**A2A, RESULTS AS OF 31 DECEMBER 2022**

**SOLID ECONOMIC AND FINANCIAL PERFORMANCE**

**CONTINUING GROWTH OF INVESTMENTS TO SUPPORT ECOLOGICAL TRANSITION AND THE COUNTRY'S ENERGY AUTONOMY**

**PROPOSEDA TOTAL DIVIDEND OF 0,0904 EURO PER SHARE INCREASING BY 3% THE RECURRING COMPONENT TO 0,0849 PER SHARE**

- **Ordinary EBITDA at 1,502 million euro**, up **8%** on 2021
- **Net Profit at 401 million euro, down by 20% compared to 2021, also due to the effect of extraordinary contributions under legislative measures.** Net of extraordinary items, **Ordinary Net Profit at 380 million euro, +2%** compared to 2021.
- **Revenues at 23,166 million euro: +101%** compared to 2021 as a result of **increased commodity prices dynamics**.
- **Organic capex amounted to 1,240 million euro**, up 15% compared to the previous year.
- **Net Financial Position at 4,258 million euro** (4,113 million euro of 31 December 2021) corresponding to 2.8x NFP/EBITDA lower than 2.9x in 2021.
- Proposed to the shareholders' meeting a **dividend of 0.0904 euro per share** (0.0849 euro as recurring component and 0.0055 euro as non-recurring component). The total amount of the proposed dividend is intended, , to be of an ordinary nature from a stock exchange perspective.

**Energy Transition**

- Growth in the number of renewable energy plants with the acquisition of two wind and photovoltaic portfolios located in Italy and Spain (3New and 4New) and Volta Green Energy, a platform dedicated to the construction, development and management of renewable energy plants. As a result of these acquisitions, installed renewable capacity amounted to 2.5GW, up 12% from the previous year.

**Sustainability**

- 638 GWh of electric energy, produced from photovoltaic and wind sources in 2022 (+104% compared to 2021).

**The Group's commitment to sustainable finance continues:** during 2022, A2A successfully placed three bonds in ESG format for a total of 1.75 billion euro (one Sustainability-Linked Bond for 500 million euro and two Green Bonds for 600 and 650 million euro respectively to finance the Group's investment projects).
Following these transactions, the proportion of sustainable debt to the Group's total gross debt as of 31 December 2022 reached 58% (44% as of 31 December 2021).

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**Milan, 16 March 2023** - The Board of Directors of A2A S.p.A. met today and, under the chairmanship of Marco Patuano, examined and approved the drafts of the separate financial statements and the consolidated annual financial report as of 31 December 2022, proposing to the Shareholders' Meeting the distribution of a dividend amounting to 0.0904 euro per share (0.0849 euro as recurring component and 0.0055 euro as non-recurring component).

"*The year 2022 ended positively for the A2A Group despite the worsening international and climate crisis. In a world that was waiting for recovery after the pandemic, the war in the heart of Europe brought uncertainty and instability. The drought has severely tested crops and hydroelectric production*", *comments* **Renato Mazzoncini**, CEO of A2A. *"In this context, we have started up new plants for the recovery of materials and the production of biomethane, strengthened the electricity grids to promote decarbonisation through the electrification of consumption, and consolidated our presence in the country with important acquisitions in the green energy generation sectors. These results were achieved thanks to the commitment and dedication of our staff, which confirm the solidity of the group and the far-sightedness of the strategy adopted in the Industrial Plan. These conditions made it possible to propose a total dividend of 0.0904 euro per share, amounting to 283 million for our shareholders, including a non-recurring dividend component of 0.0055 euro per share (amounting to 17 million euro) in addition to the planned growth of 3%". In 2023 we will continue to work to foster A2A's growth consistent with our being a Life Company serving citizens, customers and businesses*".

In 2022, the A2A Group achieved solid economic and financial results, demonstrating its resilience in dealing with the complexities of the year arising not only from the volatility of the energy markets exacerbated by the Russia-Ukraine conflict and the resulting inflation pressures, but also from the severe drought that caused a drastic drop in hydroelectric production.

The diversification and efficient management of energy sources allowed the Group to compensate for the drop in hydroelectric production resulting from the low hydraulicity.
The dynamics of the energy markets, which saw the PUN (Single National Price) *Base Load* stand at 303.1 €/MWh (+142.5% compared to 2021) and the average cost of gas at the PSV reach a record level of 121.9 €/MWh, (+165.9% compared to 2021) were appropriately managed by monitoring the risks arising from the volatility of commodity prices and optimising buying and selling strategies.
In this context, the A2A Group has also protected its customers from market turbulence by leveraging a policy of stabilising margins through the hedging of electricity production at a fixed price and the frontloading of supplies with a view to hedging sales: A2A Energia's free market Mass Market customers, in fact, benefited from a saving of 53% for electricity and 40% for natural gas in 2022 compared to the tariffs on the protected market.

The following are the main economic indicators:

| *Millions of euro* | **12M 2022** | **12M 2021** | **Δ** | **Δ%** |
|---|---|---|---|---|
| Revenues | 23,166 | 11,549 | 11,617 | 100.6% |
| Gross Operating Margin – EBITDA | 1,505 | 1,428 | 77 | 5.4% |
| Net Operating Income – EBIT | 687 | 660 | 27 | 4.1% |
| Group Net Profit | 401 | 504 | -103 | -20.4% |
| Ordinary Group Net Profit | 380 | 371 | 9 | 2.4% |

In 2022, the **Revenues** of the Group amounted to **23,166 million euro**, up 101% on the previous year. The change is mainly related to the bullish dynamics of commodity prices that characterised the current year and is attributable:

- approximately 60% to the wholesale energy markets, in particular electricity price increases; the contribution related to the growth of sold and intermediated volumes is residual;
- around 40% to retail markets mainly due to higher electricity, gas and heat unit prices.

This increase goes in parallel with an increase in the procurement costs of energy raw materials.

**EBITDA** amounted to **1,505 million euro,** an increase of 5.4% compared to the previous year (+77 million euro). Excluding non-recurring items (+3 million euro in 2022, +31 million euro in 2021), **Ordinary EBITDA amounted to 1,502 million euro**, up 8% (+105 million euro) thanks to the diversification of the Group's activities: the positive results of the Generation & Trading Business Unit and the Waste Business Unit more than offset the margin contraction recorded in the other business segments.

**Net EBIT** amounted to **687 million euro, +4.1%** on 2021. Excluding non-recurring items, the **Ordinary Net Operating Income** is up by 3% compared to 2021 (+20 million euro). This increase is attributable to the increase in EBITDA, which more than offset the higher costs deriving from:

- the increase in amortization/depreciation (58 million euro) mainly related to investments made by all Business Units during 2022 and the amortization/depreciation of the assets of the new companies acquired;
- higher provisions net of releases (3 million euro): the higher allocation to the provision for bad debts related to the higher credit exposure to customers due to the exceptional increase in turnover was partially offset by the higher releases of excess provisions for risks due to the increase in discount rates.

**Ordinary Group Net Profit** amounted to **380 million euro**, up 2.4% on 2021 (+9 million euro). The change is attributable to the increase in EBIT, partly offset by higher financial expenses (+18 million euro due mainly to higher charges for bond issues completed during the year) and higher taxes. The tax rate was 29% (30.6% in 2021), due to the tax optimisation opportunities seized on the basis of industry regulations.
Including extraordinary items that:

- for 2022 amounted to a total of 21 million euro due to the combined effect of capital gains, net of taxation, on the sale of certain assets (sale of real estate and gas ATEMs deemed non-strategic) for 143 million euro, partially offset by charges for extraordinary contributions on the economic results of energy companies envisaged by legislative measures (Decree-Law No. 21/2022 on price cuts and solidarity contribution pursuant to Law No. 197/2022) to finance measures to support domestic companies and households equal to 122 million euro.
- for 2021 totalled 133 million euro, mainly related to the effects of the statutory and tax realignment of the Group's tangible and intangible assets (138 million euro),

**Group Net Profit** amounted to **401 million euro** (504 million euro as at 31 December 2021, -20%).

In line with the long-term strategy outlined in 2021 and updated in November 2022, the Group has:

- realised **organic capex of 1,240 million euro**, up 15% from the record level of 2021. This increase related to development investments (798 million euro, +26.5% compared to 2021), particularly those aimed at contributing to the flexibility and adequacy of electricity generation plants, the growth of wind and photovoltaic plants, the expansion of electricity distribution networks, and the recovery of energy and materials.
- completed **M&A** totalling **461 million euro**, mainly related to **energy transition**. More specifically, wind and solar power plants located in Italy and Spain were acquired, bringing the Group's renewable capacity to 2.5GW (+12% compared to 2021), Volta Green Energy was acquired, dedicated to the construction, development and management of renewable energy plants and SEA Energia, a company

that produces electricity and thermal energy, was acquired with the aim of promoting the decarbonisation process of the two airports of Milan Linate and Milan Malpensa.

**The gas distribution assets have also been rationalised** through the sale of non-strategic ATEMs for an amount of 127 million euro. The value of M&A transactions, net of the sale of non-strategic assets (already completed in the first half of the year) was therefore 331 million euro.

The **Net Financial Position** as of 31 December 2022 was **4,258 million euro** (4,113 million euro as of 31 December 2021) corresponding to **2.8x NFP/EBITDA**, down from 2.9x in 2021. Excluding changes in scope that took place during the year, of 331 million euro, NFP came to **3,927 million euro**, recording net cash generation of 186 million euro, after capex for 1,240 million euro, dividend payments for 283 million euro and cash-in for the sale of certain real estate assets for 221 million euro.

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## A2A Group – Results by Business Unit

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

| *Million euro* | **12.31.2022** | **12.31.2021** | **Change** | **Change %** |
|---|---|---|---|---|
| Generation and Trading | 554 | 368 | 186 | 50.5% |
| Market | 125 | 214 | -89 | -41.6% |
| Waste | 359 | 341 | 18 | 5.3% |
| Smart Infrastructures | 519 | 538 | -19 | -3.5% |
| Corporate | -52 | -33 | -19 | 57.6% |
| **Total** | **1,505** | **1,428** | **77** | 5.4% |

### Generation and Trading Business Unit

Revenues for 2022 amounted to 19,605 million euro, up 142% from the previous year (+11,510 million euro). The significant change was mainly caused by the extraordinary increase in the prices of electricity and gas during the year; the higher volumes sold and brokered made a marginal contribution.

EBITDA of the Generation and Trading Business Unit amounted to 554 million euro, an increase of 50.5% compared to 31 December 2021 (186 million euro). Excluding the non-recurring items recorded in the two comparison periods, equal to -17 million euro in 2022 and +10 million euro in 2021, Ordinary EBITDA increased by 213 million euro.
The positive change is mainly attributable to:

- remuneration of the capacity market, thanks to the award of production capacity in auctions held by Terna to ensure the security of the system with resources that are always available;
- operation of the Monfalcone plant on the Day-ahead market (“MGP”) reactivated at the request of the government to tackle the current energy crisis;
- excellent performance of the trading portfolio;
- opportunities gained in the Ancillary Services market ("MSD") as a result of Terna's requests for critical grid issues that characterised the year under review;
- contribution by the photovoltaic and wind power plants of the newly acquired companies in 2021 and 2022 (Octopus, 3New and 4New).

The positive impacts were partly offset by:
- lower hydroelectric production (-35.5% compared to 2021);
- higher charges for hydroelectric fees.

Capex in the year under review amounted to approximately 272 million euro and included extraordinary maintenance work and adaptation to standards of 85 million euro, of which 53 million euro at the thermoelectric plants and 26 million euro at the hydroelectric plants and 1 million euro at the photovoltaic plants.
Development work totalling 187 million euro was also carried out, of which 151 million euro was for investments in thermoelectric plants: gas turbine upgrades of CCGT plants in Cassano, Chivasso, Sermide and Piacenza, projects for endothermic engines in Cassano, and new CCGT plants in Monfalcone and Cassano. These interventions, aimed at ensuring flexibility, peak demand coverage and balancing the energy needs of the electricity grid, contribute to the adequacy and security of the national electricity system.
Finally, investments were made in wind and photovoltaic plants for 33 million euro, aimed at accelerating the growth of the Group's renewable sources.

**Market Business Unit**

The revenues amounted to 8,798 million euro (3,885 million euro of 31 December 2021). The growth recorded is mainly attributable to higher unit prices for both electricity and gas, and to a more limited extent to higher quantities of electric energy sold.

Market Business Unit EBITDA amounted to a positive 125 million euro (214 million euro as of 31 December 2021).
Excluding non-recurring items in the two years considered, +2 million euro in 2022 and +14 million in 2021, the Ordinary EBITDA decreased by 77 million euro.
The reduction was concentrated in the first half of the year and is attributable to the decline in unit margins in the energy retail segment, both electricity and gas, due to:
- different time distribution of the marginality of fixed-price contracts compared to the previous year, with the same overall contractual margin;
- impacts related to end-customer consumption, which differ from the contracted profiles;
- imbalances emphasised by the year's energy price level.

Ordinary EBITDA in the second half of the year improved compared to the same period of the previous year (+36 million euro), as a result of a partial re-absorption of the above-mentioned negative impacts, particularly in the electricity sector. The positive contribution of business development also continued in the second half of the year, both in terms of increased customers and volumes served.
Commercial costs increased compared to the previous year, consistent with the increased customer-facing activity in the period.

In 2022, the Market Business Unit capex amounted to 71 million euro, involving:
- 61 million for the energy retail sector for capitalised charges for the acquisition of new customers and for evolutionary maintenance and development work on hardware and software platforms, aimed at supporting billing and customer management activities, and the full-digital NEN start-up;
- 10 million for the Energy Solutions segment for energy efficiency projects.

## Waste Business Unit

In 2022, the Waste Business Unit recorded revenues of 1,422 million euro, up 12.9% compared to 2021 (1,260 million euro as of 31 December 2021) mainly due to higher revenue from the sale of electricity and sale of heat. Higher waste disposal revenues due to higher unit prices and the contribution of the companies acquired during 2021 also contributed to the increase.

EBITDAof the Waste Business Unit amounted to 359 million euro (341 million euro of 31 December 2021), up 18 million euro compared to the previous year.
Excluding non-recurring items recorded in the two comparison periods (+9 million euro in 2022 and +8 million euro in 2021), Ordinary EBITDA increased by 17 million euro.
The municipal waste treatment segment contributed to the result (+30 million euro compared to 2021) due to the effect:

- of the positive trend in electricity and heat sale prices of waste-to-energy plants. The economic effect of the smaller quantities processed is negligible;
- of the increase in prices for the delivery of similar waste to municipal waste, which compensated for the decrease in quantities treated. In fact, the quantities destined for energy recovery decreased due to the reduced availability of the Parona waste-to-energy plant;
- of an increase in the margins of biomass-fuelled plants due to both higher electricity prices and the incremental contribution of Agripower, consolidated from April 2021. This significant contribution was partly reabsorbed by rising costs, particularly for biomass, as a result of the upward price dynamic that affected the sector in the year under review;
- higher costs for disposal of dust, raw materials and reagents.

This result was partly offset by the lower marginality of the waste collection segment (-12 million euro), which was significantly penalised by the increase in the cost of fuel consumed by the vehicles used during the year.

Capex in 2022 amounted to 264 million euro and concerned:

- development work worth 197 million euro, of which 113 million euro for waste-to-energy plants (in particular, 60 million euro for the construction of the new Parona waste-to-energy plant and 42 million euro for the flue gas purification line at the Brescia waste-to-energy plant), 52 million euro for the Lacchiarella and Cavaglià MSWOF plants, 27 million euro for other treatment and recovery plants (in particular, 6 million euro for the new sludge plant in Parona) and 3 million euro for the collection sector;
- maintenance work amounting to 67 million euro relating to waste-to-energy plants (30 million euro), biomass plants (5 million euro), treatment and recovery plants (10 million euro) and the collection sector (19 million euro).

## Smart Infrastructures Business Unit

The Smart Infrastructures Business Unit's revenues for the period amounted to 1,539 million euro (1,280 million euro of 31 December 2021, +20%). The growth is related to higher revenues in the heat segment due to the dynamics of district heating and electricity unit prices and the contribution of A2A Airport Energy, acquired in September 2022, as well as to revenues related to the activities aimed at obtaining energy savings (Superbonus) and the public lighting segment.

EBITDA of the Smart Infrastructures Business Unit in 2022 was 519 million euro (538 million euro of 31 December 2021).

Excluding non-recurring items (+18 million euro in 2022; +7 million euro in the previous year), the Business Unit's Ordinary EBITDA was 501 million euro, down 30 million euro (-6%) compared to 2021.
It should be noted that non-recurring items in the current year include 15.3 million euro for past tariff items related to the 2010/2011 years of the water cycle of the Acinque group.
The change in margins is distributed as follows:

- electricity distribution networks (-14 million euro): decrease related to lower revenues allowed for regulatory purposes following the resolutions of the sector authority (ARERA) concerning the remuneration of capital, electricity loss equalisation and higher operating costs;
- gas distribution networks (-33 million euro): decrease related to lower revenues allowed for regulatory purposes, following the resolutions of the sector authority (ARERA) concerning the remuneration of capital, and higher operating costs during the year compared to the previous year (mainly charges for updating the gas fee related to ATEM Milano 1 and energy costs);
- district heating: +25 million euro, mainly due to higher unit margins on electricity sales and the contribution of the newly acquired company A2A Airport Energy. The drop in the marginality of district heating sales, due in part to the lower volumes of heat sold (-9.5% compared to previous year), was neutralised by the benefits of the tax credits for non-energy-intensive and non-gas-intensive companies under the Aid Decrees;
- water cycle: -18 million euro for higher operating costs, in particular electricity;
- public lighting: +9 million euro attributable to the adjustment of fees following increased energy costs.

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## A2A Group - Economic and Financial Results

The "**Net fixed capital**" amounted to 8,849 million euro, up by 823 million euro compared to 31 December 2021.

The main changes were related to:

- total capex of 1,240 million euro, of which 856 million euro in tangible assets and 384 million euro in intangible assets;
- contribution from the first 2022 consolidations on tangible and intangible assets in the amount of 457 million euro;
- ordinary amortization/depreciation for the year for 724 million euro;
- net decrease in tangible and intangible fixed assets of 10 million euro as a result of disposals and write-downs during the year;
- a net increase in Other non-current assets and liabilities of 203 million euro, mainly due to an increase in security deposits from customers, partly offset by higher security deposits receivable, higher receivables from the tax authorities for tax benefits under building bonuses due after one year, and higher receivables for prior-year items related to revenues for water services;
- a decrease in Deferred Tax Assets of 61 million euro, mainly due to the recognition of deferred taxes recognised as a result of the completion of the Purchase Price Allocation of TecnoA S.r.l., as well as the effects attributable to the recognition at A2A S.p.A. of the capital gain arising from the sale of real estate located in Milan in February 2022;
- decrease in Provisions for risks, charges and liabilities for landfills by 68 million euro;
- decrease in provisions for employee benefits by 46 million euro;
- 9 million euro increase in Equity Investments and Other Non-current Financial Assets;
- other positive changes amounting to 1 million euro.

The "**Net Working Capital and Other Current Assets and Liabilities**" amounted to 124 million euro, down by 367 million euro compared to 31 December 2021.

The main changes were related to:

- an increase in trade payables of 2,630 million euro, reflecting both the increase in energy commodity prices related to the volatility of the reference scenario and higher purchases of environmental certificates;
- an increase in trade receivables of 1,389 million euro, mainly attributable to the increase in electricity and gas sales tariffs that occurred during the year, which in turn was caused by the increase in commodity prices and the instalments granted to electricity, gas and district heating customers which more than offset the reduction due to seasonality;
- a net increase of 332 million euro in inventories, as a result of the valuation of fuel stocks (gas and oil) due both to higher commodity prices and to volumes;
- a decrease of 276 million euro in payables related to advance receipts of electricity and gas futures contracts, the economic occurrence of which took place during the year;
- a net increase in derivative assets of 271 million euro, as a result of the change in overall volumes traded and the high volatility of energy commodity prices with an impact on the differentials between subscription prices and forward prices;
- other decreases in current assets of 5 million euro.

"**Assets/liabilities held for sale**" had no value as of 31 December 2022, while at 31 December 2021 they had a net asset value of 147 million euro and related for 102 million euro to the reclassification of assets and liabilities pertaining to gas distribution referring to ATEMs considered non-strategic for the Group sold in April 2022 and for 45 million euro to the reclassification of assets owned by the parent A2A S.p.A. referring to three buildings located in Milan sold in February 2022.

The consolidated "**Capital Employed"** as of 31 December 2022 amounted to 8,725 million euro and was financed by Equity for 4,467 million euro and the Net Financial Position for 4,258 million euro.

**"Equity"** amounted to 4,467 million euro and shows a positive change for a total of 164 million euro.
The positive change was partly due to the year result for 448 million euro (401 million euro pertaining to the Group and 47 million euro to minorities), offset by the distribution of dividends for 283 million euro. There was also a positive valuation of cash flow hedge derivatives and IAS 19 reserves totalling 24 million euro, as well as other decreases totalling 25 million euro mainly related to the decrease in minority interests.

The "**Consolidated Net Financial Position"** as of 31 December 2022 amounted to 4,258 million euro (4,113 million euro as at 31 December 2021). The gross debt amounted to 6,889 million euro, up by 1,790 million euro compared to 31 December 2021. Cash and cash equivalents amounted to 2,584 million euro, up by 1,620 million euro. The other net financial assets/liabilities showed a positive balance of 47 million euro with a net increase of 25 million euro as compared with 31 December 2021.
The fixed rate of the gross debt amounted to 77%. The duration is 5.6 years.

During the year, net cash generation amounted to 186 million euro. Operating cash flow was positive at 1,488 million euro, capex absorbed cash of 1,240 million euro, partly offset by proceeds from the sale of real estate in the amount of 221 million euro. These changes, also taking into account the positive cash flow from working capital more than offset by the payment of financial expenses and taxes, generated a cash flow of 469 million euro, which made it possible to cover dividend payments of 283 million euro.

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## Economic results of the Parent Company A2A S.p.A.

In 2022 A2A S.p.A. shows revenues for a total of 19,688 million euro (8,256 million euro in 2021). Sales revenues (19,411 million euro) mainly refer to electricity sales to wholesalers, institutional operators, even on IPEX markets (Italian Power Exchange) and subsidiaries, sales of gas and fuels to third parties and subsidiaries, as well as the sale of materials and plants and the sale of environmental certificates. Revenues from services (257 million euro) mainly relate to provisions to subsidiaries of administrative, fiscal, legal, managerial and technical services, and revenues from the Municipality of Milan for the video surveillance service.
The increase in sales revenues is mainly due both to the increase in prices on the wholesale markets for both electricity and gas and to the growth in volumes sold, as well as to higher revenues for CO2 sales as a result of the recognition of revenue from subsidiaries and associates whose plants are managed by A2A S.p.A. through tolling agreements.
Other revenues (21 million euro) mainly refer to incentives on net production from renewable sources.

Operating expenses amounted to 19,182 million euro (7,904 million euro as of 31 December 2021) and relate to raw material costs (17,928 million euro) mainly relating to purchases of energy and fuels, both for electricity production and for resale to customers and wholesalers, as well as purchases of materials and environmental certificates; costs for services (426 million euro) relating to logistics costs for transporting natural gas on the national network, maintenance and repair costs associated with both the company's plants and information systems, as well as costs for services from third parties and subsidiaries and associates; other operating costs (828 million euro), which refer to the contracting of thermoelectric production plants "tolling agreements" by subsidiaries and associates and controlled by costs relating to the use of a portion of Ergosud S.p.A.'s electrical capacity, as well as water derivation fees, damages and penalties.
The increase in operating costs resulted mainly from the increase in raw material costs, due to
the increase in unit procurement prices due to the growth recorded in the reference scenario, as well as to the higher purchased quantities of CO2 due to both the increase in the procurement price and to the higher volumes emitted related to higher thermoelectric production, to the increase in service costs mainly due to higher costs for natural gas transportation and storage and to higher costs for IT services related to the development of new projects.
Labour costs amounted to 175 million euro (160 million euro as of 31 December 2021).

Due to the dynamics mentioned above, EBITDA amounted to 332 million euro (192 million euro as of 31 December 2021). The increase over the previous year is attributable to the performance of the industrial electricity portfolio, which is mainly attributable to the start of the Capacity Market mechanism.

Period "**amortization and depreciation, provisions and impairment**" amounted to 162 million euro (123 million euro as of 31 December 2021) and includes amortization, depreciation and impairment of tangible and intangible assets for 123 million euro (111 million euro as of 31 December 2021) and provisions for 39 million euro (12 million euro at 31 December 2021).

"**EBIT**" was positive for 170 million euro (positive for 69 million euro as of 31 December 2021).

**Financial operations** reported a positive balance of 372 million euro (positive for 376 million euro as of 31 December 2021). This item includes dividends from investees companies of 407 million euro (415 million euro as as of 31 December 2021), as well as net financial expenses of 35 million euro (39 million euro as of 31 December 2021).

The **result before taxes** was positive for 697 million euro (positive for 445 million euro as of 31 December 2021).

"**Income taxes**" amounted to 181 million euro (tax income of 41 million euro as of 31 December 2021). Taxation mainly derives from the Extraordinary Solidarity Contribution, determined pursuant to Article 1, paragraphs 115-119 of Law No. 197 of 29 December 2022 (Budget Law 2023), as well as from current taxes calculated on IRES and IRAP taxable income.

The **"Net result from discontinued operations/destined for sale"** was positive by 30 million euro (negative and below 1 million euro as of 31 December 2021) and refers to the capital gain, net of the effect of current taxes on the same, realized from the sale of the shareholding in ROMEO GAS S.p.A., after the demerger of the unit in favour of the latter relative to gas distribution referred to ATEM deemed non-strategic by Unareti S.p.A..

**Net result of the year** was positive and amounted to a profit of 546 million euro (486 million euro as of 31 December 2021).

Net year capex amounted to 178 million euro and in particular involved interventions on the hydroelectric plants, computer network equipment and apparatus, buildings, fixed assets in progress, capex in the Group's information systems and software, net investments in equity.

**Balance sheet and financial position of the Parent A2A S.p.A.**

The "**Net financial position**" stood at 1,095 million euro (1,780 million euro as of 31 December 2021) and improved by 685 million euro. During the year, operations, including dividends paid to shareholders for 283 million euro, generated resources for 517 million euro, partially offset by resources absorbed by net investment in tangible and intangible assets and equity investments for 178 million euro. The effect of the application of IFRS 16 was negative and amounted to 30 million euro as a result of new contracts for rights of use stipulated during the year.

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## Dividends distribution proposal

The Board of Directors resolved to propose to the Ordinary Shareholders' Meeting the approval of a dividend of 0.0904 euro per share, of which

- recurring component[1] of 0.0849 euro for each of the outstanding ordinary shares (corresponding to a dividend payout of approximately 266 million euro);
- non-recurring component of 0.0055 euro for each of the outstanding ordinary shares (corresponding to a dividend payout of approximately 17 million euro).

The total amount of the proposed dividend of € 0.0904 per share is intended, from a stock exchange point of view, to be of an ordinary nature.

The dividend will be paid from 24 May 2023 (ex-dividend date 22 May 2023 - record date 23 May 2023).

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[1] Note: 3% growth in the recurring component compared to the previous year, in line with the dividend policy announced in the update of the 2021-2030 Business Plan (November 22nd, 2022).

**Sustainability**

In 2022, A2A distributed an economic value of EUR 22.5 billion to various stakeholders: suppliers of goods and services, employees, providers of venture capital, public authorities and communities, and shareholders. The Group has distributed wealth also through the 2.5 billion euro spent on orders, 98% of which for the benefit of Italian companies.

A2A's sustainable debt ratio stood at 58% as of 31 December 2022, up 14 percentage points from the previous year. The Group is present in the main ethical stock exchange indices, including Borsa Italiana's MIB ESG, dedicated to listed blue-chip companies that boast best practices at ESG level, in line with the principles of the UN Global Compact. In 2022, the Group was included in the S&P Global Sustainability Yearbook, the initiative that recognises globally listed companies with the best sustainability performance based on their score in the Corporate Sustainability Assessment, the ESG assessment model developed by the international rating agency. This year over 7,500 companies in total were evaluated and only 716 were included. A2A ranked 7th out of 67 companies evaluated in the 'global water and multi utilities' sector.

As of 1 January 2022, in line with the reporting requirements of Article 8 of the EU Regulation 2020/852 (the so-called European Taxonomy of Sustainable Investments), the A2A Group has published the share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with its economic activities considered potentially environmentally sustainable (so-called "eligible economic activities" to the Taxonomy) for the environmental objectives of climate change mitigation and adaptation. From 1 January 2023, as required by the legislation, the analyses have been further refined to identify those economic activities that are considered to be truly environmentally sustainable (so-called Economic activities 'aligned' with the Taxonomy).

In 2022, energy production was characterised and influenced by the strong macroeconomic imbalances resulting from the post-pandemic economic crisis and the beginning of the war in Ukraine. In this context, the decarbonisation process undertaken by A2A for its plants had to balance the need to ensure a stable and constant supply of energy to the country; for this reason, in 2022 the San Filippo del Mela and Monfalcone plants, fuelled by fuel oil and coal, respectively, resumed operations. This led to an increase in the Group's direct emissions to 8.8 million tonnes (+21% compared to 2021).

The accident trend was improving in terms of the number of accidents, with a frequency index of 19.8 (-3% compared to 2021 and understood as the number of accidents per million hours worked). There was also an increase in the number of hirings during the year, at 1,531 (+12% compared to 2021), compared to 1,218 terminations during the year.

Separate waste collection averaged 70% (slightly down, by one percentage point, from 2021), with 99.5% of the municipal waste collected being sent for material recovery (70%) or energy (29.5%). Approximately 30 million kilometres were covered in zero-emission mode (a substantial increase over 2021, +48%), thanks to electric vehicle recharging at A2A's recharging stations (e-moving network). The amount of green energy sold to end customers on the free market was 7 TWh.

The Corporate Intrapreneurship initiative 'Call for Ideas', created to accelerate the process of devising projects to support the Group's strategic objectives, continued in 2022, with over 3,000 employees taking part in the 'Call for Sustainability'. The aim of the initiative was to stimulate the generation of valuable ideas by colleagues on climate tech issues while supporting the corporate entrepreneurship process.

During 2022, A2A involved around 79 thousand students (+80% compared to 2021) in environmental education and sustainability initiatives at a national and local level. The commitment to the regions was also reflected in almost 8 million euro (+36% compared to 2021), in charitable contributions, sponsorships and support for the Group's Foundations. Following the entry into force of the Single National Register of the Third Sector, the Banco dell'Energia was transformed from a non-profit Committee to a Foundation Philanthropic Organisation and, through the 'Energia in periferia' (Energy in the Periphery) project, supported over 100 families in the Milan Quarto Oggiaro district through the Caritas Ambrosiana and Società San Vincenzo de' Paoli listening centres: thanks to this initiative, they were able to benefit from economic aid for the payment of electricity and/or gas bills issued by any energy operator and from training sessions aimed at raising awareness on energy saving, optimising consumption and reducing utility bills. With this and other activities throughout Italy, in 2022 Banco dell'Energia collected and donated more than 6.5 million euro and helped 11,000 families.

***Sustainable finance***

In 2022 A2A gave further impetus to the development of Sustainable Finance products, continuing along the path set out in 2021.

In February, the updated Sustainable Finance Framework was published, incorporating the more ambitious sustainability targets of the 2021-2030 Strategic Plan.

As part of the Sustainable Finance Framework, three important funding transactions were executed by the Group:

- a new Sustainability-Linked Bond (amount of 500 million euro and duration of 6 years), linked to the achievement of the target for installed capacity from renewable sources. This important goal contributes to the achievement of UN SDGs 7 and 13;
- two new Green Bonds (amounting to 600 million euro and with a duration of 4 years for the first, and 650 million euro and with a duration of 8 years for the second) whose net proceeds will go to finance strategic circular economy and energy transition projects aligned with the European Taxonomy (in particular the 'climate change mitigation' objective).

As a result of these transactions, the share of ESG debt in total gross debt as at 31 December 2022 was 58%.

In addition, on 30 June 2022, A2A signed a new Sustainability-Linked Revolving Credit Facility (RCF), amounting to 410 million euro and with a term of three years, linked to the achievement of three objectives in the Social and Governance area (reduction of the accident frequency index, increase in the percentage of the order to suppliers assessed with ESG indicators and reduction of the wage gap between men and women). The line provides for a mechanism to adjust the interest margin both in the event that A2A reaches the set targets (step down) and in the event that A2A does not reach those targets (step up). The amounts related to the potential savings or higher costs will be donated by A2A to the Energy Bank and will therefore benefit the community.

Finally, A2A has further expanded its range of sustainable instruments, also extending it to the insurance world, with the structuring of a Civil and General Liability insurance solution linked to the achievement of five sustainability objectives - which concern workplace health and safety - and built around the "Social factor" of ESG criteria (Environmental, Social, Governance). Among these: inspection visits to the A2A Group's construction sites; access to the health training initiatives proposed by A2A and to the safety training aimed at its employees; percentage of orders placed to suppliers evaluated with ESG indicators; verification of the maintenance of the number of ISO45001 certified Group companies.

In continuity with what was done in 2022, 2023 opened with the issue of a new Green Bond for 500 million euro to support the investments envisaged in the new Business Plan and with A2A's entry into the Nasdaq Sustainable Bond Network.

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**Business outlook**

Forecasts for the financial year 2023 predict Ebitda in the range between 1.60 and 1.64 billion euro and Group Net Income, net of non-recurring items, in the range between 380 and 390 million euro.

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

The A2A Group constantly monitors the evolution of the context and, as it has done in other circumstances of volatility, promptly identifies possible mitigation actions, aimed at greater protection of the economic and equity position.

With reference to possible tensions in the financial markets, it should be noted that the Group's solid liquidity position (as of 31 December 2022, 4.9 billion euro, comprising cash of 2.58 billion euro and committed and uncommitted credit lines of 2.35 billion euro) made it possible to manage derivative transactions in the commodities market, temporary increases in working capital due to price rises and instalment plans granted to customers, and margin requests (cash collateral) from clearing houses. The strengthening of the Group's liquidity position continued in the first months of 2023: A2A first placed a new Green Bond for 500 million euro to support the investments envisaged in the new Business Plan, and subsequently increased its committed credit lines with a new 100 million euro bilateral transaction.

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**Impacts of the Russia-Ukraine conflict**

The ongoing conflict between Russia and Ukraine has exacerbated an energy market crisis that had already been ongoing since 2021, linked to the post-pandemic recovery and the severe shortage of raw materials, leading to a further increase in energy commodity prices and their volatility. In addition to the direct impacts on the production and sale of electricity and gas, such a price increase has led to a general increase in inflation with particular reference to the prices of oil derivatives and foodstuffs, as well as tensions on financial markets, on the solvency of certain counterparts and the security of the computer infrastructure to address a possible increase in cyber-attacks, for which the Group is equipped with processes in line with the best market standards.

The average value of the PUN Base Load in 2022 showed an increase of +142.5% compared to 2021, reaching 303.1 €/MWh. The dynamics were mainly driven by a significant rise in gas costs, mainly related to the tensions generated by the Russia-Ukraine conflict, as well as the low supply levels of hydropower, to which the energy price is correlated. The PUN in January 2022 stood at 224.5 €/MWh, reaching a high of 543.2 €/MWh in August, as tensions related to the reduction in Russian gas supplies escalated. The progressive reduction in gas prices in the subsequent period led to a PUN of 294.9 €/MWh in December.

As far as gas prices are concerned, the average price at the PSV in 2022 reached record levels and stood at €121.9/MWh, an increase of +165.9% compared to 2021. In January 2022, the value of the PSV was €86.0/MWh; during the year, the upward trend started in the last quarter of 2021 continued, reaching its highest value in August (€233.5/MWh). Quotations then decreased in October, due to full storages and mild temperatures, before settling at a value of €116.6/MWh in December. This context created margining increases (cash collaterals) by clearing houses to secure commodity derivatives transactions, the effects of which were promptly mitigated by the Group's strong liquidity position.

In addition, government measures enacted during 2022 introduced extraordinary subsidies on the economic results of energy companies (e.g. DL Sostegni Ter, DL Taglia Prezzi, DL Aiuti, Legge di Bilancio 2023), allocating them, in particular, to the financing of measures to support domestic companies and households. This context is constantly evolving, with impacts on the A2A Group's margins also in the first half of 2023, and further extensions of these measures cannot be ruled out.

*Economic Impacts in Business Units*

The extraordinary increase in energy prices, mitigated by the effects of hedging, had a positive impact on the margins of the industrial and trading portfolios of the Generation BU, contributed to the increase in the margins of the Waste BU in relation to the sale of electricity and heat from waste-to-energy plants, and of the Smart Infrastructures BU in the Heat segment.
On the other hand, volatility and rising prices contributed negatively to the Market BU's margins, both for gas and electricity. In addition to this, there are indirect impacts and, essentially, related to the reduction in GDP and the rise in inflation.

*Risks and uncertainties related to commodities and scenario developments*

The A2A Group, as part of its industrial activity of generating energy carriers and marketing them on a wholesale basis, managed the growing volatility of the price of gas both by monitoring the limits of exposure to commodity risk and credit risk by optimising its buying and selling strategies. The Group pursues a prudent hedging policy by operating mainly on platforms.

The current availability of gas is very high compared to the expectations of the last months of 2022, mainly due to a particularly mild climate situation in addition to the energy-saving measures implemented. Another factor that certainly contributed to the easing of price tension was the slowdown of the Chinese economy compared to forecasts: population decline, lack of immigration and the worsening health emergency negatively impacted Chinese gas demand.

At present, therefore, the national supply situation seems to be less critical, given the state of filling of national and European storages, as well as the fact that a new regasification terminal is expected to contribute during the coming summer season. To protect itself if the situation should become critical again, A2A will, as happened in the past, equip itself with gas storage space, which it will fill in such a way as to hold forms of flexibility to reduce the impact of any stress on gas imports into Italy.
A2A's gas portfolio is currently balanced: gas volumes used by thermoelectric power plants that have not already been purchased in advance by hedging the spark spread are purchased daily on the market.
The stipulated contracts do not provide for a force majeure clause on the part of suppliers in the event of an interruption of Russian supplies, but the possibility that parties in difficulty, today considered reliable both financially and in terms of assets, might not make the planned deliveries is not excluded. In such an event, A2A would find itself buying more volumes every day on the balancing market, with the need to pay further attention

to the financial resources required to meet the payments and the consequent request to increase the related guarantees.
The Group has been called upon to maximise electricity production from fuels other than natural gas for most of 2023.

*Impact on Net Working Capital*

With reference to the solvency of certain counterparties, the increase in commodity prices determined - as noted for most of 2022 - an increase in credit exposures to customers (even assuming constant volumes): prudently and consistently with this increase, the allowance for doubtful accounts was adjusted to 152 million euro (value referred to the Market Business Unit). Credit risk is managed through a Credit Policy with the objective of managing counterparty risk both in the acquisition phase through preliminary checks and requests for guarantees, and in management through the definition of payment terms and/or repayment plans with the application of interest.
As of 31 December 2022, for example, A2A Energia showed an increase in corporate credit of 66% compared to the same month of 2021 strongly influenced by the increase in issued credit (+51% compared to December 2021).
This increased exposure generates a higher risk due to both the possible default of more energy-intensive counterparties and payment delays. It should be noted, however, that it is mainly overdue credit (62%) that fuel credit. The increase in overdue credit (38%) is more limited, which can also be attributed to the increase in instalment requests, which in terms of amount have reached values five times higher than in 2021 and nine times higher than in the pre-pandemic period.
As of 31 December 2022, 84% of the still open credit subject to instalment was related to contracts with active supplies.

*Impacts on the Net Financial Position*

The Net Financial Position felt the effects of the crisis in the energy markets: the increase in commodity prices combined with higher demand for instalment plans from customers led to a higher cash absorption. This growth was more than offset by a proactive management of net working capital, mainly due to the management of commodity procurement and a general realignment of collections and payments times. To date, no significant deterioration related to the increase in credit *delinquency* has been reported, in continuity with previous months. Excluding the changes in the scope of consolidation that occurred during the year under review, which amounted to 331 million euro, the NFP amounted to 3,927 million euro, a decrease of 186 million euro from 31 December 2021 (NFP of 4,113 million euro): this reduction is due to the effective optimisation of net working capital.

*Other Information*

With reference to the generalised increase in inflation, the A2A Group experienced cost increases in the performance of operating activities (for example, the cost of asphalting in excavation activities rather than the generalised cost of transporting waste to destination plants, the cost of reagents in waste treatment processes) and difficulties in obtaining certain materials within the ordinary time frame. To cope with this situation, it adjusted price lists where possible, increased stocks of hard-to-find materials and increased its supplier portfolio.

*Exposure to cyber attacks*

In relation to the high level of alertness for cyber-attacks, the Group activated a channel with the top management of National Security to exchange information, accelerating the programme to secure endpoints with advanced malware protection tools; an analysis of the main hacker attack techniques was also conducted and an IT Security assessment was carried out to determine the degree of vulnerability of A2A's services; this activity led to the preparation of a detailed technical report and the identification of specific actions to strengthen IT security levels, which were taken up by Information Technology and A2A Smartcity. In the course of 2022 A2A S.p.A. obtained ISO 27001 certification on IT Security, proving that the company's top management is aware of the relevance of Cyber Security issues and that it is enhancing the tools to guard against the relative risk.

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## Alternative Indicators of *Performance* (AIP)

Certain alternative performance indicators (AIP) not envisaged by the International Financial Reporting Standards endorsed by the European Union (IFRS-EU) are presented in the press release to give a better view of the A2A Group's performance. In accordance with the recommendations of the new ESMA Guidelines published in July 2020 and applicable from 5 May 2021, the meaning, contents 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, amortization, 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 EBIT):** an alternative indicator of operating *performance*, calculated by excluding items arising from non-recurring transactions from the Net Operating Income;
- **Special Items:** non-recurring events occurring during the year that had an effect on the consolidated income statement;
- **"Ordinary" Net Profit (Ordinary Net Income):** an alternative *performance* indicator, calculated by excluding the impact of special items from each income statement item;
- **Net financial position** is an indicator of one's financial structure. This indicator is determined as the result of current and non-current financial payables, the non-current portion of trade payables and other non-interest-bearing payables that have a significant implicit financing component (payables due over 12 months); net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments);
- **Capex:** alternative indicator of performance used by the A2A Group as a financial target within the scope of intra-Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.
- **M&A:** alternative indicator of performance used by the A2A Group to represent the overall impact at capital level of growth operations by external line.

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

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The following are attached: the accounting tables of the A2A Group, extracted from the Consolidated annual financial Report as of 31 December 2022 and from the Separate Financial Statements at 31 December 2022. The

Consolidated annual financial Report and the Separate Financial Statements together with the report on operations are subject to auditing and are under completion.


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Press release available
on the site: www.a2a.eu

| CONSOLIDATED BALANCE SHEET<br><br>(millions of euro) | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| Tangible assets | 6,162 | 5,588 |
| Intangible assets | 3,515 | 3,125 |
| Shareholdings carried according to equity method | 33 | 33 |
| Other non-current financial assets | 70 | 64 |
| Deferred tax assets | 363 | 424 |
| Other non-current assets | 86 | 25 |
| **TOTAL NON-CURRENT ASSETS** | **10,229** | **9,259** |
| **CURRENT ASSETS** | | |
| Inventories | 536 | 204 |
| Trade receivables | 4,680 | 3,291 |
| Other current assets | 3,289 | 4,051 |
| Current financial assets | 14 | 9 |
| Current tax assets | 35 | 68 |
| Cash and cash equivalents | 2,584 | 964 |
| **TOTAL CURRENT ASSETS** | **11,138** | **8,587** |
| **NON-CURRENT ASSETS HELD FOR SALE** | **-** | **162** |
| **TOTAL ASSETS** | **21,367** | **18,008** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 1,629 | 1,629 |
| Reserves | 1,869 | 1,627 |
| Result of the year | 401 | 504 |
| **Equity pertaining to the Group** | **3,899** | **3,760** |
| Minority interests | 568 | 543 |
| **Total equity** | **4,467** | **4,303** |
| **LIABILITIES** | | |
| ***NON-CURRENT LIABILITIES*** | | |
| Non-current financial liabilities | 5,867 | 4,322 |
| Employee benefits | 248 | 294 |
| Provisions for risks, charges and liabilities for landfills | 729 | 797 |
| Other non-current liabilities | 370 | 129 |
| **Total non-current liabilities** | **7,214** | **5,542** |
| ***CURRENT LIABILITIES*** | | |
| Trade payables | 5,524 | 2,894 |
| Other current liabilities | 3,006 | 4,487 |
| Current financial liabilities | 1,022 | 746 |
| Tax liabilities | 134 | 21 |
| **Total current liabilities** | **9,686** | **8,148** |
| **Total liabilities** | **16,900** | **13,690** |
| **LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE** | **-** | **15** |
| **TOTAL EQUITY AND LIABILITIES** | **21,367** | **18,008** |

| CONSOLIDATED INCOME STATEMENT<br>(millions of euro) | 01.01.2022<br>12.31.2022 | 01.01.2021<br>12.31.2021 |
|---|---|---|
| **Revenues** | | |
| Revenues from the sale of goods and services | 22,946 | 11,352 |
| Other operating income | 220 | 197 |
| **Total Revenues** | **23,166** | **11,549** |
| **Operating expenses** | | |
| Expenses for raw materials and services | 20,502 | 9,088 |
| Other operating expenses | 394 | 312 |
| **Total Operating expenses** | **20,896** | **9,400** |
| **Labour costs** | **765** | **721** |
| **Gross operating income - EBITDA** | **1,505** | **1,428** |
| **Depreciation, amortization, provisions and write-downs** | **818** | **768** |
| **Net operating income - EBIT** | **687** | **660** |
| **Result from non-recurring transactions** | **157** | **-** |
| **Financial balance** | | |
| Financial income | 35 | 17 |
| Financial expenses | 125 | 89 |
| Affiliates | 2 | 2 |
| Result from disposal of other shareholdings | - | - |
| **Total financial balance** | **(88)** | **(70)** |
| **Result before taxes** | **756** | **590** |
| **Income taxes** | **344** | **36** |
| **Result after taxes from operating activities** | **412** | **554** |
| Net result from discontinued operations | 36 | (4) |
| **Net result** | **448** | **550** |
| **Minorities** | **(47)** | **(46)** |
| **Group result of the year** | **401** | **504** |

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>(millions of euro) | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **Net result of the year (A)** | **448** | **550** |
| Actuarial gains/(losses) on Employee's Benefits booked in the Net equity | 31 | (38) |
| Tax effect of other actuarial gains/(losses) | (9) | 11 |
| **Total actuarial gains/(losses) net of the tax effect (B)** | **22** | **(27)** |
| Effective part of gains/(losses) on cash flow hedge | (1) | 47 |
| Tax effect of other gains/(losses) | - | (13) |
| **Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)** | **(1)** | **34** |
| **Other gains/(losses) of companies valued at equity net of the tax effect (D)** | - | - |
| **Total comprehensive result (A)+(B)+(C)+(D)** | **469** | **557** |
| **Total comprehensive result attributable to:** | | |
| **Shareholders of the parent company** | **422** | **511** |
| **Minority interests** | **(47)** | **(46)** |

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) | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **964** | **1,012** |
| **Operating activities** | | |
| Net Result | 448 | 550 |
| Net income taxes | 344 | 36 |
| Net financial interests | 90 | 72 |
| Capital gains/expenses | (191) | - |
| Tangible assets depreciation | 491 | 465 |
| Intangible assets amortization | 233 | 201 |
| Fixed assets write-downs/disposals | 10 | 19 |
| Net provisions | 92 | 89 |
| Result from affiliates | (2) | (2) |
| Net financial interests paid | (75) | (80) |
| Net taxes paid | (201) | (165) |
| Dividends paid | (302) | (263) |
| Change in trade receivables | (1,420) | (1,285) |
| Change in trade payable | 2,587 | 1,329 |
| Change in inventories | (332) | (56) |
| Other changes | (512) | 225 |
| **Cash flow from operating activities** | **1,260** | **1,135** |
| **Investment activities** | | |
| Investments in tangible assets | (856) | (714) |
| Investments in intangible assets and goodwill | (384) | (360) |
| Investments in shareholdings and securities (*) | (497) | (444) |
| Cash and cash equivalents from first consolidations asset | 180 | 27 |
| Disposal of fixed assets and shareholdings | 413 | 5 |
| Dividends paid by equity investments and other investments | 2 | - |
| Purchase of Treasury shares | - | (109) |
| **Cash flow from investment activities** | **(1,142)** | **(1,595)** |
| **FREE CASH FLOW** | **118** | **(460)** |
| **Financing activities** | | |
| **Changes in financial assets** | | |
| Issuance of loans | - | (6) |
| Proceeds from loans | (3) | 5 |
| Other changes | 2 | 2 |
| **Total changes in financial assets (*)** | **(1)** | **1** |
| **Changes in financial liabilities** | | |
| Borrowings/bonds issued | 4,339 | 1,147 |
| Repayment of borrowings/bond | (2,779) | (725) |
| Lease payments | (11) | (2) |
| Other changes | (46) | (9) |
| **Total changes in financial liabilities (*)** | **1,503** | **411** |
| **Cash flow from financing activities** | **1,502** | **412** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **1,620** | **(48)** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **2,584** | **964** |

(*) 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 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** |
| Result allocation | | | | 364 | (364) | | | |
| Distribution of dividends | | | | (248) | | (248) | (15) | (263) |
| IAS 19 reserves (*) | | | | (27) | | (27) | | (27) |
| *Cash flow hedge* reserves (*) | | | 34 | | | 34 | | 34 |
| Other changes | | 54 | | (94) | | (40) | (67) | (107) |
| Group and minorities result of the year | | | | | 504 | 504 | 46 | 550 |
| **Net equity at December 31, 2021** | **1,629** | **-** | **28** | **1,599** | **504** | **3,760** | **543** | **4,303** |
| Result allocation | | | | 504 | (504) | | | |
| Distribution of dividends | | | | (283) | | (283) | (19) | (302) |
| IAS 19 reserves (*) | | | | 22 | | 22 | | 22 |
| *Cash flow hedge* reserves (*) | | | (1) | | | (1) | | (1) |
| Change in scope | | | 3 | (3) | | | (3) | (3) |
| Other changes | | | | | | - | | - |
| Group and minorities result of the year | | | | | 401 | 401 | 47 | 448 |
| **Net equity at December 31, 2022** | **1,629** | **-** | **30** | **1,839** | **401** | **3,899** | **568** | **4,467** |

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

| A2A S.p.A.<br>BALANCE SHEET<br>*(amounts in euro)* | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| Tangible assets | 900,950,676 | 934,218,394 |
| Intangible assets | 168,096,678 | 146,383,435 |
| Shareholdings | 4,183,541,756 | 4,204,055,422 |
| Other non-current financial assets | 1,361,415,880 | 1,334,677,747 |
| Deferred tax assets | 66,464,335 | 102,884,864 |
| Other non-current assets | 30,061,354 | 13,053,755 |
| **TOTAL NON-CURRENT ASSETS** | **6,710,530,679** | **6,735,273,617** |
| **CURRENT ASSETS** | | |
| Inventories | 389,282,148 | 103,867,362 |
| Trade receivables | 3,654,977,757 | 2,155,509,072 |
| Other current assets | 2,979,212,244 | 3,912,370,491 |
| Current financial assets | 2,365,954,047 | 1,204,973,806 |
| Current tax assets | 17,594,228 | 60,592,132 |
| Cash and cash equivalents | 2,338,464,796 | 886,354,322 |
| **TOTAL CURRENT ASSETS** | **11,745,485,220** | **8,323,667,185** |
| **NON-CURRENT ASSETS HELD FOR SALE** | **36,920** | **46,788,054** |
| **TOTAL ASSETS** | **18,456,052,819** | **15,105,728,856** |
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 1,629,110,744 | 1,629,110,744 |
| (Treasury shares) | - | - |
| Reserves | 1,428,348,635 | 1,217,791,460 |
| Net result of the year | 545,581,220 | 485,477,683 |
| **Total equity** | **3,603,040,599** | **3,332,379,887** |
| **LIABILITIES** | | |
| ***NON-CURRENT LIABILITIES*** | | |
| Non-current financial liabilities | 5,648,397,055 | 4,191,240,086 |
| Employee benefits | 132,030,237 | 149,174,579 |
| Provisions for risks, charges and liabilities for landfills | 128,135,471 | 101,431,443 |
| Other non-current liabilities | 3,514,368 | 14,056,580 |
| **Total non-current liabilities** | **5,912,077,131** | **4,455,902,688** |
| ***CURRENT LIABILITIES*** | | |
| Trade payables | 4,606,633,526 | 2,172,866,259 |
| Other current liabilities | 2,725,805,437 | 4,156,909,244 |
| Current financial liabilities | 1,494,275,653 | 981,736,220 |
| Tax liabilities | 114,220,473 | 5,934,558 |
| **Total current liabilities** | **8,940,935,089** | **7,317,446,281** |
| **Total liabilities** | **14,853,012,220** | **11,773,348,969** |
| **LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE** | **-** | **-** |
| **TOTAL EQUITY AND LIABILITIES** | **18,456,052,819** | **15,105,728,856** |

| A2A S.p.A. INCOME STATEMENT<br>(amounts in euro) | 01.01.2022<br>12.31.2022 | 01.01.2021<br>12.31.2021 |
|---|---|---|
| **Revenues** | | |
| Revenues from the sale of goods and services | 19,667,224,374 | 8,196,015,067 |
| Other operating income | 21,113,211 | 59,968,651 |
| **Total Revenues** | **19,688,337,585** | **8,255,983,718** |
| **Operating expenses** | | |
| Expenses for raw materials and services | 18,353,989,353 | 7,322,231,042 |
| Other operating expenses | 827,713,747 | 581,477,745 |
| **Total Operating expenses** | **19,181,703,100** | **7,903,708,787** |
| **Labour costs** | **174,892,072** | **160,014,697** |
| **Gross operating income - EBITDA** | **331,742,413** | **192,260,234** |
| **Depreciation, amortization, provisions and write-downs** | **162,247,131** | **123,140,593** |
| **Net operating income - EBIT** | **169,495,282** | **69,119,641** |
| **Result from non-recurring transactions** | **155,202,574** | **-** |
| **Financial balance** | | |
| Financial income | 469,295,089 | 448,739,269 |
| Financial expenses | 97,033,211 | 72,965,521 |
| Result from disposal of other shareholdings | - | - |
| **Total financial balance** | **372,261,878** | **375,773,748** |
| **Result before taxes** | **696,959,734** | **444,893,389** |
| **Income taxes** | **181,087,527** | **(40,888,556)** |
| **Result after taxes from operating activities** | **515,872,207** | **485,781,945** |
| Net result from discontinued operations | 29,709,013 | (304,262) |
| **Net result of the year** | **545,581,220** | **485,477,683** |

| STATEMENT OF COMPREHENSIVE INCOME<br>(amounts in euro) | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **NET RESULT OF THE YEAR (A)** | **545,581,220** | **485,477,683** |
| Actuarial gains/(losses) on Employee's Benefits booked in the Net equity | 11,878,337 | (31,066,216) |
| Tax effect of other actuarial gains/(losses) on employee benefits recognized in equity | (3,043,184) | 9,128,469 |
| **Total actuarial gains/(losses) net of the tax effect (B)** | **8,835,153** | **(21,937,747)** |
| Effective part of gains/(losses) on cash flow hedge | (2,168,825) | 47,083,512 |
| Tax effect of other gains/(losses) | 1,627,801 | (13,498,212) |
| **Total other gains/(losses) net of the tax effect (C)** | **(541,024)** | **33,585,300** |
| **Total comprehensive result (A)+(B)+(C)+(D)** | **553,875,349** | **497,125,236** |

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.

| A2A S.p.A. CASH-FLOW STATEMENT<br>(amounts in euro) | 12.31.2022 | 12.31.2021 |
|---|---|---|
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **886,354,322** | **947,294,052** |
| **Operating activities** | | |
| Net Result | 545,581,220 | 485,477,683 |
| Net income taxes | 181,087,527 | (40,888,556) |
| Net financial interests | 35,109,376 | 38,633,485 |
| Capital gains/expenses | (184,956,859) | (7,269,512) |
| Tangible assets depreciation | 85,164,247 | 80,667,473 |
| Intangible assets amortization | 37,912,640 | 29,141,818 |
| Fixed assets write-downs/disposals | 213,462 | 1,124,343 |
| Shareholdings write-up/down | - | 1,800,000 |
| Net provisions | 38,956,782 | 12,218,210 |
| Net financial interests paid | (28,966,375) | (52,201,144) |
| Net taxes paid | (270,217) | (3,520,245) |
| Dividends paid | (283,214,637) | (247,698,115) |
| Change in trade receivables | (1,500,295,038) | (1,263,371,650) |
| Change in trade payable | 2,433,767,267 | 1,314,701,908 |
| Change in inventories | (285,414,786) | (39,446,157) |
| Other changes | (557,605,259) | 234,309,984 |
| **Cash flow from operating activities** | **517,069,350** | **543,679,525** |
| **Investment activities** | | |
| Investments in tangible assets | (39,423,862) | (45,998,963) |
| Investments in intangible assets and goodwill | (51,759,049) | (46,415,671) |
| Investments in shareholdings and securities (*) | (26,285,000) | (80,194,303) |
| Contribution of non-recurring transactions on cash and cash equivalents | - | 968,869 |
| Disposal of fixed assets and shareholdings | 295,360,222 | 10,232,579 |
| Purchase of treasury shares | - | (108,745,705) |
| **Cash flow from investment activities** | **177,892,311** | **(270,153,194)** |
| **FREE CASH FLOW** | **694,961,661** | **273,526,331** |
| **Financing activities** | | |
| **Changes in financial assets** | | |
| Change in intercompany currency accounts | (1,136,406,218) | (738,248,552) |
| Issuance of loans | (95,091,589) | (130,470,335) |
| Proceeds from loans | 61,117,657 | 51,293,009 |
| Other changes | (14,207,479) | (9,154,039) |
| **Total changes in financial assets (*)** | **(1,184,587,629)** | **(826,579,917)** |
| **Changes in financial liabilities** | | |
| Change in intercompany currency accounts | 298,273,518 | (59,776,819) |
| Borrowings/bonds issued | 4,168,000,000 | 1,100,000,000 |
| Repayment of borrowings/bond | (2,497,049,398) | (530,506,398) |
| Other changes | (27,487,678) | (17,602,927) |
| **Total changes in financial liabilities (*)** | **1,941,736,442** | **492,113,856** |
| **Cash flow from financing activities** | **757,148,813** | **(334,466,061)** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **1,452,110,474** | **(60,939,730)** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **2,338,464,796** | **886,354,322** |

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

**A2A S.p.A.**
**Statement of changes in equity**
**(amounts in euro)**

| **Description** | **Share capital** | **Treasury shares** | **Cash flow hedge *Reserve*** | **Reserves** | **Net result of the year** | **Total equity** |
|---|---|---|---|---|---|---|
| **Equity at December 31, 2020** | **1,629,110,744** | **(53,660,996)** | **(5,909,123)** | **1,061,341,696** | **545,729,183** | **3,176,611,504** |
| Contribution from non-recurring transactions | | 162,406,701 | (367) | (136,387,467) | | 26,018,867 |
| Allocation of net result | | | | 545,729,183 | (545,729,183) | |
| Dividend distribution | | | | (247,698,115) | | (247,698,115) |
| IAS 19 reserve (*) | | | | (21,937,747) | | (21,937,747) |
| *Cash flow hedge* reserves (*) | | | 33,585,300 | | | 33,585,300 |
| Other changes | | (108,745,705) | | (10,931,900) | | (119,677,605) |
| Net result of the year (*) | | | | | 485,477,683 | 485,477,683 |
| **Equity at December 31, 2021** | **1,629,110,744** | **-** | **27,675,810** | **1,190,115,650** | **485,477,683** | **3,332,379,887** |
| Allocation of net result | | | | 485,477,683 | (485,477,683) | - |
| Dividend distribution | | | | (283,214,637) | | (283,214,637) |
| IAS 19 reserve (*) | | | | 8,835,153 | | 8,835,153 |
| *Cash flow hedge* reserves (*) | | | (541,024) | | | (541,024) |
| Other changes | | | | | | |
| Net result of the year (*) | | | | | 545,581,220 | 545,581,220 |
| **Equity at December 31, 2022** | **1,629,110,744** | **-** | **27,134,786** | **1,401,213,849** | **545,581,220** | **3,603,040,599** |
| **Availability of Equity Reserves** | | | **D** | **A-B-C** | | |
| A: For share capital increase<br>B: To cover losses<br>C: For distribution to Shareholders - available for 1,206,664,706 euro (**)<br>D: Reserves not avaliable | | | | | | |

(*) These form part of the statement of comprehensive income.
(**) of which subject to tax moderate suspension equal to 124,783,022 euro, and subject to tax suspension following the realignment of Legislative Decree 104/20 for 227,529,561 euro.