them on a wholesale basis, is managing the growing volatility of the price of gas both by monitoring the limits of exposure to commodity risk and by optimising its buying and selling strategies. It should also be noted that the Group, in its procurement activities, operates mainly on platforms.
Should the national supply situation become critical, in line with national emergency procedures, grid operators could determine to interrupt the supply of gas and energy to specific industrial entities with certain characteristics, addressing interruptible customers first.
The company has, however, equipped itself with gas storage space, which it is promptly filling in order to hold forms of flexibility that will allow it to reduce the impacts of any stressful moments in Italy's gas imports.
Joint analyses are also underway with the electricity grid operator to define possible ways to maximize electricity production from fuels other than natural gas.

With reference to the retail trade of electricity and gas, the increase in commodities price determines - as recorded in the first three months of 2022 - the increase in credit exposures to customers (even in the event of constant volumes). This greater exposure therefore generates a greater risk in the event of default by individual counterparties and, in concert with any delays in payment and recourse to bill instalment plans, a greater financial effort.

The other business units (Waste and Smart Infrastructures) are less exposed to commodity risk. The impacts of the Russia-Ukraine conflict are therefore estimated to be indirect and, essentially, related to the potential reduction in GDP and the rise in inflation.

In order to deal with possible scenarios of financial tension, it should be noted that the solid liquidity position of the Group, also supported by both committed and uncommitted back-up lines (equal to 1.7 billion euro at May 12, 2022), makes possible to manage positions on the commodities market in addition to temporary increases in working capital due to price increases and instalment plans granted to customers. In March, A2A issued a 500 million-euro bond in a very difficult market context in addition to subscribing to medium-term bilateral credit lines, demonstrating the Group's ability to access capital and banking markets.

Finally, in the presence of high alert for cyber-attacks, the Group has activated a channel with the National Security leadership to exchange information, accelerating the programme to secure endpoints with advanced malware protection tools.

Business outlook
After the health emergency of 2020 and 2021, geopolitical tensions following the Russia-Ukraine conflict are affecting the economic environment, leading to significant effects on the energy scenario of reference. The escalation and prolongation of hostilities have accentuated the prices volatility of raw materials, especially energy, also leading to inflationary pressures with repercussions on families and businesses spending. Finally, Government's actions aimed at containing prices for end consumers or offering financial support have proved penalizing for companies operating in the electricity and gas sales sector.

As reflected in the first quarter results, the Group showed good resilience thanks to business diversification and a solid financial structure.

2022 expectations, despite the negative impact of Legislative Decree No. 27 of January 2022 (so-called. "Sostegni Ter", converted into Law no. 5 of March 28, 2022), forecast Ebitda of between 1.40 and 1.45 billion euro, in line with what was indicated in the 2021-2030 Strategic Plan presented to the markets on January 27, 2022.
The Group's Net Income, net of non-recurring items, of which the impact of DL no. 21 of March 21, 2022, (so-called "Taglia Prezzi") or DL Aiuti, is expected to be between 330 and 370 million euro.

A2A Group constantly monitors the evolution of the situation, the macroeconomic scenario and the related impacts on margins and cash flow, and, as it has done in other crisis situations (for example in the case of the recent COVID-19 pandemic), identifies possible mitigation actions aimed at greater protection of the economic and financial situation. In this sense, on a year-to-go basis, more than 80% of fixed-price production (Renewables and WTE), and 40% of thermoelectric production (CCGT) are hedged, thus reducing the possible negative effects of a fall in prices.

Moreover, A2A can rely on a solid liquidity position to tackle further volatility on commodities market and the temporary increases in net working capital due to the prices increase and the instalment payment plans granted to customers.

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Alternative *Performance* Indicators (AIP)

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

- **EBITDA (Gross Operating Margin)**: an alternative indicator of operating *performance*, calculated as the sum of "Net operating income" plus "Depreciation, amortisation, provisions and impairment".
- **Ordinary EBITDA**: an alternative indicator of operating *performance*, calculated as the gross operating margin described above net of items, both positive and negative, arising from transactions or operations that have characteristics of non-repeatability in future years (e.g. adjustments relating to past years; costs for extraordinary mobility plans, etc.);
- **"Ordinary" Net Result (Ordinary Net Income)**: an alternative measure of performance, calculated by excluding from the Group's net result the items deriving from non- recurring transactions (net of related items) and the write-down of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects);

- **Net financial position** is an indicator of one's financial structure. This indicator is determined as the result of current and non-current financial payables, the non-current portion of trade payables and other non-interest-bearing payables that have a significant implicit financing component (payables due over 12 months); net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments);
- **Capex:** alternative indicator of performance used by the A2A Group as a financial target within the scope of intra-Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.
- **M&A:** alternative indicator of performance used by the A2A Group to represent the overall impact at capital level of growth operations by external line.

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

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

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The A2A Group's financial statements at 31 March 2022 are attached.

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CONSOLIDATED BALANCE SHEET	03.31.2022	12.31.2021
(millions of euro)		
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	5,587	5,588
Intangible assets	3,171	3,125
Shareholdings carried according to equity method	33	33
Other non-current financial assets	67	64
Deferred tax assets	388	424
Other non-current assets	43	25
TOTAL NON-CURRENT ASSETS	**9,289**	**9,259**
CURRENT ASSETS		
Inventories	130	204
Trade receivables	3,852	3,291
Other current assets	6,184	4,051
Current financial assets	11	9
Current tax assets	40	68
Cash and cash equivalents	1,260	964
TOTAL CURRENT ASSETS	**11,477**	**8,587**
NON-CURRENT ASSETS HELD FOR SALE	**121**	**162**
TOTAL ASSETS	**20,887**	**18,008**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
Reserves	2,214	1,627
Result of the year	-	504
Result of the period	201	-
Equity pertaining to the Group	**4,044**	**3,760**
Minority interests	547	543
Total equity	**4,591**	**4,303**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	5,121	4,322
Employee benefits	286	294
Provisions for risks, charges and liabilities for landfills	801	797
Other non-current liabilities	124	129
Total non-current liabilities	**6,332**	**5,542**
CURRENT LIABILITIES		
Trade payables	2,908	2,894
Other current liabilities	6,497	4,487
Current financial liabilities	435	746
Tax liabilities	109	21
Total current liabilities	**9,949**	**8,148**
Total liabilities	**16,281**	**13,690**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**15**	**15**
TOTAL EQUITY AND LIABILITIES	**20,887**	**18,008**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2022 03.31.2022	01.01.2021 03.31.2021 Restated (*)
Revenues		
Revenues from the sale of goods and services	5,508	2,113
Other operating income	32	57
Total Revenues	**5,540**	**2,170**
Operating expenses		
Expenses for raw materials and services	4,877	1,515
Other operating expenses	82	70
Total Operating expenses	**4,959**	**1,585**
Labour costs	**192**	**187**
Gross operating income - EBITDA	**389**	**398**
Depreciation, amortization, provisions and write-downs	**206**	**160**
Net operating income - EBIT	**183**	**238**
Result from non-recurring transactions	**-**	**-**
Financial balance		
Financial income	3	5
Financial expenses	18	18
Affiliates	-	1
Result from disposal of other shareholdings	-	-
Total financial balance	**(15)**	**(12)**
Result before taxes	**168**	**226**
Income taxes	**114**	**72**
Result after taxes from operating activities	**54**	**154**
Net result from discontinued operations	160	(1)
Net result	**214**	**153**
Minorities	**(13)**	**(17)**
Group result of the period	**201**	**136**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	03.31.2022	03.31.2021
Net result of the period (A)	**214**	**153**
Effective part of gains/(losses) on cash flow hedge	116	28
Tax effect of other gains/(losses)	(34)	(8)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**82**	**20**
Total comprehensive result (A)+(B)+(C)+(D)	**296**	**173**
Total comprehensive result attributable to:		
Shareholders of the parent company	**283**	**156**
Minority interests	**(13)**	**(17)**

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

(*) The values as at 31 March 2021 have been restated to make them consistent with the values as at 31 March 2022 by reclassifying under the item "Net result from discontinued operations " revenues, operating costs and depreciation related to gas distribution assets and depreciation related to buildings subject to sale .

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	03.31.2022	03.31.2021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**964**	**1,012**
Operating activities		
Net Result	214	153
Net income taxes	114	72
Net financial interests	15	13
Capital gains/expenses	(157)	-
Tangible assets depreciation	121	109
Intangible assets amortization	53	47
Fixed assets write-downs/disposals	1	-
Net provisions	32	6
Result from affiliates	-	(1)
Net financial interests paid	(31)	(46)
Net taxes paid	(1)	-
Change in trade receivables	(583)	(103)
Change in trade payable	14	(150)
Change in inventories	74	45
Other changes in net working capital	(64)	250
Cash flow from operating activities	**(198)**	**395**
Investment activities		
Investments in tangible assets	(114)	(85)
Investments in intangible assets and goodwill	(72)	(70)
Investments in shareholdings and securities (*)	(24)	(128)
Cash and cash equivalents from first consolidations asset	3	27
Disposal of fixed assets and shareholdings	222	5
Cash flow from investment activities	**15**	**(251)**
FREE CASH FLOW	**(183)**	**144**
Financing activities		
Changes in financial assets		
Proceeds from loans	(1)	-
Other changes	(1)	-
Total changes in financial assets (*)	**(2)**	**-**
Changes in financial liabilities		
Borrowings/bonds issued	1,244	125
Repayment of borrowings/bond	(748)	(536)
Lease payments	(2)	-
Other changes	(13)	(4)
Total changes in financial liabilities (*)	**481**	**(415)**
Cash flow from financing activities	**479**	**(415)**
CHANGE IN CASH AND CASH EQUIVALENTS	**296**	**(271)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,260**	**741**

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

Statement of changes in Group equity
(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2020	**1,629**	**(54)**	**(6)**	**1,604**	**364**	**3,537**	**579**	**4,116**
Changes in 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**
Changes from 1st April 2021 to 31st December 2021								
Distribution of dividends				(248)		(248)	(15)	(263)
IAS 19 reserves (*)				(27)		(27)		(27)
Cash flow hedge reserves (*)			14			14		14
Other changes		54		(89)		(35)	(62)	(97)
Group and minorities result of the period					368	368	29	397
Net equity at December 31, 2021	**1,629**	**-**	**28**	**1,599**	**504**	**3,760**	**543**	**4,303**
Changes in the first quarter of 2022								
2021 result allocation				504	(504)			
Cash flow hedge reserves (*)			82			82		82
Other changes				1		1	(9)	(8)
Group and minorities result of the period					201	201	13	214
Net equity at March 31, 2022	**1,629**	**-**	**110**	**2,104**	**201**	**4,044**	**547**	**4,591**

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