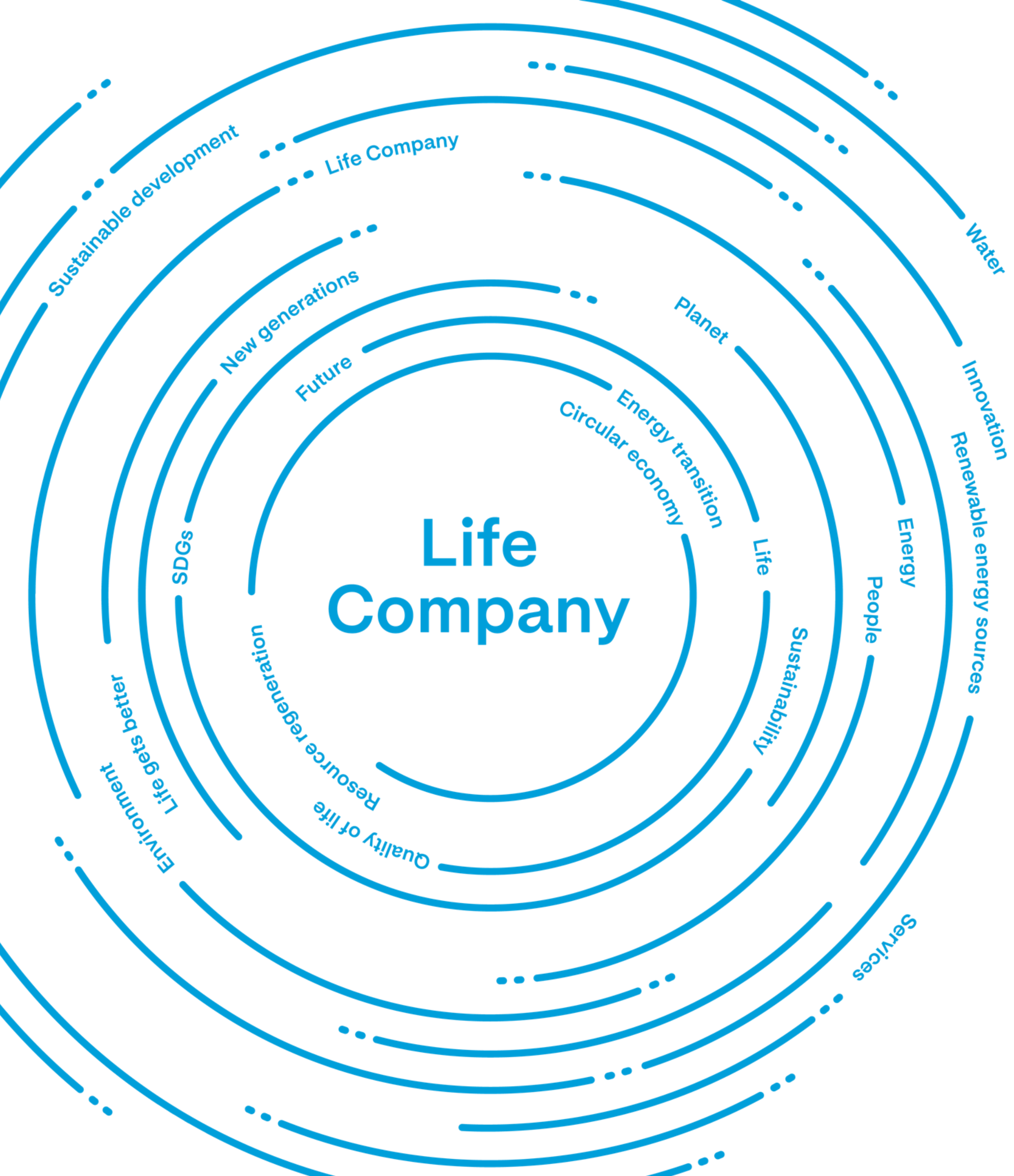

Waste BU
Regulatory framework & financials

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October 2nd, 2023

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LIFE COMPANY

Arera regulation for urban waste treatment plants

Waste - 2nd Regulatory period 2022-2025 (4 years)

MTR-2 (2022-2025) confirms the cost recognition structure applied in the previous tariff method for urban waste management and introduces waste treatment tariff for unsorted and organic waste.

Waste collection:

- Multi-year horizon for the economic and financial plan
- Price cap mechanism ensures flexibility in order to consider additional services and quality improvement

Remuneration mechanisms:

- **WACC real pre-tax: 5.6% + 1% for new investments**
- **Sharing mechanism for the operators**, applied on sales revenues from separate collection materials and other market activities under concession.

Waste treatment:

- **Asymmetric approach by ARERA** across Regions **("minimum" vs. "additional" plants)**
- **Lombardy Region** has declared all plants to be **"additional":** monitoring obligations for operators without regulation of costs and revenues.

Remuneration mechanisms for «minimum» plants

- **WACC real pre-tax 6% + 1% for new investments**
- **Further upside** from the sale of electricity

A2A WTE and organic waste plants in Lombardy are subject to waste demand/offer dynamics and their returns are not regulated

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A2A Waste Activities – 2022 KPIs

Collection		Treatment	
Waste collected	1.8 Mton	Net Waste treated[1]	3.4 Mton
of which		*of which*	
Sorted collection	70%	Urban	2.5 Mton
		Special	0.9 Mton
Inhabitants served	4.0 M	Electricity produced	2.1 TWh
Municipalities Served	266	Heat produced	1.5 TWht
EBITDA	54 Eur mln	EBITDA	305 Eur mln
		of which	
		Urban	264 Eur mln
		Special	41 Eur mln

Total EBITDA 359 Eur mln, of which ~30% regulated

National leader in terms of EBITDA and energy recovery from waste

(1) A2A property plants