# Interim report on operations as at 31 March 2021

## Report on Operations



## Consolidated Financial Statements

## ACEA Organisational Model

ACEA is one of the major Italian multiutilities, and has been quoted on the stock exchange since 1999.

ACEA adopts an operational model based on an organisational layout in line with the Strategic Business Plan consolidating its role to govern, guide and control the Holding not only with the current business portfolio focused on areas of greater value, but also on the strategic development of the Group in new business segments and territories. ACEA's macrostructure is based around the corporate functions and six industrial areas – Environment, Commercial and Trading, Water, Energy Infrastructure, Engineering and Services and Overseas.
The activities of each business segment are described below.

***Environment***
The ACEA Group is one of the leading national players with more than 1 million tonnes of waste processed each year. It manages the main waste-to-energy plant and the largest composting plant in Lazio. In particular, the Group develops investments in the waste to energy business, considered high potential, in accordance with the strategic goal of producing energy from waste and protecting the environment.

***Commercial and Trading***
The ACEA Group is one of the leading Italian players in the sale of electricity and offers innovative and flexible solutions for the supply of electricity and natural gas with the objective of consolidating its positioning as a dual fuel operator. It operates on the market segments of medium-sized enterprises and households with the objective of improving the quality of the services offered with particular regard to web and social channels. It supervises the Group's energy management policies. The Area also has the objective of developing and searching for innovations and start–ups to launch testing projects in the technological field.

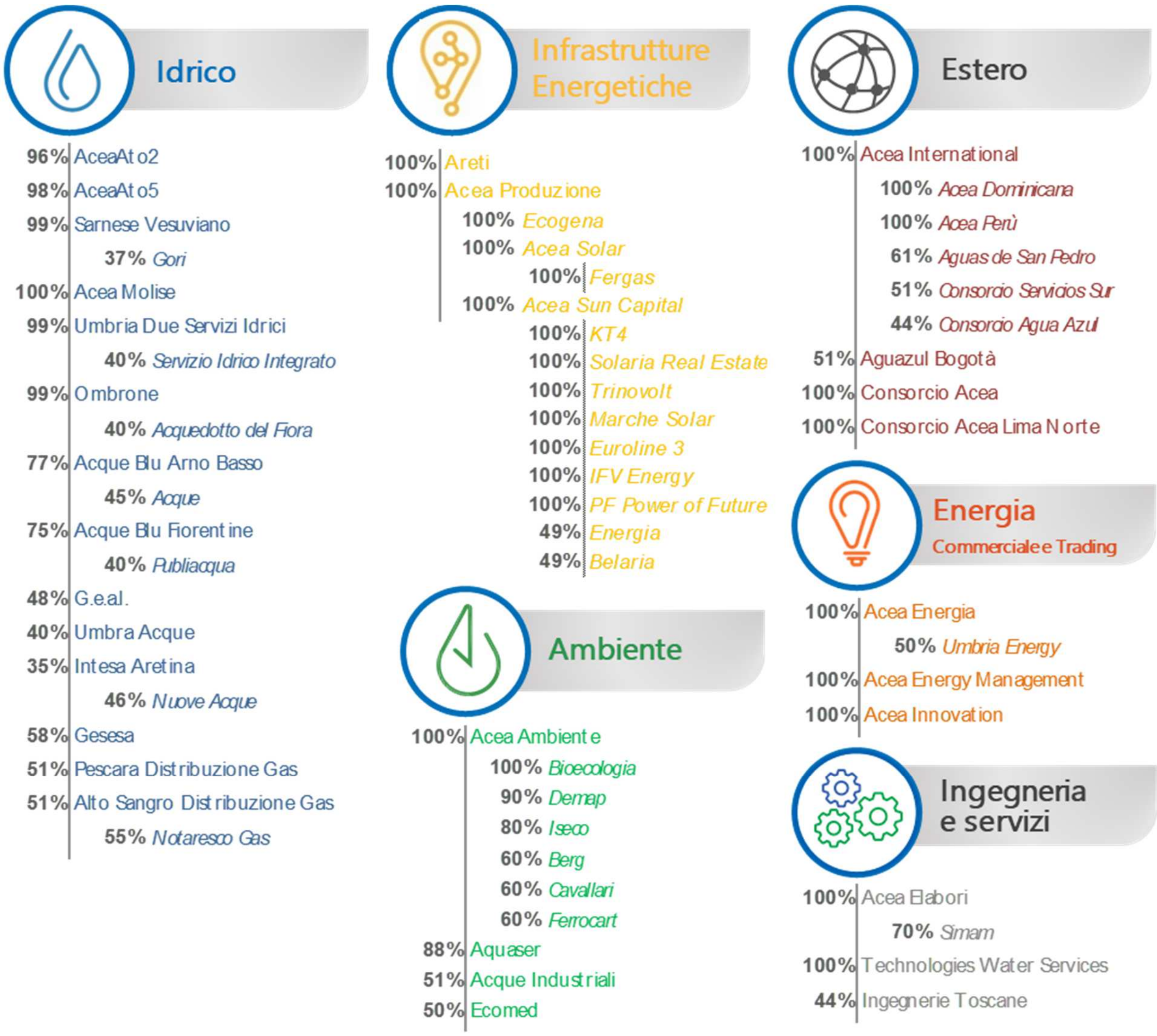
***Water***
The ACEA Group is the top Italian operator in the water sector serving 9 million people. The Group manages the integrated water service in Rome and Frosinone and in the respective provinces, as well as in other parts of Lazio, in Tuscany, Umbria, Campania and Molise. The Group is also present in Abruzzo as it has entered the natural gas distribution market in the Municipality of Pescara and in the province of L'Aquila.

***Energy Infrastructure***
The ACEA Group is a major operator in Italy with about 10 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of 224,000 lights. The ACEA Group is committed to energy efficiency projects and the development of new technologies, such as smart grids and electric mobility, through particularly innovative pilot projects. Consistent with the strategy of the Industrial Plan, the ACEA Group has returned to growth in the renewable energy market through the acquisition of a number of photovoltaic plants in Italy.

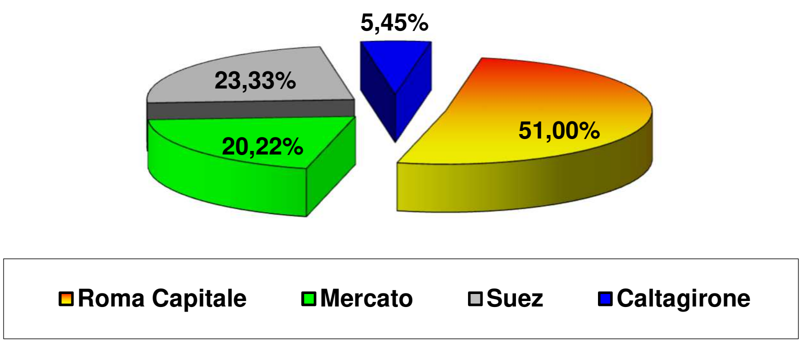
***Engineering and Services***
The Group has developed know-how at the forefront in the design, construction and management of integrated water systems: from the source to the pipelines, from distribution to the sewer network, and treatment. It develops applied research projects aimed at technological innovation in the water, environmental and energy sectors. Laboratory and engineering consultancy services are of particular importance.

***Overseas***
The ACEA Group manages water activities in Latin America and its objective is to make the most of development opportunities in other businesses related to those already held in Italy.
It is present in Honduras, Dominican Republic, Colombia and Peru, serving approximately 4 million people. The activities are carried out in partnership with local and international partners, including through staff training and the transfer of know-how to local entrepreneurs.

The Group structure, in the various business segments, comprises the following main companies.




The share capital of ACEA S.p.A. at 31 March 2021 was made up as follows:




**The above chart only shows equity investments of more than 3%, as confirmed by CONSOB data.*

# Corporate bodies

## Board of Directors

| | |
|---|---|
| Michaela Castelli | Chairperson |
| Giuseppe Gola | Chief Executive Officer |
| Alessandro Caltagirone | Director |
| Massimiliano Capece Minutolo Del Sasso | Director |
| Gabriella Chiellino | Director |
| Diane Galbe | Director |
| Giovanni Giani | Director |
| Liliana Godino | Director |
| Giacomo Larocca | Director |

## Board of Statutory Auditors

| | |
|---|---|
| Maurizio Lauri | Chairperson |
| Pina Murè | Regular Auditor |
| Maria Francesca Talamonti | Regular Auditor |
| Maria Federica Izzo | Alternate Auditor |
| Mario Venezia | Alternate Auditor |

## Executive Responsible

Fabio Paris

## Summary of Results

| Income statement data (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Consolidated revenues | 930.0 | 833.5 | 96.6 | 11.6 % |
| Consolidated operating costs | 624.1 | 564.3 | 59.8 | 10.6 % |
| (Negative) fair value of commodities | 0.0 | 0.1 | (0.1) | (100.0%) |
| Income/(Expenses) from equity investments of a non-financial nature | 5.6 | 7.2 | (1.6) | (22.3%) |
| **EBITDA** | 311.5 | 276.4 | 35.1 | 12.7 % |
| **EBIT** | 155.5 | 138.5 | 17.0 | 12.3 % |
| **Net profit/(loss)** | 93.0 | 80.1 | 13.0 | 16.2 % |
| **Profit/(loss) attributable to non-controlling interests** | 10.0 | 9.4 | 0.6 | 5.9 % |
| **Net profit/(loss) attributable to the Group** | **83.1** | **70.6** | **12.4** | **17.6 %** |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| **Environment** | **15.0** | **12.5** | **2.5** | **19.8 %** |
| **Commercial and Trading** | **24.7** | **17.1** | **7.5** | **43.9 %** |
| **Overseas** | **6.3** | **7.2** | **(0.9)** | **(12.8%)** |
| **Water** | **163.0** | **145.3** | **17.7** | **12.2 %** |
| **Energy Infrastructure** | **107.4** | **101.4** | **6.0** | **5.9 %** |
| **Engineering and services** | **3.2** | **1.5** | **1.7** | **115.8 %** |
| **Corporate** | **(8.0)** | **(8.6)** | **0.6** | **(7.1%)** |
| **Total EBITDA** | **311.5** | **276.4** | **35.1** | **12.7 %** |

| Financial position data (€ million) | 31/03/2021 | 31/12/2020 | Change | % Change | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|---|---|
| **Net Invested Capital** | **6,049.2** | **5,851.2** | **198.0** | **3.4 %** | **5,390.5** | **658.8** | **12.2 %** |
| **Net Financial Debt** | **(3,634.1)** | **(3,528.0)** | **(106.2)** | **3.0 %** | **(3,184.4)** | **(449.7)** | **14.1 %** |
| **Consolidated Shareholders' Equity** | **(2,415.1)** | **(2,323.3)** | **(91.9)** | **4.0 %** | **(2,206.1)** | **(209.1)** | **9.5 %** |

| Investments (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| | | | | |
| **Environment** | **6.9** | **3.9** | **3.0** | **75.4 %** |
| | | | | |
| **Commercial and Trading** | **16.1** | **9.0** | **7.1** | **78.5 %** |
| | | | | |
| **Overseas** | **1.7** | **0.8** | **0.9** | **115.6 %** |
| | | | | |
| **Water** | **119.6** | **104.0** | **15.5** | **14.9 %** |
| | | | | |
| **Energy Infrastructure** | **81.2** | **66.2** | **14.9** | **22.6 %** |
| | | | | |
| **Engineering and services** | **1.5** | **1.0** | **0.5** | **47.1 %** |
| | | | | |
| **Corporate** | **3.5** | **5.0** | **(1.5)** | **(29.0%)** |
| | | | | |
| **TOTAL** | **230.5** | **190.0** | **40.4** | **21.3 %** |

| Net Financial Debt (€ million) | 31/03/2021 | 31/12/2020 | Change | % Change | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Environment** | **274.3** | **268.0** | **6.3** | **2.4 %** | **268.9** | **5.4** | **2.0 %** |
| | | | | | | | |
| **Commercial and Trading** | **(58.1)** | **(95.7)** | **37.6** | **(39.3%)** | **(34.4)** | **(23.7)** | **68.8 %** |
| | | | | | | | |
| **Overseas** | **(12.0)** | **(9.0)** | **(3.0)** | **33.0 %** | **(6.2)** | **(5.8)** | **93.0 %** |
| | | | | | | | |
| **Water** | **1,513.4** | **1,483.7** | **29.7** | **2.0 %** | **1,330.6** | **182.8** | **13.7 %** |
| | | | | | | | |
| **Energy Infrastructure** | **1,577.0** | **1,566.7** | **10.3** | **0.7 %** | **1,369.1** | **207.9** | **15.2 %** |
| | | | | | | | |
| **Engineering and services** | **26.5** | **31.1** | **(4.6)** | **(14.7%)** | **(3.0)** | **29.6** | **n.s.** |
| | | | | | | | |
| **Corporate** | **313.0** | **283.6** | **29.4** | **10.4 %** | **259.5** | **53.5** | **20.6 %** |
| | | | | | | | |
| **TOTAL** | **3,634.1** | **3,528.0** | **106.1** | **3.0 %** | **3,184.4** | **449.7** | **14.1 %** |

Debt at 31 March 2021 (i) is shown gross of € 13.9 million of receivables relating to IFRIC 12 of ACEA S.p.A.; (ii) contains € 114.2 million of payables for dividends approved and not yet distributed to Roma Capitale; (iii) is shown gross of € 17.4 million of payables relating to some acquisitions of equity investments in the photovoltaic sector.

## Summary of operations and income, equity and financial performance of the Group

### Definition of alternative performance measures

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance measures which replace, as of 3 July 2016, the CESR/05-178b recommendations. These guidelines were transposed into our system with CONSOB Communication no. 0092543 dated 3 December 2015. The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. For the ACEA Group, the EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly-controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding Operating profit/loss (EBIT) to “Amortisation, Depreciation, Provisions and Impairment”, insofar as these are the main non-cash items;
2. The net financial position is an indicator of the ACEA Group’s financial structure, the sum of Non-current borrowings and Financial liabilities (excluding payables arising as a result of certain acquisitions during financial year 2019) net of Non-current financial assets (excluding a part of ACEA S.p.A.'s receivables related to IFRIC 12 and securities other than equity investments), Current borrowings and Other current financial liabilities net of Current financial assets (including dividends to pay to Roma Capitale), and cash and cash equivalents;
3. *net invested capital* is the sum of “Current assets", “Non-current assets" and “Assets and Liabilities held for sale”, less “Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the net financial position;
4. *net working capital* is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the net financial position.

## Summary of Results: economic performance

| Income statement data (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenue from sales and services | 892.2 | 810.3 | 81.8 | 10.1 % |
| Other revenue and income | 37.8 | 23.1 | 14.7 | 63.7 % |
| Costs of materials and overheads | 549.3 | 491.5 | 57.7 | 11.7 % |
| Personnel costs | 74.8 | 72.7 | 2.1 | 2.9 % |
| Net income/(costs) from commodity risk management | 0.0 | 0.1 | (0.1) | (100.0%) |
| Income/(Costs) from equity investments of a non-financial nature | 5.6 | 7.2 | (1.6) | (22.3%) |
| **EBITDA** | **311.5** | **276.4** | **35.1** | **12.7 %** |
| Amortisation, Depreciation, Provisions and Impairment | 156.0 | 138.0 | 18.0 | 13.1 % |
| **Operating profit/(loss)** | **155.5** | **138.5** | **17.0** | **12.3 %** |
| Financial operations | (22.6) | (24.1) | 1.5 | (6.0%) |
| Equity investments | 0.0 | (0.0) | 0.1 | (194.7%) |
| **Profit/(loss) before tax** | **132.9** | **114.4** | **18.6** | **16.2 %** |
| Income taxes | 39.9 | 34.3 | 5.6 | 16.2 % |
| **Net profit/(loss)** | **93.0** | **80.1** | **13.0** | **16.2 %** |
| Profit/(loss) attributable to non-controlling interests | 10.0 | 9.4 | 0.6 | 5.9 % |
| **Net profit/(loss) attributable to the Group** | **83.1** | **70.6** | **12.4** | **17.6 %** |

Compared to 31 March 2020 the following changes occurred in the consolidation scope:

- the acquisition by Acea Sun Capital of the photovoltaic companies Euroline3 on 6 May 2020, Energia on 7 May 2020, IFV Energy and PF Power of Future on 7 June 2020 and lastly Belaria on 31 August 2020;
- the 100% consolidation of the company Fergas Solar, acquired by Acea Solar on 15 April 2020, operating in the field of the development and construction of photovoltaic plants;
- the full consolidation of the companies acquired on 22 April 2020 by Acea Ambiente: 60% of the companies Ferrocart, Cavallari and Multigreen (the latter then merged into Cavallari as of 1 January 2021); the companies own a total of four plants with a total authorised capacity of over 145 thousand tonnes per year, operate in the provinces of Terni and Ancona, carrying out sorting and recovery of paper, iron, timber, plastics and metals and are also active in the management of the separate collection of production waste and packaging as well as waste disposal;
- the consolidation of Simam (Servizi Industriali Manageriali Ambientali) on 7 May 2020; the company is a leader in the design, construction and management of water and waste treatment plants, in environmental works and reclamation, with integrated solutions featuring high technological content;
- the consolidation of 100% of the company Electric Drive Italia, acquired by Acea Innovation on 19 May 2020 to promote the development of electric mobility through advanced IT solutions. It should be noted that the company was merged by incorporation into the parent company Acea Innovation as of 1 January 2021;
- the line by line consolidation of 51% of Alto Sangro Distribuzione Gas, acquired on 31 August 2020, a company operating in the gas distribution sector, and its subsidiary Notaresco;
- the consolidation of Sistemi Idrici Integrati (hereafter S.I.I.) after an amendment to the shareholders' agreements and the acquisition on 16 November 2020 of an additional 15% stake, thereby arriving at a total stake of 40%;
- the establishment on 15 December 2020 of the Consorcio ACEA and the Consorcio ACEA Lima Norte held by Acea Perù (99%) and ACEA Ato2 (1%), the first signed a three-year contact for the management of pumping stations for drinking water in Lima, the second signed a three-year contract for maintenance of the water and sewerage network in the Nord di Lima zone.

We can note that the merger by incorporation of the companies Brindisi Solar, Acquaviva, Compagnia Solare 2, Compagnia Solare 3 and SPES into the company Solaria Real Estate was carried out on 27 July 2020, while the merger by incorporation of the companies Luna Energia, Sisine Energia, Urbe Cerig, Urbe Solar and Bersolar into the company KT4 was carried out on 26 October 2020. Both mergers have accounting and fiscal effects backdated to 1 January 2020. The installed power with reference to the secondary photovoltaic system is 52 MW.
Lastly, with reference to the 2021 financial year, it should be noted that:

- on 24 February 2021, the deed of merger by acquisition of the company BioEcologia into the company Acea Ambiente was signed. As a result of the merger, the share capital will not change and the by-laws will be amended. The merger will take full effect from the date on which the final registrations required by art. 2504 of the Italian Civil Code take place;
- on 21 March 2021, an additional 35% stake was acquired in the company Solaria Real Estate, bringing the shareholding to 100%;
- finally, Crea S.p.A., placed in liquidation on 8 June 2011, was removed from the Companies Register on 25 March 2021.

The table below shows the main impact of the change in the consolidation scope at 31 March 2021 (gross of intercompany adjustments).

| € million | Ferrocart Cavallari Group | Consorcio Acea and Lima Norte | Alto Sangro Distribuzione Gas and Notaresco | Photovoltaic Company | SII | SIMAM |
|---|---|---|---|---|---|---|
| Revenues | 6.9 | 4.2 | 1.6 | 0.5 | 10.1 | 12.3 |
| EBITDA | 1.7 | 0.1 | 1.1 | 1.2 | 3.0 | 1.7 |
| EBIT | 0.4 | 0.1 | 0.6 | 0.8 | 0.5 | 1.1 |
| EBIT | 0.4 | 0.1 | 0.6 | 0.6 | 0.2 | 1.0 |
| NP | 0.1 | 0.1 | 0.6 | 0.7 | 0.0 | 0.8 |
| NFP | 0.1 | 0.1 | 0.3 | 0.7 | (0.2) | 0.5 |

As at 31 March 2021, revenues from sales and services come to € 892.2 million, up € 81.8 million (+ 10.1 %) on those in the same period of 2020, mainly due to the increase in revenues from electricity sales (+ € 41.3 million) primarily attributable to higher unit prices. The total sale of electricity in the Greater Protection Service was 514 GWh, a decrease of 3.4% on an annual basis compared to the same period in the previous year; the sale of electricity on the free market amounted to 1,591 GWh, with an increase compared to the same period in the previous year of 26.0 %, primarily related to the B2B segment. The following also contributed to the increase: i) revenues from the integrated water service (+ € 15.0 million), mainly due to the line-by-line consolidation of SII (+ € 9.5 million) and for the remainder attributable to ACEA Ato2 (+ € 3.6 million) and Gori (+ € 2.7 million); ii) the increase in revenues from waste disposal and landfill management (+ € 8.5 million) deriving mainly from the change in the scope of consolidation (+ € 5.4 million); iii) the increase in revenues from gas sales for € 6.8 million mainly due to Acea Energia and the higher quantities sold (+ 21.7 million smc); iv) the change in inventories (+ € 7.8 million) for the most part due to the consolidation of SIMAM (+ € 7.5 million).

Other revenues show an increase of € 14.7 million (+ 63.7%) compared to the same period of the previous year. The change is mainly due to: **i)** higher energy grants received by photovoltaic companies of € 1.6 million (of which € 0.3 million attributable to the change in the scope of consolidation), these revenues represent the incentive provided by the GSE for energy production from photovoltaic systems; **ii)** the improvement in the IFRIC 12 margin of € 0.5 million as a result of higher investments in the water segment; **iii)** higher revenues for contributions from energy efficiency certificates linked to higher purchasing (+ € 1.6 million) mainly related to Areti; **iv)** increased revenues recorded by ACEA Energia for boiler sales + € 0.4 million (this activity became operational in the final quarter of 2020); **v)** premiums for continuity of service (+ € 0.5 million) recorded by Areti; **vi)** higher contingent assets deriving from items relating to previous years of € 9.2 million.

External costs increased overall by € 57.7 million (+ 11.7%) compared to 31 March 2020; with the variation mainly due to the following effects:

- higher costs related to the supply of electricity, transport and metering (- € 31.9 million) in line with the trend recorded in revenues;
- higher material purchasing costs (+ € 10.8 million) mainly linked to the change in scope with particular reference to SIMAM;
- increase in costs for concession fees (+ € 0.9 million) mainly related to the consolidation of SII for € 0.6 million and the consolidation of Alto Sangro Distribuzione Gas and Notaresco Gas for a total € 0.2 million;
- higher costs for services (+ € 3.6 million) which increased mainly as a result of the change in the scope of consolidation.

The change in external costs was influenced by the change in the scope of consolidation for € 17.9 million, mainly attributable to SII (+ € 5.1 million), SIMAM (+ € 7.4 million) and the companies of the Ferrocart Cavallari Group (+ € 3.4 million).

Personnel costs net of the increase deriving from the change in scope (+ € 4.1 million) were lower than the same period in the previous year by € 2.0 million.
The average number of employees was 9,286 and increased by 1,580 compared to the previous year, mainly due to the effect of the change in the consolidation scope which contributed to the change with an increase of 1,596.8 employees mainly attributable to the personnel of overseas companies (+ 1,530 employees). This change is attributable to the new contracts involving Consorcio ACEA and Consorcio ACEA Lima Norte, which entered the scope of consolidation in December 2020.

| € million | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Staff costs including capitalised costs | 120.7 | 111.2 | 9.5 | 8.5 % |
| Costs capitalised | (45.9) | (38.5) | (7.4) | 19.3 % |
| **Personnel costs** | **74.8** | **72.7** | **2.1** | **2.9 %** |

Income from non-financial equity investments represents the consolidated result according to the equity method included among the components forming the consolidated EBITDA of the strategic companies. The following table also includes the results of SII consolidated at equity until 16 November 2020 equal to € 0.3 million.

| € thousand | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA | 30.5 | 30.7 | (0.3) | (0.9%) |
| Amortisation, depreciation, impairment and provisions | (22.0) | (19.3) | (2.7) | 13.8 % |
| Financial operations | (0.8) | (0.7) | (0.1) | 12.8 % |
| Total profit/(loss) on equity investments | 0.0 | 0.0 | (0.0) | n.s. |
| Taxes | (2.1) | (3.5) | 1.4 | (40.4%) |
| **Income from equity investments of a non-financial nature** | **5.6** | **7.2** | **(1.6)** | **(22.3%)** |

EBITDA rose from € 276.4 million at 31 March 2020 to € 311.5 million at 31 March 2021, recording an increase of € 35.1 million or 12.7%. The change in the scope of consolidation accounted for € 8.8 million, due mainly to the line-by-line consolidation of SII (+ € 3.0 million) and the consolidation of the companies Alto Sangro Distribuzione Gas and Notaresco Gas (+ € 1.1 million), Cavallari (+ € 1.3 million), Ferrocart (+ € 0.4 million), SIMAM (+ € 1.7 million) and the photovoltaic companies (+ € 1.1 million).

With the same scope, the growth of EBITDA of € 26.5 million mainly derived from **i)** the tariff dynamics of the water sector (+ € 17.7 million) primarily attributable to ACEA Ato2 (+ € 6.5 million) following the higher ERC Capex values valued on the basis of the MTI-3 with reference to the investments that came into operation in 2019, partially offset by lower adjustments pertaining to ACEA Ato5 (+ € 3.5 million) and Gori (+ € 4.2 million); **ii)** this was followed by the increase in margins in the commercial and trading sector (+ € 7.5 million) due to higher energy and gas margins partly because of the price effect and partly because of higher volumes; **iii)** the generation sector shows an increase of € 5.7 million mainly attributable to Acea Produzione and determined by the higher quantities related to water contributions (+ € 2.8 million) and the price effect related to the energy markets (+ € 2.7 million); **iv)** the environment segment made a positive contribution of € 0.8 million following higher margins on liquid treatment offset by the lower margin recorded by Demap (- € 0.4 million); **v)** the corporate segment closed up by € 0.6 million due to the combined effect of increased re-invoicing to the Group companies partially offset by the increase in ordinary costs. The growth of Group EBITDA is mitigated by the decrease recorded by the overseas segment (- € 0.9 million) and by Areti (- € 0.4 million).

EBIT increased by € 17.0 million compared to the same period in 2020. This increase is mitigated by higher amortisation and depreciation (+ € 13.2 million compared to the same period in 2020), partly attributable to the change in scope for € 4.4 million (mainly SII for € 2.4 million and Cavallari for € 0.9 million). Below are details of the items influencing EBIT.

| € million | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Amortisation / depreciation of intangible and tangible assets and impairment | 130.4 | 117.1 | 13.2 | 11.3 % |
| Provision for doubtful accounts | 23.4 | 18.3 | 5.2 | 28.4 % |
| Provision for risks and charges | 2.2 | 2.6 | (0.4) | (14.9 %) |
| **Amortisation, depreciation, impairment and provisions** | **156.0** | **138.0** | **18.0** | **13.1 %** |

The increase in depreciation and amortisation is associated, net of the changes in the scope, mainly with investments in the period in all business areas.
The increase in the item impairment of receivables is mainly attributable to Acea Energia (+ € 3.5 million), while provisions for risks have decreased by € 0.4 million, mainly attributable to AdF.

Net gains/losses from financial operations showed net expenses for € 22.6 million down by € 1.5 million compared to the same period in the previous year; we can inform you that the “all-in” total average cost of the ACEA Group’s debt came out at 1.44% compared to 1.93% in the same period of the previous year.

The estimate of fiscal charges amounted to € 39.9 million, compared to € 34.3 million in the same period of the previous year. The overall increase of € 5.6 million was mainly due to the higher pre-tax profit. The tax rate for 31 March 2021 was 30.0%.

The net profit attributable to the Group was € 83.1 million, and showed an increase of € 12.4 million compared to the same period of the previous year.

# Summary of results: trends in financial position and cash flows

| € million | 31/03/2021 | 31/12/2020 | Change | % Change | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|---|---|
| **NON-CURRENT ASSETS AND LIABILITIES** | **6,711.5** | **6,602.2** | **109.3** | **1.7 %** | **5,835.2** | **876.2** | **15.0 %** |
| | | | | | | | |
| **NET WORKING CAPITAL** | **(662.2)** | **(750.9)** | **88.7** | **(11.8%)** | **(444.8)** | **(217.4)** | **48.9 %** |
| | | | | | | | |
| **INVESTED CAPITAL** | **6,049.2** | **5,851.2** | **198.0** | **3.4 %** | **5,390.5** | **658.8** | **12.2 %** |
| | | | | | | | |
| **NET FINANCIAL DEBT** | **(3,634.1)** | **(3,528.0)** | **(106.2)** | **3.0 %** | **(3,184.4)** | **(449.7)** | **14.1 %** |
| | | | | | | | |
| **Total shareholders' equity** | **(2,415.1)** | **(2,323.3)** | **(91.9)** | **4.0 %** | **(2,206.1)** | **(209.1)** | **9.5 %** |
| | | | | | | | |
| **Total Sources of Financing** | **6,049.2** | **5,851.2** | **198.0** | **3.4 %** | **5,390.5** | **658.8** | **12.2 %** |

Note that in the values at 31 March 2020 reclassifications were carried out among “non-current assets and liabilities” and “current assets and liabilities”, in order to better represent the data

### Non-current Assets and Liabilities

Non-current assets and liabilities increased by € 109.3 million (+ 1.7% from the previous year) compared to 31 December 2020, mainly due to the increase in fixed assets (+ € 114.0 million).

| € million | 31/03/2021 | 31/12/2020 | Change | % Change | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|---|---|
| Tangible/intangible fixed assets | 6,349.4 | 6,235.4 | 114.0 | 1.8 % | 5,653.0 | 696.3 | 12.3 % |
| Equity investments | 286.9 | 279.5 | 7.5 | 2.7 % | 281.4 | 5.6 | 2.0 % |
| Other non-current assets | 780.1 | 772.1 | 8.0 | 1.0 % | 569.6 | 210.5 | 37.0 % |
| Employee severance indemnity and other defined-benefit plans | (119.3) | (122.0) | 2.7 | (2.2%) | (102.8) | (16.5) | 16.0 % |
| Provisions for risks and charges | (186.6) | (157.0) | (29.6) | 18.9 % | (183.6) | (3.0) | 1.6 % |
| Other non-current liabilities | (399.1) | (405.8) | 6.7 | (1.7%) | (382.3) | (16.8) | 4.4 % |
| **Non-current assets and liabilities** | **6,711.5** | **6,602.2** | **109.3** | **1.7 %** | **5,835.2** | **876.2** | **15.0 %** |

The change in intangible fixed assets was mainly due to investments, which reached € 230.5 million (+ 21.3%), and amortisations and impairment, totalling € 130.4 million.
See the following table as regards the investments made in each Operating Segment.

| Investments (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| | | | | |
| **Environment** | **6.9** | **3.9** | **3.0** | **75.4 %** |
| | | | | |
| **Commercial and Trading** | **16.1** | **9.0** | **7.1** | **78.5 %** |
| | | | | |
| **Overseas** | **1.7** | **0.8** | **0.9** | **115.6 %** |
| | | | | |
| **Water** | **119.6** | **104.0** | **15.5** | **14.9 %** |
| | | | | |
| **Energy Infrastructure** | **81.2** | **66.2** | **14.9** | **22.6 %** |
| | | | | |
| **Engineering and services** | **1.5** | **1.0** | **0.5** | **47.1 %** |
| | | | | |
| **Corporate** | **3.5** | **5.0** | **(1.5)** | **(29.0%)** |
| | | | | |
| **Total** | **230.5** | **190.0** | **40.4** | **21.3 %** |

**The Environment Segment** made investments of € 6.9 million and compared to 31 March 2020 they increased by € 3.0 million. They refer mainly to the investments made by Acea Ambiente for works carried out at the Orvieto plant for the construction of a compost storage building and for the revamping of the treatment line and at the San Vittore and Aprilia plants. The increase also involves Berg (€ 1.1 million) for the creation of a concentrator. The change in the scope of consolidation contributed for € 0.8 million in total and is mainly attributable to Ferrocart.

**The Commercial and Trading Segment** recorded investments of € 16.1 million, with an increase of € 7.1 million. These mainly related for € 10.9 million to the cost of acquiring new customers in accordance with IFRS 15, for € 2.8 million to IT implementation projects and for € 1.2 million were related to cloud licences on which the new Customer Relationship Management is being designed.

The **Overseas Segment** showed an increase of € 0.9 million, mainly due to the company Aguas de San Pedro. The change in the scope of consolidation contributed for € 0.4 million due to the consolidation of Consorcio Lima Norte and Consorcio Acea.

**The Water Segment** invested a total of € 119.6 million, an increase of € 15.5 million compared to 31 March 2020, due to higher investments by ACEA Ato2 (+ € 12.4 million) and AdF (+ € 1.3 million). The change in the scope of consolidation refers to SII, which increased investments by € 1.9 million. The investments refer mainly to extraordinarymaintenance work, reconstruction, modernisation and expansion of plants and networks, the reclamation and expansion of water and sewer pipes of the various Municipalities and work on purification and transport plants (ducts and feeders).

**The Energy Infrastructure Segment** recorded an increase in investments of € 14.9 million referable substantially to Areti (+ € 7.4 million), Fergas Solar (€ 4.9 million) and Acea Solar (+ € 2.0 million). Investments by Areti refer mainly to the expansion and upgrading of the HV, MV and LV grids, work on the primary stations, secondary substations and meters, metering groups and remote control equipment as part of the network "Adequacy and Safety" and "Innovation and Digitisation" projects. This was all intended to improve the quality of the service and increase resilience. Intangible investments refer to projects for the re-engineering of information and commercial systems. The investments made by Acea Produzione regard mainly the extraordinary maintenance work of the Tor di Valle and Montemartini thermal power stations, the requalification work on the substations of the S. Angelo, Salisano and Orte Power Stations and the extension and restoration of the district heating network in the territory of Mezzocammino in the south of Rome. The investments made by Acea Solar refer to the construction of photovoltaic plants on both agricultural and industrial soils. The investments made by Fergas Solar for € 4.9 million refer to the photovoltaic system in Ferrandina.

**The Engineering and Services Segment** recorded investments for € 1.5 million in line with the same period in the previous year.

**The Corporate Segment** made investments of € 3.5 million, down by € 1.5 million compared to 31 March 2020. The investments mainly refer to IT developments and works carried out in the company offices.

Group investments concerning shared IT infrastructure totalled € 4.5 million.

**Equity investments** and equity securities that do not constitute control, association or joint control, increased by € 7.5 million compared to 31 December 2020, primarily due to the consolidated companies accounted for using the equity method (+ € 5.6 million).

The stock of **employee severance indemnity and other defined benefit plans** reported a decrease of € 2.7 million, mainly due to the effect of the change made to Areti (- € 1.2 million), ACEA Ato2 (- € 0.8 million) and Acea SpA (-€ 0.4 million). Please note that the rate used for the actuarial valuation at 31 March 2021 was 0.70% (it was 0.35% at 31 December 2020).

**Provisions for risks and charges** increased by 18.9% compared to 31 December 2020. The details by nature of the provisions are presented below. The change mainly refers to the allocation of the provisions for interim taxes.

| € million | 31/12/2020 | Uses | Provisions | Release for Excess Provisions | Reclassifications/ Other changes | 31/03/2021 |
|---|---|---|---|---|---|---|
| Legal | 16.2 | (0.6) | 0.5 | 0.0 | 0.0 | 16.1 |
| Taxes | 9.2 | (0.2) | 0.1 | 0.0 | 0.0 | 9.0 |
| Regulatory risks | 27.4 | 0.0 | 0.5 | 0.0 | (0.4) | 27.5 |
| Investees | 10.3 | 0.0 | 0.0 | 0.0 | 0.4 | 10.7 |
| Contributory risks | 1.1 | 0.0 | 0.0 | 0.0 | (0.0) | 1.1 |
| Insurance deductibles | 11.0 | (0.4) | 0.6 | 0.0 | (0.1) | 11.1 |
| Other risks and charges | 23.7 | (1.7) | 0.6 | 0.0 | (1.1) | 21.4 |
| **Total Provision for Risks** | **98.9** | **(2.9)** | **2.2** | **0.0** | **(1.2)** | **96.9** |
| Early retirements and redundancies | 31.8 | (1.5) | 0.0 | 0.0 | 0.0 | 30.3 |
| Post mortem | 17.6 | 0.0 | 0.0 | 0.0 | 0.1 | 17.7 |
| Provision for Expenses payable to others | 8.7 | (1.1) | 0.0 | 0.0 | 0.0 | 7.6 |
| Provisions for interim taxes | 0.0 | 0.0 | 33.9 | 0.0 | 0.1 | 34.0 |
| **Total Provisions for Expenses** | **58.1** | **(2.6)** | **33.9** | **0.0** | **0.2** | **89.6** |
| **Total Provisions for Risks and Charges** | **157.0** | **(5.5)** | **36.2** | **0.0** | **(1.0)** | **186.6** |

**Net working capital**

The change in **net working capital** compared to 31 December 2020 is attributable mainly to an increase in other current liabilities of € 28.6 million and current receivables of € 91.3 million, partially offset by a decrease in current debts of € 45.8 million and other current assets of € 15.4 million.

| € million | 31/03/2021 | 31/12/2020 | Change | 31/03/2020 | Change |
|---|---|---|---|---|---|
| **Current receivables** | **1,072.8** | **981.5** | **91.3** | **1,219.5** | **(146.7)** |
| *- of which end users/customers* | 1,012.1 | 934.2 | 77.9 | 1,129.8 | (117.7) |
| *- of which Roma Capitale* | 50.0 | 38.7 | 11.3 | 74.5 | (24.5) |
| **Inventories** | **87.6** | **92.0** | **(4.3)** | **59.0** | **28.6** |
| **Other current assets** | **251.7** | **267.1** | **(15.4)** | **205.4** | **46.2** |
| **Current payables** | **(1,581.4)** | **(1,627.1)** | **45.8** | **(1,551.0)** | **(30.4)** |
| *- of which Suppliers* | (1,513.4) | (1,535.1) | 21.7 | (1,436.7) | (76.6) |
| *- of which Roma Capitale* | (61.2) | (87.6) | 26.4 | (108.6) | 47.5 |
| **Other current liabilities** | **(492.9)** | **(464.4)** | **(28.6)** | **(377.8)** | **(115.1)** |
| **Net working capital** | **(662.2)** | **(750.9)** | **88.7** | **(444.8)** | **(217.4)** |

Receivables from users and customers, net of provisions for the impairment of receivables of € 662.9 million (€ 640.0 million at the end of 2020), grew compared to 31 December 2020 by € 77.9 million; we can note: i) an increase in receivables of the Energy Segment of € 64.7 million mainly referable to Acea Energia (+ € 66.5 million); ii) an increase in receivables of the Infrastructure Segment of € 5.2 million mainly regarding Areti (+ € 11.5 million) offset in part by Solaria Real Estate (- € 6.3 million); iii) an increase in receivables of the Water Segment (+ € 4.4 million) which recorded an increase of ACEA Ato2 for € 7.8 million partially offset by the decrease in receivables of SII (- € 8.3 million); iv) an increase in receivables of the Environment Segment of € 2.9 million mainly referable to Acea Ambiente. The change in the scope of consolidation refers to Consorcio Acea Lima Norte, which increased receivables by € 1.4 million.

Receivables totalling € 368.9 million were transferred without recourse in Q1, of which € 72.2 million to the Public Administration.

As regards relations with Roma Capitale, the net balance at 31 March 2021 was € 17.3 million due to the Group, compared to the previous balance which presented a debt exposure of € 28.6 million at 31 December 2020.
The change in receivables and payables is due to the accrual of the period and especially the effects of the operations shown below:

- January 2021 payment by ACEA Ato2 of the balance of the concession fee for 2017 of € 8.4 million and the concession fee for 2019 of € 25.1 million;
- March 2021 offset of receivables for € 18.6 million related to the Public Lighting service for January-November 2020 amounts with part of the liabilities for Acea SpA's share dividends related to 2018.

During the period the stock of trade receivables recorded an increase of € 11.3 million due mainly to accrual of invoices to water users in the period (€ 11.1 million).
Financial receivables decreased by € 10.5 million compared to the previous period, to be attributed to the combined effect of offsetting of financial receivables in March and accrual of receivables related to the public lighting service agreement, to the modernisation of security, to extraordinary maintenance, to the Led Plan agreement and to the works relating to the Public Lighting service.
As regards payables, in the period there was a decrease of € 45.1 million. The main changes are listed below:

- recognition of the portion accrued in the period for the concession fee of ACEA Ato2 for € 6.6 million.
- registration of the portion accrued for the COSAP payable (fee for occupation of public spaces and areas)of € 0.4;
- decrease due to payment by ACEA Ato2 of the balance of the concession fee for 2017 and the concession fee for 2019 of € 33.5 million in total;
- decrease in the payable for Acea's share dividends for 2018 of € 18.6 million following the payment made through offsetting in March;

As described in the Consolidated Financial Statements at 31 December 2019 as part of the activities required for the first consolidation of the ACEA Group in the 2018 Financial Statements of Roma Capitale, a round table was launched to reconcile the Roma Capitale Receivables and Payables. After several meetings and communications, on 22 February 2019 the Technical Department of the Municipality (SIMU) in charge of the management of the contracts with the ACEA Group communicated several objections relating to the supply of both works and services for the period 2008-2018. These objections were completely rejected by the Group.
In order to arrive at a complete resolution of the differences during 2019 a specific Joint Technical Committee was set up with the ACEA Group.
Following several meetings, on 18 October 2019, the Joint Technical Committee drew up a report on the closure of the work, highlighting the results that emerged and proposing a favourable restart of the ordinary execution of the mutual obligations between the ACEA Group and Roma Capitale.
As a first step after the completion of the work, the parties took steps to implement the results that emerged from the discussions, restarting the payment of their respective receivables and payables. In 2020 at total of € 33.3 million of receivables referred to the aforementioned Report were settled.
Please note that in December 2020 the Consolidated Financial Statements of Roma Capitale at 31/12/2019 were approved.
For the Public Lighting contract at the end of 2020 the AGCM made its position clear regarding the legitimacy of the existing contract, to this day a source of audits, works and joint investigation. Among other things, the measure also gave rise to audits on the congruity of the prices applied. In February 2021, following the aforesaid feedback and works, Roma Capitale confirmed the absolute congruity and convenience of the current economic terms with respect to the CONSIP parameters.
The following table presents an analysis of receivables and payables, including those of a financial nature, between ACEA Group and Roma Capitale, as regards both net credit exposure and debt exposure, including financial items.

| Receivables due from Roma Capitale | 31/03/21 | 31/12/20 | Change |
|---|---|---|---|
| | A) | B) | A) - B) |
| | | | |
| Utility receivables | 53.0 | 42.0 | 11.0 |
| Provisions for impairment | (9.2) | (9.3) | 0.2 |
| **Total receivables from users** | **43.8** | **32.7** | **11.1** |
| | | | |
| Receivables for water works and services | 2.3 | 2.3 | 0.0 |
| Receivables for water works and services to be invoiced | 2.0 | 1.8 | 0.1 |
| Provisions for impairment | (1.9) | (1.9) | 0.0 |
| Receivables for electrical works and services | 4.1 | 4.1 | 0.0 |
| Provisions for impairment | (0.3) | (0.3) | 0.0 |
| **Total receivables for works** | **6.2** | **6.0** | **0.1** |
| **Total trade receivables** | **50.0** | **38.7** | **11.3** |
| | | | |
| Financial receivables for Public Lighting services billed | 116.1 | 129.3 | (13.2) |
| Provisions for impairment | (30.2) | (30.2) | 0.0 |
| Financial receivables for Public Lighting services to be billed | 70.2 | 65.0 | 5.2 |
| Provisions for impairment | (23.5) | (22.0) | (1.5) |
| M/L term financial receivables for Public Lighting services | 10.9 | 11.8 | (0.9) |
| **Total Public Lighting receivables** | **143.6** | **154.0** | **(10.5)** |
| **Total Receivables** | **193.6** | **192.7** | **0.8** |

| Payables due to Roma Capitale | 31/03/21 | 31/12/20 | |
|---|---|---|---|
| Electricity surtax payable | (15.2) | (15.2) | 0.0 |
| Concession fees payable | (35.4) | (62.2) | 26.8 |
| Other payables | (11.4) | (11.0) | (0.4) |
| Dividend payables | (114.2) | (132.9) | 18.6 |
| Total payables | **(176.3)** | **(221.3)** | **45.1** |
| | | | |
| **Net balance receivables payables** | **17.3** | **(28.6)** | **45.9** |

**Current payables** decreased as a result of the decrease in the stock of trade payables (- € 21.7 million) and payables to the parent company for Concession Fees (- € 26.8 million). With reference to trade payables, the decrease regards Areti (- € 27.2 million) and the Parent Company (- € 6.7 million), partially offset by the increase in payables of GORI (+ € 14.7 million).

**Other Current Assets and Liabilities** recorded a decrease of € 15.4 million and an increase of € 28.6 million respectively compared to 31 December 2020. In detail other assets fell as a result of the decrease in tax receivables of € 5.7 million, in receivables for energy equalisation of € 9.2 million and in VAT receivables of € 16.0 million. This decrease is partially offset by the increase in prepaid expenses (+ € 10.7 million).
As regards the increase in other current liabilities, note an increase in VAT payables (+ € 11.4 million), surtax payables (+ € 11.0 million) and payables due to personnel (+ € 10.3 million).

**Shareholders' equity**

The **shareholders' equity** amounted to € 2,415.1 million. The changes, amounting to € 91.9 million, are detailed in the relevant table and are basically due to the 2020 profits brought forward, the accrual of Q1 2021 profits and the change in the cash flow hedge reserves and those formed by actuarial profits and losses as well as the change in the consolidation scope.

**Net financial debt**

Group **debt** recorded an overall increase of € 106.2 million, going from € 3,528.0 million at the end of 2020 to € 3,634.1 million at 31 March 2021. This change is a direct consequence of the operating cash flow dynamics.

| € million | 31/03/2021 | 31/12/2020 | Change | % Change | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|---|---|
| Non-current financial assets/(liabilities) | 2.9 | 2.9 | 0.0 | (1.5%) | 2.4 | 0.5 | 20.9 % |
| Parent company, subsidiaries and associates current financial assets/(liabilities) | 17.2 | 21.2 | (4.0) | (18.9%) | 25.3 | (8.2) | (32.2%) |
| Non-current borrowings and financial liabilities | (4,949.2) | (4,154.3) | (794.9) | 19.1 % | (4,054.1) | (895.0) | 22.1 % |
| **Net medium/long-term debt** | **(4,929.1)** | **(4,130.2)** | **(799.0)** | **19.3 %** | **(4,026.5)** | **(902.7)** | **22.4 %** |
| Cash and cash equivalents and securities | 1,277.8 | 642.2 | 635.6 | 99.0 % | 819.5 | 458.3 | 55.9 % |
| Short-term debt | (244.7) | (224.0) | (20.6) | 9.2 % | (157.4) | (87.3) | 55.4 % |
| Current financial assets/(liabilities) | 241.7 | 173.0 | 68.6 | 39.7 % | 112.6 | 129.0 | 114.6 % |
| Parent Company and Associates non-current financial assets/(liabilities) | 20.2 | 11.1 | 9.2 | 82.8 % | 67.3 | (47.1) | (70.0%) |
| **Short-term financial position** | **1,295.0** | **602.2** | **692.8** | **115.0 %** | **842.1** | **453.0** | **53.8 %** |
| **Total net financial position** | **(3,634.1)** | **(3,528.0)** | **(106.2)** | **3.0 %** | **(3,184.4)** | **(449.7)** | **14.1 %** |

As regards the **medium/long-term** component, the increase of € 799.0 million compared to the end of 2020 refers to the increase in non-current payables and financial liabilities (€ 794.9 million). This change derives from an increase in bond loans of € 899.4 million offset in part by a decrease in payables for medium/long-term loans of € 94.4 million (of which + € 4.6 million owing to IFRS 16), as shown in the following table:

| € million | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Bonds | 4,142.8 | 3,253.4 | 889.4 | 27.3 % | 3,248.1 | 894.7 | 27.5 % |
| Medium/long-term borrowings | 806.4 | 900.8 | (94.4) | (10.5%) | 806.0 | 0.4 | n.s. |
| **Medium/long-term debt** | **4,949.2** | **4,154.3** | **794.9** | **19.1 %** | **4,054.1** | **895.0** | **22.1 %** |

**Bonds** of € 4,142.8 million increased by a total of € 889.4 million mainly due to the placement of two Green Bonds issued in January 2021 by the Parent Company under the Euro Medium Term Notes (EMTN) programme. The amount of € 888.8 million includes the long-term portion of the arrangement costs.

**Medium/long-term loans** of € 806.4 million recorded a total decrease of € 94.4 million mainly due to the Parent Company (- € 100.0 million) for the reclassification as short-term of the loan of € 100.0 million entered in 2020 and repaid early in April 2021. The following table shows medium/long–term and short-term borrowings (excluding the portion due to application of IFRS 16) by term to maturity and type of interest rate:

| Financing | Total Residual Debt | By 31.12.2021 | Due from 31.12.2021 to 31.12.2025 | After 31.12.2025 |
|---|---|---|---|---|
| fixed rate | 319.7 | 132.6 | 120.6 | 66.6 |
| floating rate | 442.8 | 61.2 | 196.3 | 185.4 |
| floating rate cash flow hedge | 195.4 | 21.6 | 56.2 | 117.6 |
| **Total** | **957.9** | **215.4** | **373.1** | **369.5** |

The **fair value** of ACEA hedging derivatives was a negative € 0.2 million, decreasing by € 0.1 million compared to 31 December 2020 (a negative € 0.3 million). The fair value of AdF hedging derivative was a negative € 3.9 million (at 31 December 2020 it was a negative € 4.4 million), while that of GORI was a negative € 0.9 million (at 31 December 2020 it was a negative € 1.6 million).

The **short-term** component was a positive € 1,295.0 million and, compared to the end of 2020, shows an increase of € 692.8 million, generated for € 621.3 million by the Parent Company, for € 29.9 million by ACEA Ato2 and for € 20.5 million by Areti. The higher cash and cash equivalents of the Parent Company are primarily generated by the issue of the bond loans.

At 31 March 2021 the Parent Company had unused committed credit lines of € 500.0 million, uncommitted lines of € 548.0 million of which € 47.4 million used, as well as unused and available medium/long term loan lines of € 250.0 million. No guarantees were granted in obtaining these lines.

It must be noted that the long-term Ratings assigned to ACEA by the International Ratings Agencies were:

- Fitch "BBB+";
- Moody's "Baa2"

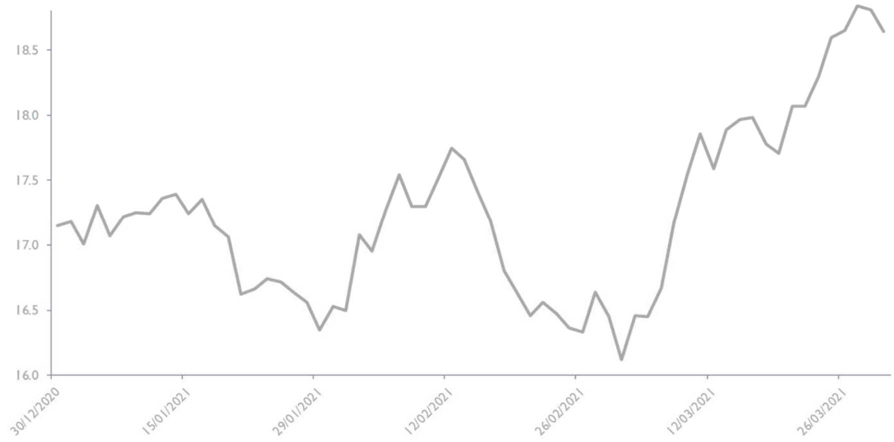
# Reference context

**Performance of the equity markets and the ACEA stock**

In the first quarter of 2021, all international equity markets recorded a positive trend as a whole, thanks to the economic recovery potential following the strong restrictions imposed by the Covid-19 pandemic.

As regards Italy, the main Stock Market indices showed the following positive changes: FTSE MIB +10.9%; FTSE Italia All Share +10.8%; FTSE Italia Mid Cap +12.5%.

In the reporting period, Acea shares recorded a positive performance, increasing from € 17.15 to € 18.64 (+ 8.7%). The closing price of the stock at 31 March was € 18.64 (capitalisation: € 3,970 million). The maximum value of € 18.84 was reached on 29 March, while the minimum value of € 16.12 was reached on 3 March. During the quarter, the daily average volumes traded were approximately 147,600 (compared to 166,000 in Q1 2020).




*(Source: Bloomberg)*

The following normalised graph shows the performance of the ACEA stock, compared to the performance of the Stock Market indices.


*(grafico normalizzato ai valori di Acea – Fonte Bloomberg)*

| | **Change % at 31/03/2021** (compared to 31/12/2020) |
|---|---|
| **ACEA** | **+8.7 %** |
| FTSE MIB | +10.9 % |
| FTSE Italia All Share | +10.8 % |
| FTSE Italia Mid Cap | +12.5 % |

Approximately 35 studies/reports on Acea shares were published in the first three months of the year.

# Trend of Operating segments

## Economic results by segment

The results by segment are shown on the basis of the approach used by the management to monitor Group performance in the financial years compared in observance of IFRS 8 accounting standards. Note that the results of the "Other" segment include those deriving from ACEA corporate activities as well as inter-sectoral adjustments.

| | | | | | Energy Infrastructure | | | | | | Other | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **€ million 31.03.2021** | Environment | Commercial and Trading | Overseas | Water | Generation | Areti | IP | Adjustments | Total | Engineering and Services | Corporate | Consolidation adjustments | Consolidated Total |
| Revenues | 52 | 449 | 18 | 316 | 28 | 148 | 8 | (0) | 184 | 31 | 33 | (148) | 936 |
| Costs | 37 | 424 | 12 | 153 | 10 | 58 | 9 | (0) | 77 | 28 | 41 | (148) | 624 |
| **EBITDA** | **15** | **25** | **6** | **163** | **18** | **91** | **(1)** | **0** | **107** | **3** | **(8)** | **0** | **312** |
| Depreciation/amortisation and impairment charges | 7 | 18 | 3 | 79 | 7 | 35 | 0 | 0 | 42 | 1 | 6 | 0 | 156 |
| **Operating profit/(loss)** | **8** | **6** | **3** | **84** | **11** | **56** | **(1)** | **0** | **66** | **2** | **(13)** | **0** | **156** |
| Capex | 7 | 16 | 2 | 120 | 11 | 69 | 1 | 0 | 81 | 2 | 4 | 0 | 230 |

The revenues in the above table include the condensed result of equity investments (of a non-financial nature) consolidated using the equity method, as well as results from equity investments in the gas distribution segment in Abruzzo.

| | | | | | Energy Infrastructure | | | | | | Other | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **€ million 31.03.2020** | Environment | Commercial and Trading | Overseas | Water | Generation | Areti | IP | Adjustments | Total | Engineering and Services | Corporate | Consolidation adjustments | Consolidated Total |
| Revenues | 47 | 408 | 18 | 291 | 21 | 143 | 12 | (9) | 166 | 13 | 29 | (190) | 783 |
| Costs | 34 | 391 | 11 | 146 | 10 | 52 | 12 | (9) | 65 | 12 | 38 | (190) | 507 |
| **EBITDA** | **13** | **17** | **7** | **145** | **11** | **91** | **(1)** | **0** | **101** | **1** | **(9)** | **0** | **276** |
| Depreciation/amortisation and impairment charges | 8 | 13 | 3 | 69 | 6 | 33 | 1 | 0 | 40 | 0 | 4 | 0 | 138 |
| **Operating profit/(loss)** | **5** | **4** | **4** | **76** | **5** | **58** | **(1)** | **0** | **61** | **2** | **(13)** | **0** | **138** |
| Capex | 4 | 9 | 1 | 104 | 3 | 62 | 1 | 0 | 66 | 1 | 5 | 0 | 190 |

## Operating Segments

ACEA's macro structure is organised in corporate functions and six operating segments: Water, Energy Infrastructure, Commercial and Trading, Environment, Overseas and Engineering and Services.

## Environment

### Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| WTE conferment | kTon | 104.4 | 113.9 | (9.5) | (8.4%) |
| Landfilled waste | kTon | 8.4 | 8.5 | (0.1) | (1.7%) |
| Contributions to composting plants | kTon | 46.5 | 41.0 | 5.5 | 13.5 % |
| Contributions to Selection Plants | kTon | 57.1 | 15.9 | 41.3 | n.s. |
| Intermediated waste | kTon | 36.0 | 46.6 | (10.6) | (22.7%) |
| Liquids treated at Plants | kTon | 126.0 | 125.8 | 0.2 | 0.2 % |
| Net Electrical Energy transferred | GWh | 83.1 | 87.4 | (4.3) | (4.9%) |
| Waste produced | kTon | 49.6 | 32.0 | 17.6 | 54.9 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 52.4 | 46.8 | 5.6 | 12.1 % |
| Costs | 37.4 | 34.2 | 3.2 | 9.3 % |
| EBITDA | 15.0 | 12.5 | 2.5 | 19.8 % |
| Operating profit/(loss) (EBIT) | 7.7 | 4.6 | 3.1 | 68.9 % |
| Average workforce | 593 | 427 | 167 | 39.1 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 6.9 | 23.6 | (16.6) | (70.6%) | 3.9 | 3.0 | 75.4 % |
| Net financial debt | 274.3 | 268.0 | 6.3 | 2.4 % | 268.9 | 5.4 | 2.0 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA – Environment Segment | 15.0 | 12.5 | 2.5 | 19.8 % |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 4.8 % | 4.5 % | 0.3 p.p. | |

The Environment Segment closed Q1 2021 with an EBITDA of € 15.0 million (+ 19.8%). The increase recorded mainly derives from the change in scope due to the consolidation of the companies Cavallari (+ € 1.3 million) and Ferrocart (+ € 0.4 million). The remaining increase is due to higher margins on liquid treatment offset by the lower margin recorded by **Demap** (- € 0.4 million).

The average number of employees at 31 March 2021 was 593, an increase of 167 employees compared with 31 March 2020, due mainly to the change in the scope of consolidation (+ 155 employees).

Investments in the Segment amounted to € 6.9 million (- € 3.0 million compared to 31 March 2020) and mainly refer to the investments made by **Acea Ambiente** for works carried out at the Orvieto plant for the construction of a compost storage building and for the revamping of the treatment line and at the San Vittore and Aprilia plants. The increase mainly involves **Berg** (€ 1.1 million) for the creation of a concentrator, **Acea Ambiente** (+€ 0.7 million) and **Aquaser** (+ € 0.5 million). The change in the scope of consolidation contributed for € 0.8 million in total and is mainly attributable to **Ferrocart**.

The financial debt of the Segment stood at € 274.3 million, an increase of € 6.3 million compared to 31 December 2020, attributable to the operating cash flow dynamics mainly with reference to **Aquaser**, while the change compared to 31 March 2020 (+ € 5.4 million) is influenced by the change in scope (+ € 1.8 million).

### Significant and subsequent events

No significant events occurred in the period.

## Commercial and Trading

### Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| Electrical Energy sold - Free | GWh | 1,591.0 | 1,263.1 | 327.9 | 26.0 % |
| Electrical Energy sold - Protected | GWh | 519.3 | 531.8 | (12.5) | (2.4%) |
| Electricity - Free market customers (P.O.D.) | N/100 | 475.5 | 414.1 | 61.4 | 14.8 % |
| Electrical Energy - No. Protected Market Customers (P.O.D.) | N/1000 | 739.4 | 774.5 | (35.1) | (4.5%) |
| Gas Sold | MSmc | 89.7 | 68.0 | 21.7 | 31.9 % |
| Gas - No. Free Market Customers | N/1000 | 222.5 | 195.0 | 27.5 | 14.1 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 449.1 | 408.2 | 40.9 | 10.0 % |
| Costs | 424.4 | 391.0 | 33.4 | 8.5 % |
| EBITDA | 24.7 | 17.1 | 7.5 | 43.9 % |
| Operating profit/(loss) (EBIT) | 6.4 | 4.2 | 2.2 | 52.0 % |
| Average workforce | 430 | 466 | (36) | (7.7%) |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 16.1 | 44.1 | (28.1) | (63.6%) | 9.0 | 7.1 | 78.5 % |
| Net financial debt | (58.1) | (95.7) | 37.6 | (39.3%) | (34.4) | (23.7) | 68.8 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA Commercial and Trading Segment | 24.7 | 17.1 | 7.5 | 43.9 % |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 7.9 % | 6.2 % | 1.7 p.p. | |

The Segment, responsible for the management and development of electricity and gas sales and related customer relationship activities as well as the Group's energy management policies, closed Q1 2021 with an EBITDA of € 24.7 million, up compared to the same period of 2020 by € 7.5 million. The increase is mainly attributable to **Acea Energia** (+ € 7.5 million), as a result of the increase in energy and gas margins partially offset by a worsening in costs of materials and overheads and personnel costs.

With regard to the effects on the primary margin, the increase recorded by **Acea Energia** (+ € 10.0 million) derives from opposing effects. In detail, the energy margins related to the **free market** were up € 5.7 million compared to 31 March 2020, due to growth in Retail sector customers, domestic customers and micro-enterprises to the same extent, and to increased consumption in the Business sector, the unit margins of which increased slightly. The **gas market** generated an increase in margins of € 4.0 million compared to 31 March 2020, as a result of the improvement in unit margins in the Retail sector – due also to the increase in customers – and in the Business sector, despite the slight decrease in the customer base. Energy margins related to the **optimisation activity** increased by € 0.4 million compared to the same period in the previous year. This margin also includes the new activities of buying, selling, exchanging and trading electricity, heat, natural gas, methane and other fuels and energy carriers, from any source produced or acquired, for own use or for third parties. Energy margins related to the **protected market** decreased by € 0.7 million compared to 31 March 2020 as a result of the automatic assignment of "small" and "micro" enterprise customers to the Gradual Protection Service, created as of 1 January 2021.

Operating profit/loss increased by € 2.2 million mainly due to increased amortisation, depreciation and write-downs (+ € 1.7 million) primarily attributable to **Acea Energia** and mainly due to the costs of acquiring new customers pursuant to IFRS 15 (+ € 1.3 million) and greater provisions for the period (+ € 3.5 million) mainly attributable to **Acea Energia.** This change was also affected by the reallocation of costs linked to the process to object the limitation period disputed by customers during the period net of the reimbursement received from the distributor.

With reference to the workforce, the average number at 31 March 2021 stood at 430 employees, down compared to 31 March 2020 by 36 employees. The change is primarily due to effects of liquidation of **Acea8cento** (- 125 employees) only partly offset by transfer of a portion of the personnel to **Acea Energia** (+ 82 employees).

Investments in the Segment amounted to € 16.1 million, an increase of € 7.1 million compared to 31 March 2020, and refer to € 10.9 million for the cost of acquiring new customers in accordance with IFRS 15, € 2.8 million for IT implementation projects and € 1.2 million related to cloud licences on which the new Customer Relationship Management is being designed.

Net debt at 31 March 2021 amounted to € 58.1 million, a decrease of € 37.6 million compared to 31 December 2020 and an increase of € 23.7 million compared to 31 March 2020. The changes are mainly attributable to **Acea Energia** and mainly derive from the operating cash flow dynamics.

## Significant and subsequent events

With regard to the proceedings started by the Antitrust Authority and ARERA, the main updates are described below:

**Proceeding PS9815 of the AGCM for unsolicited activations**: on 24 September 2020 the sentence was received with which the Lazio Regional Administrative Court rejected the appeal submitted in 2016 by Acea Energia with regard to the AGCM order on the HHV regarding unsolicited activations of electricity and gas supplies. On 23 December 2020, an appeal for the sentence of the Lazio Regional Administrative Court to be overturned was submitted.

**Proceeding A513 of the AGCM for abuse of dominant position:** on 14 February 2020 the cross appeal was filed with the restatement of the grounds of appeal that were taken up by the judgement of first instance. More specifically, in the first part the appeal focuses on the sole ground of appeal rejected by the Lazio Regional Administrative Court concerning the lack of investigation regarding the definition of the relevant market; in the second part, it proposes – thus covering them in full – the fourth to seventh grounds of the appeal that the Regional Administrative Court declared "absorbed", having considered sufficient the acceptance of the second and third grounds of the appeal for the annulment of the fine.
On 30 April 2020 ACEA received a communication in which AIGET, on 23 April 2020, filed a formal instrument of incorporation in support of AGCM's appeal.

**Proceeding PS10958 of the Antitrust Authority (AGCM):** on 23 April 2020, following the request, the Company sent the AGCM a communication in which, in view of article 103 of Italian Legislative Decree no. 18 of 2020 and the Bulletin on the interpretation of article 103 of Italian Decree-Law no. 18 of 17 March 2020, as amended by article 37 of Italian Decree-Law no. 23 of 8 April 2020, approved by the Board of Authorities at its meetings on 1 April and 10 April, it requested confirmation that the deadline for responding to the request for information was suspended and became effective only from 16 May 2020.
Following telephone conversations – in the absence of a formal response from the AGCM to the Company's aforementioned request – the Authority agreed to a postponed deadline for submitting the required documentation.
On 21 May 2020, Acea Energia therefore collected all the required documentation and submitted it to the AGCM, together with a response illustrating the criteria used to collect the documentation.

**Fact-finding investigation concerning the financial items relating to electricity destined for the States within the Italian State**: pursuant to resolution 58/2019/E/eel, on 20 March 2019 the Authority initiated a fact-finding investigation against Acea Energia with the aim of acquiring information and useful data concerning the management of the financial items relating to electricity destined for Vatican City State.
With Resolution no. 491/2019/E/eel the Authority closed the preliminary investigation by instructing Acea Energia and Areti on the actions to be taken by the end of 2019. Acea Energia informed the Authority that it had complied with the requirements. Resolution 491/2019/E/eel, moreover, gave a mandate (i) to Terna, the relevant distribution companies and CSEA to recalculate the charges for withdrawals by Vatican City State by applying the criteria highlighted in the preliminary findings attached to the same resolution (ii) to the Director of the Sanctions and Commitments Department of the Authority for the documents resulting from the evidence found. As a result of this, with Determination 5/2020/eel, the Authority initiated two sanction proceedings against Acea Energia and Areti. On 12 June 2020, Acea Energia sent ARERA its proposal of commitments, including waiver of the amount receivable accrued in relation to the system, payment of compensation to ARERA and the obligation to send two-monthly reporting for a period of ten years. Acea Energia is awaiting approval of these commitments from ARERA and completion of the recalculation activity by Terna and CSEA.

## Overseas

## Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| Water Volumes | Mm3 | 9.1 | 10.3 | (1.2) | (11.7%) |
| Volumes fed into the grid | Mm3 | 19.6 | 20.1 | (0.5) | (2.5%) |
| Number of customers (user accounts served) | N/1000 | 121,338.0 | 120,436.0 | 902 | 0.7 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 18.3 | 18.1 | 0.2 | 1.4 % |
| Costs | 12.0 | 10.9 | 1.2 | 10.8 % |
| EBITDA | 6.3 | 7.2 | (0.9) | (12.8%) |
| Operating profit/(loss) (EBIT) | 3.4 | 4.1 | (0.8) | (18.7%) |
| Average workforce | 2,281 | 1,288 | 993 | 77.1 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 1.7 | 3.1 | (1.4) | (45.6%) | 0.8 | 0.9 | 115.6 % |
| Net financial debt | (12.0) | (9.0) | (3.0) | 33.0 % | (6.2) | (5.8) | 93.0 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA Overseas Segment | 6.3 | 7.2 | (0.9) | (12.8%) |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 2.0 % | 2.6 % | (0.6 p.p.) | |

The Area currently includes the water companies that manage the water service in Latin America. Specifically:

- Aguas de San Pedro (Honduras) 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic) wholly owned by the Group, provides the service to the local Municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- AguaAzul Bogotà (Colombia) of which the Group holds 51% is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors;
- Consorcio Agua Azul (Peru) is controlled by the Group which owns 44% and provides the water and discharge service in the city of Lima. Control of the company was taken by virtue of the amendment of the shareholders' agreements and the purchase on 13 January 2020 of additional shares in the company from the outgoing shareholder Impregilo International Infrastructures N.V., which increased the Group's shareholding from 25.5% to 44.0% (+18.5%);
- Acea Perù is wholly owned by Acea International and was established on 28 June 2018. This company was established with the specific intent to manage the aqueduct service in the city of Lima.
- Consorcio Servicio Sur controlled by Acea International (50%), ACEA Ato2 (1%) and by local partners Conhydra, Valio and India overall equal to 49%. The Consorcio was established on 5 July 2018 with the specific aim of managing the corrective maintenance service for the drinking water and sewerage systems of the Directorate of Services Sur of Lima (Peru).
- Consorcio ACEA controlled by Acea Perù (99%) and ACEA Ato2 (1%), established on 15 December 2020. Consorcio ACEA signed a three-year contract for the management of pumping stations for drinking water in Lima;
- Consorcio ACEA Lima Norte controlled by Acea Perù (99%) and ACEA Ato2 (1%), established on 15 December 2020. Consorcio Acea Lima Norte signed a three-year contract for maintenance of the water and sewerage network in the Nord di Lima zone.

This Segment closed Q1 2021 with an EBITDA of € 6.3 million, recording a decrease of € 0.9 million compared to 31 March 2020. The change is mainly attributable to **Aguas de San Pedro** (- € 0.5 million) and **Acea Perù** (- € 0.5 million) only in part offset by the change in scope (+ € 0.1 million).

The average number of staff at 31 March 2021 was 2,281, an increase of 993 people compared to 31 March 2020. The change derives from opposing effects deriving from the greater change in the scope of consolidation (+ 1,530 employees) offset by the decrease attributable to **Acea Perù** (- 495 employees).

Investments for the year amounted to € 1.7 million, up by € 0.9 million compared to 31 March 2020. The change is mainly due to the company **Aguas de San Pedro**, while the change in the scope of consolidation contributed for € 0.4 million.

Net debt at 31 March 2021 was positive, amounting to € 12.0 million, an improvement of € 3.0 million compared to 31 December 2020 and of € 4.5 million compared to 31 March 2020.

## Significant and subsequent events

No significant events occurred in the period.

## Water

### Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| Water Volumes | Mm3 | 128.5 | 132.7 | (4.2) | (3.1%) |
| Electrical Energy Consumed | GWh | 162.7 | 165.8 | (3.1) | (1.8%) |
| Sludge disposed of | kTon | 43.9 | 41.6 | 2.3 | 5.6 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 315.9 | 291.4 | 24.5 | 8.4 % |
| Costs | 152.9 | 146.0 | 6.9 | 4.7 % |
| EBITDA | 163.0 | 145.3 | 17.7 | 12.2 % |
| Operating profit/(loss) (EBIT) | 83.8 | 76.0 | 7.8 | 10.3 % |
| Average workforce | 3,480 | 3,189 | 290 | 9.1 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 119.6 | 476.0 | (356.4) | (74.9%) | 104.0 | 15.5 | 14.9 % |
| Net financial debt | 1,513.4 | 1,483.7 | 29.7 | 2.0 % | 1,330.6 | 182.8 | 13.7 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA Water Segment | 163.0 | 145.3 | 17.7 | 12.2 % |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 52.3 % | 52.6 % | (0.2 p.p.) | |

The EBITDA for the Segment stood at € 163.0 million at 31 March 2021, an increase of € 17.7 million compared to 31 March 2020 (+ 12.2 %). The increase is attributable to **ACEA Ato2** (+ € 6.5 million) following the higher ERC Capex values valued on the basis of the MTI-3 with reference to the investments that came into operation in 2019, partially offset by lower adjustments pertaining to **ACEA Ato 5** (+ € 3.5 million) and **Gori** (+ € 4.2 million). The change in scope, on the other hand, contributed to the increase of € 4.1 million mainly due to **SII** (+ € 3.0 million).
Finally, the contribution to EBITDA of water companies valued at equity, amounting to € 4.6 million, decreased by € 2.3 million due to the combined effect of decreases recorded by **Publiacqua** (- € 0.8 million) and the **Acque Group** (- € 0.9 million) and by SII following the line-by-line consolidation in November 2020. The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

| (€ million) | 31.03.2021 | 31.03.2020 | Change | % Change |
|---|---|---|---|---|
| Publiacqua | 1.5 | 2.3 | (0.8) | (35.4%) |
| Acque Group | 2.2 | 3.2 | (0.9) | (29.5%) |
| Umbra Acque | 0.6 | 0.7 | (0.2) | (23.0%) |
| Nuove Acque and Intesa Aretina | 0.2 | 0.2 | 0.0 | 5.6 % |
| Geal | 0.1 | 0.2 | (0.1) | (39.7%) |
| INTEGRATED WATER SERVICE | 0.0 | 0.3 | (0.3) | (100.0%) |
| **Total** | **4.6** | **6.9** | **(2.3)** | **(32.9%)** |

The quantification of revenues deriving from the integrated water service is valued in line with the new MTI-3 method. The item includes the estimate of the tariff adjustments relating to the so-called carry-over items for the period that will be invoiced as from the current year. The following two tables in the section summarise on the one hand the status of the procedures for approving tariff proposals and on the other hand revenues from SII, broken down by company and component, as well as the considerations underlying the determination of revenues for the period.

The operating result was affected by the growth in amortisation and depreciation (+ € 8.5 million), partly linked to the line-by-line consolidation of **SII** (+ € 2.4 million) and the remainder mainly to the higher amortisation and depreciation recorded by **ACEA Ato2**, also due to the entry into operation of the new plants (+ € 3.8 million).

The average workforce at 31 March 2021 of 3,480 employees is an increase on the figure for 31 March 2020 of 290 employees, primarily attributable to **ACEA Ato2** (+ 116 employees) that employed a portion of the personnel from Acea8cento as described in the Commercial and Trading segment, **GORI** (+ 85 employees) and consolidation of the company **Servizi Idrici Integrati** (+ 36 employees).

Investments in the Segment amounted to € 119.6 million with an increase of € 15.5 million, due to higher investments by **ACEA Ato2** (+ € 12.4 million) and **AdF** (+ € 1.3 million). The change in the scope of consolidation refers to **SII,** which increased investments in the segment by € 1.9 million. The investments refer mainly to extraordinarymaintenance work, reconstruction, modernisation and expansion of plants and networks, the reclamation and expansion of water and sewer pipes of the various Municipalities and work on purification and transport plants (ducts and feeders).

Net debt for the Segment amounted to € 1,513.4 million at 31 March 2021, a decrease of € 29.7 million compared to 31 December 2020 and of € 182.8 million compared to 31 March 2020. The change is partly due to the consolidation of **SII** and partly to **ACEA Ato2** (+ € 118.0 million) as a result of the investments for the period and the operating cash flow dynamics.

## Significant and subsequent events

### Progress of the procedure for approving the tariffs

With Resolution 580/2019/R/Idr, ARERA approved the tariff method for the third regulatory period 2020-2023 (MTI-3), setting 30 April 2020 as the deadline by which the area governing body or other competent entity should have submitted the relevant regulatory framework containing the tariff provisions for approval by the Authority. The same Resolution also defined the methods and timing of the application of fees to users related to the tariff approval process.

It should be noted that as a result of the COVID-19 emergency situation, which prompted the Authority to defer several deadlines envisaged by the regulation for the regulated sectors, the deadline of 30 April 2020 set in Resolution 580/2020 was postponed first to 30 June 2020 (Resolution 59/2020/R/COM) and lastly to 31 July 2020 (Resolution 235/2020/R/idr).

However, pending the tariff update implementing the new MTI-3 tariff method, the tariffs calculated on the basis of the tariff multiplier resulting from the economic and financial plan already approved under the current tariff provisions remain valid for the year 2021 (i.e. the plan relating to the two-year update 2018-2019 approved by ARERA, or, as such approval has not yet taken place, the plan approved by the AGBs or competent entities).

With a specific communication to operators of 5 February 2020, ARERA noted that the checks relating to the proposals for the two-year update of the tariff provisions for the years 2018 and 2019 submitted by AGBs pursuant to Resolutions 917/2017/R/idr and 918/2017/R/idr and not yet specifically approved by the Authority will be completed as part of the checks on the specific regulatory frameworks proposed for the third regulatory period (2020-2023), in compliance with the water tariff method MTI-3 referred to in Resolution 580/2019/R/idr. In the same statement, ARERA also specified that for the two-year period 2018-2019 the tariff determinations adopted by the competent entities remain valid, which will be assessed as part of the quantification of the adjustment components referred to in article 27 of MTI-3 when approving the new regulatory framework.

The following table shows the updated situation of the procedure for approving IWS tariff provisions for Group companies relating to the 2016-2019 regulatory period, the 2018-2019 two-year tariff update, and tariff provisions for 2020-2023.

| Company | Approval status (up to MTI2 "2016-2019") | Two-year update status (2018-2019) | Approval status MTI-3 2020-2023 |
|---|---|---|---|
| ACEA Ato2 | On 27 July 2016, the AGB approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed. | The Conference of Mayors approved the tariff update on 15 October 2018. On 13 November 2018, ARERA approved the 2018-2019 tariff update with Resolution 572/2018/R/idr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA Resolution. | On 27 November 2020, the AGB approved the tariff for the 2020-2023 regulatory period with Resolution no. 6/2020.<br>ARERA approval is awaited. The term of ninety days defined by resolution 580/2019 expires at the end of February 2021. |
| ACEA Ato5 | Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the $Opex_{qc}$. ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the $Opex_{qc}$. Approval by the ARERA is awaited. | The Conference of Mayors approved the 2018-2019 tariff update on 1 August 2018. ARERA has not yet given its approval. | On 14 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019.<br>On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021. |
| GORI | On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with $Opex_{qc}$ as of 2017. Approval by the ARERA is awaited. | On 17 July 2018 the Extraordinary Commissioner of the AGB approved the 2018-2019 tariff update. ARERA has not yet given its approval. | On 18 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019.<br>ARERA has not yet issued a warning to the EIC and the EIC has not yet called the Conference of Mayors for tariff approval. |
| Acque | On 5 October 2017, the AIT approved the tariff with recognition of the $Opex_{qc}$. Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update). | On 22 June 2018 the AIT Executive Council approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With Resolution 502 of 9 October 2018, the ARERA approved the 2018-2019 tariff update. | On 18 December 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 7.<br>The period for ARERA approval ends March 2021. |
| Publiacqua | On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. On 12 October 2017, with resolution 687/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT. | On 7 December 2018 the AIT approved the 2018-2019 tariffs with the extension of the 3-year concession. ARERA approved the 2020-2023 tariff provisions and the 2018-2019 two-year update with Resolution 59/2021 of 16 February 2021. | On 26 June 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 3.<br>ARERA approved the 2020-2023 tariff provisions with Resolution 59/2021 of 16 February 2021. |
| Acquedotto del Fiora | On 5 October 2016, the AIT approved the tariff with recognition of the $Opex_{qc}$. On 12 October 2017, with resolution 687/2017/R/idr, ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT. | The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Executive Council on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its Resolution of July 2018. ARERA approved the two-yearly | On 26 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 6.<br>The period for ARERA approval finishes at the end of 2021. |

| | | | |
|---|---|---|---|
| | | update (with a small correction of the recognised OpexQC) and the extension of the concession with Resolution no. 465 of 12 November 2019. | |
| Geal | On 22 July 2016, the AIT approved the tariff with recognition of the Opex$_{qc}$. On 26 October 2017, with resolution 726/2017/R/IDR ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT. | On 12 July 2018 ARERA approved the 2018-2019 tariff update proposed by AIT. | On 28 September 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 4, updated with Resolution nos. 13 and 14 of 30 December 2020.<br>The period for ARERA approval finished at the end of March 2021. |
| Acea Molise | Following Resolution no. 664/2015/R/IDR, both for the Municipality of Campagnano di Roma (RM) and the Municipality of Termoli (CB), Municipalities where Crea Gestioni offers the IWS, neither the Granting Body nor the Area Authority of reference submitted a tariff proposal for the regulatory period 2016-2019, so the Company independently submitted tariff proposals. Currently approval by the ARERA is still pending. | The Company has submitted the data to the competent parties/AGB in order to update the 2018-2019 tariff.<br>For the management of the IWS in the Municipality of Campagnano di Roma (RM), given the inaction of the designated parties the Company filed an application with ARERA in early January 2019 for a tariff adjustment in 2018-2019, also revising the 2016-2019 proposal. ARERA has not yet pronounced or issued a warning to the AGB and/or to the competent parties.<br>For the management of the IWS in the Municipality of Termoli (CB), with a Resolution dated 17 December 2019 the Municipal Council of Termoli approved the alignment of the pre-existing Agreement to the Agreement template, extending its expiry to 31 December 2021, and confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for 2018 and 2019, also revising the 2016-2019 proposal. ARERA has not yet given its approval. | The Municipality of Termoli approved the tariff provisions for 2020-2023 on 4 February 2021. These were sent by the EGAM on 4 March 2021.<br>For the Municipality of Campagnano, the Operator sent the tariff provisions to ARERA on 30 March 2021 in accordance with the provisions under art. 5.5 of Resolution 580/2019/R/idr. |
| Gesesa | On 29 March 2017 with Resolution no. 8 of the Extraordinary Commissioner the OTAA1 approved the tariff provisions for the years 2016-2019. Currently approval by the ARERA is still pending. | The Company submitted the documentation relating to the 2018-2019 tariff review to the Area Authority and the preliminary investigation by the technical offices of the competent AGB (EIC-Campania Water Authority) was completed at the end of February 2020. The final approval of the EIC Executive Committee has not yet been given. | On 29 December 2020, the Operator submitted a tariff updated request pursuant to article 5, paragraph 5.5 of ARERA Resolution 580/2019/R/IDR MTI-3 of 27 December 2019.<br>ARERA has not yet issued a warning to the AGB and the AGB has not yet called the Conference of Mayors for tariff approval. |
| Nuove Acque | On 22 June 2018, the AIT Executive Council approved the rates | On 16 October 2018 with Resolution 520 ARERA approved the 2018-2019 tariff update proposed by the AIT. | On 27 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 5.<br>The period for ARERA approval finishes at the end of 2021. |
| Umbra Acque | On 30 June 2016, the AGB approved the tariff with recognition of the Opex$_{qc}$. The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016. | In its session of 27 July 2018, the AURI Assembly approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with Resolution no. 489 of 27 September 2018 | AURI approved the 2020-2023 tariff provisions with Resolution no. 10 of 30 October 2020.<br>ARERA approved the same with Resolution 36/2021 of 2 February 2021. |
| SII Terni S.c.a.p.a. | On 29 April 2016, with Resolution no. 20, AURI approved the tariff multiplier for the 2016-2019 four-year period and with determination no. 57 it approved the adjustment for previous items.<br>ARERA approved the 2016-2019 tariff provisions with Resolution 290/2016 of 31 May 2016. | With resolution of the Board of Directors of AURI no. 64 of 28/12/2018, approval was given to the 2018-2019 two-year update.<br>With Resolution 464/2018 of 20 September 2018, ARERA approved the 2018-2019 two-year update. | AURI approved the 2020-2023 tariff structure with the resolution by the Assembly of Mayors 12 of 30 October 2020.<br>ARERA provided approval with resolution 553/2020 of 15 December 2020. |

## Revenues from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in Q1 2021 valued on the basis of the new MTI–3 Tariff Method, since discussions with the respective AGBs are ongoing. The data also include the adjustments of passing items and the Fo.NI component.

| Company | Revenue from the IWS<br>(pro quota values in € million) | FONI<br>(pro quota values in € million) |
|---|---|---|
| ACEA Ato2 | 170.8 | FNI = 13.5<br>$AMM_{FoNI}$ = 3.3 |
| ACEA Ato5 | 20.5 | FNI = 1.0<br>$AMM_{FoNI}$ = 1.3 |
| GORI | 52.5 | $AMM_{FoNI}$ = 1.1 |
| Acque | 17.9 | $AMM_{FoNI}$ = 0.0 |
| Publiacqua | 24.5 | FNI = 0.7<br>$AMM_{FoNI}$ = 2.6 |
| AdF | 27.5 | $AMM_{FoNI}$ = 2.8 |
| Gesesa | 3.3 | $AMM_{FoNI}$ = 0.0 |

| Company | Revenue from the IWS (pro quota values in € million) | FONI (pro quota values in € million) |
|---|---|---|
| Geal | 2.1 | $AMM_{FoNI}$ = 0.2 |
| Acea Molise | 2.8 | $AMM_{FoNI}$ = 0.0 |
| SII | 9.3 | $AMM_{FoNI}$ = 0.3 |
| Umbra Acque | 7.6 | $AMM_{FoNI}$ = 0.3 |

## Energy Infrastructure

### Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| Energy Produced | GWhe | 219.0 | 167.2 | 51.8 | 31.0 % |
| Thermal Energy produced | GWht | 15.0 | 12.9 | 2.1 | 16.4 % |
| Photovoltaic Energy Produced | GWh | 12.7 | 11.3 | 1.4 | 12.6 % |
| Electricity distributed | GWh | 2,197.1 | 2,308.3 | (111.3) | (4.8%) |
| No. of Customers | N/1000 | 1,636.9 | 1,635.5 | 1.4 | 0.1 % |
| Km of Network | km | 30,857.0 | 30,659.0 | 198.0 | 0.6 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 184.2 | 175.2 | 9.1 | 5.2 % |
| Costs | 76.9 | 73.8 | 3.1 | 4.2 % |
| EBITDA | 107.4 | 101.4 | 6.0 | 5.9 % |
| Operating profit/(loss) (EBIT) | 65.8 | 61.1 | 4.6 | 7.6 % |
| Average workforce | 1,370 | 1,359 | 11 | 0.8 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 81.2 | 325.1 | (244.1) | (75.1%) | 66.2 | 14.9 | 22.6 % |
| Net financial debt | 1,577.0 | 1,566.7 | 10.3 | 0.7 % | 1,369.1 | 207.9 | 15.2 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Energy Infrastructure Segment EBITDA | 107.4 | 101.4 | 6.0 | 5.9 % |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 34.5 % | 36.7 % | (2.2 p.p.) | |

The EBITDA at 31 March 2021 was € 107.4 million, an increase of € 6.0 million compared to 31 March 2020. This change is mainly attributable to **Acea Produzione** (+ € 5.4 million) determined by the higher quantities related to water contributions (+ € 2.8 million) and the price effect related to the energy markets (+ € 2.7 million). The EBITDA of **Areti**, on the other hand, decreased slightly by € 0.4 million as a result of opposing effects: **i)** + € 1.0 million deriving from energy balancing; **ii)** - € 0.9 million for costs capitalised for personnel; **iii)** + € 1.4 million mainly pertaining to the margin determined by the Open Fiber contract; **iv)** - € 1.4 million for operating costs. As regards the energy balance, at 31 March 2021 Areti distributed 2,197 GWh to end customers, recording a 4.8% decrease compared to Q1 2020. The EBITDA for **public lighting** is negative by € 0.8 million, a slight decrease of approximately € 0.3 million compared to 31 March 2020, mainly due to fewer new constructions on behalf of Roma Capitale.
Finally, EBITDA for the photovoltaic segment was € 3.2 million, up € 1.0 million, primarily due to the effect of the change in scope.

The average workforce was in line with the previous year. Note that the new photovoltaic companies do not have employees.

The operating result was mainly affected by the increased amortisation, depreciation and write-downs for the period (+ € 1.3 million), in line with the increase in investments.

Investments amounted to € 81.1 million, up by € 14.9 million referable substantially to **Areti** (+ € 7.4 million), **Fergas Solar** (+ € 4.9 million) and **Acea Solar** (+ € 2.0 million). Investments by **Areti** refer mainly to the expansion and upgrading of the HV, MV and LV grids, work on the primary stations, secondary substations and meters, metering groups and remote control equipment as part of the network "Adequacy and Safety" and "Innovation and Digitisation" projects. This was all intended to improve the quality of the service and increase resilience. Intangible investments refer to projects for the re-engineering of information and commercial systems. The investments made by Acea Produzione regard mainly the extraordinary maintenance work of the Tor di Valle and Montemartini thermal power stations, the requalification work on the substations of the S. Angelo, Salisano and Orte Power Stations and the extension and restoration of the district heating network in the territory of Mezzocammino in the south of Rome. The investments made by Acea Solar refer to the construction of photovoltaic plants on both agricultural and industrial soils. The investments made by Fergas Solar for € 4.9 million refer to the photovoltaic system in Ferrandina.

Net debt stood at € 1,577.0 million as at 31 March 2021, showing an increase of € 10.3 million compared to 31 December 2020 and of € 207.9 million compared to 31 March 2020, partly attributable to the increasing volume of investments, acquisitions of the companies in the photovoltaic sector, and the operating cash flow dynamics.

## Significant and subsequent events

**GALA**

With Resolution 50/2018/R/eel of 1 February 2018, the Authority approved a mechanism for recognising charges otherwise not recoverable due to the failure to collect general system charges.
At 31 March 2021 the total receivables accrued by the Company amounted to € 73.7 million, including billed interest. Such interest was excluded from the mechanism for the reinstatement of general charges by Resolution 300/2019/R/EEL and subsequently readmitted to the mechanism by Resolution 495/2019/R/EEL.
With Circular no. 2/2020/ELT of 30 January 2020, CSEA prepared a method for adding the applications already submitted in order to include the portion relating to interest on arrears invoiced in accordance with the initial provisions of art. 1.4, letter a), number iv) of Resolution 50/2018//R/EEL. On 18 February 2020, a formal request to participate in the mechanism for reimbursing the default interest billed was formally submitted and the amount requested was received equal to € 2.9 million on 30 March 2020.
On 27 December 2019 Resolution 568/2019/R/EEL was also issued, which provides for the reimbursement of amounts due not otherwise recoverable relative to network services equivalent to the model for the recognition of uncollected general system charges. This mechanism was confirmed with Resolution 461/2020/R/EEL published on 19/11/2020, which better defined the methods for access to the reimbursement request. This Resolution included recognition of tariff fees for electricity metering, distribution and transmission services, the UC3 and UC6 tariff components and certain fees for specific services, regarding invoices expired by at least 12 months, net of a 10% deductible.
The Authority set date of 30 June 2021 as the limit for presentation of applications for admission to the mechanism, nevertheless offering DSOs the option, to request a 50% advance of the reimbursement amount due with requests to be sent by 7 December 2020 and payment by 31 December 2020. Areti S.p.A. therefore decided to take advantage of this option, sending a request for participation on 4 December 2020. The total amount for network services for Gala for network tariffs uncollected is approximately € 11.0 million, while the amount paid by CSEA with value date 30 December 2020 as payment of balance was € 5.4 million.

Currently, also taking into account the changes in the regulatory framework deriving from the approval of the mechanism for reimbursing general expenses accrued over time, the reduction in the value of the Areti receivable from Gala was prudentially determined.

From the regulatory perspective, with Resolution no. 32/2021/R/eel of 2 February 2021, ARERA made provisions related to the mechanism for recognising, in favour of sellers, the general system charges not collected from end customers and already paid to the distribution companies, with the strategic aim of improving the risk management tools through the implementation of measures intended, on the one hand, to guarantee the system and end customers with respect to the economic consequences of possible sales operator default and, on the other, to ensure the solidity and reliability of the processes involving them, keeping their exposure under control and contained with evolution of the minimum guarantee systems and the recovery mechanisms for unpaid payments of sellers with particular reference to the portions related to general system charges in the electricity sector.

The measure, which concluded the procedure to comply with the rulings of the administrative courts, follows the guidelines expressed in the consultation document no. 445/2020/R/eel and establishes a **mechanism for recognising**, in favour of sellers, the general system charges not collected from defaulting end customers and in any case already paid by the sellers to the distribution companies, by providing for their payment by the CSEA. Furthermore, the measure supplemented the rules on guarantees in the transport contracts, regarding their sizing with reference to general system charges.

The Mechanism covers the period between 2016 (entry into force of the Standard Network Code) and any adoption of specific measures, including legislation, aimed at a different management of the collection chain of general system charges and the related system of guarantees.
Parties that benefit from it are therefore users of the transport system provided by the distribution companies, holders of existing or terminated transport contracts which, as sellers, are the only contractual counterparty with the obligation to pay general system charges to the distribution companies (pursuant to article 3, paragraph 11 of Italian Legislative Decree 79/99).
At the same time, the measure continues to require that the distribution companies have the right to request (and the sellers, users of the transport service, must provide): (a) suitable guarantee of payment of the entire fee for the service, including the part related to general system charges, albeit at a conveniently reduced amount so that it represents the best estimate of the amounts normally collected by the sellers from their end customers; (b) payment of the total amount of the fee invoiced and therefore also any portion of the part related to any general system charges not (yet) collected, now without prejudice to the benefit of the reimbursement mechanism envisaged by Resolution 32/2021.

Resolution 32/2021 therefore confirmed:
a) the obligation, arising from primary legislation, for the seller to pay in full the system charges invoiced by the distributor, which in turn has the obligation to repay them in full to GSE and CSEA;
b) the right of the seller, limited to the charges not collected from end customers but paid to the distributor, to access the offsetting mechanism set out by Resolution no. 32/2021;
c) the regulatory framework previously envisaged with Resolution 109/2017, including the obligation for the seller to provide the guarantee in favour of the distributor, according to the parameters indicated herein related to the best estimate of the amounts normally collected from end customers;
d) recognition of the right of the distributor to govern contractually with the seller a suitable guarantee clause for compliance with the seller's obligations;
e) recognition of the right to access the offsetting mechanism in favour of the seller as of 2016, including in the case of a contract terminated by the distributor due to non-compliance (of said seller);
f) the obligation of the seller to collect system charges from the end users and, with the professional due diligence pursuant to art. 1176

of the Italian Civil Code, to recover arrears from end customers, being the only party designated to interact with the latter, in fact and in law.

Finally, it is noted that, with notice sent to Areti as a counterparty on 2 April 2021, **Gala S.p.A.** filed an appeal before the Council of State in order to: (i) ascertain and penalise the alleged non-compliance with rulings of the Council of State nos. 5619/2017 and 5620/2017 of 30 November 2017 and, at the same time, (ii) partially annul Resolution 32/2021/R/EEL of 2 February 2021 (on the reimbursement of traders in case of failure to collect the GSCs) due to circumvention of the aforesaid ruling. In summary, Gala considers that the aforesaid rulings of the Council of State – which, by partially annulling the network code, confirmed that system charges apply to end customers (as parties obligated to pay them) and reiterated the absence of the power of the Authority to transfer onto the Traders the obligation to pay the system charges (as deriving from the imposition of guarantees to cover said charges, in addition to the right of the distributors to terminate the contract with the Traders in the event of failure to pay said system charges) – have not been adequately met by ARERA with the subsequent administrative measures issued, the last of which is Resolution no. 32 mentioned, which reiterates the technicalities already omitted, thus breaching the aforesaid rulings.
Given the unusual procedural motion – Resolution no. 32/2021 was not appealed by Gala before the Regional Administrative Court before the deadline and the part appealed before the Council of State was not indicative of new elements with respect to the previous resolutions on the matter – a rejection due to lack of grounds is foreseeable; nevertheless, the intention of Gala could be to obtain the *obiter dicta* for use in the pending civil cases.

In this regard, it is useful to specify that, from a survey carried out on the portal of the administrative court, two appeals are still pending for the aforesaid Resolution no. 32/2021, one of which (592/2021) filed by the association of traders and resellers “ARTE”. The appeal was entrusted to the same legal expert of Gala and the request addressed to the administrative judge is the same one formulated in the aforementioned compliance proceedings.

## Engineering and Services
## Operating figures, equity and financial results for the period

| Operating data | U.M. | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|---|
| Total number of analyses | Number | 284,498.0 | 276,301.0 | 8,197 | 3.0 % |
| Total number of samples | Number | 9,151.0 | 8,830.0 | 321 | 3.6 % |
| Worksite inspections | Number | 4,364.0 | 3,217.0 | 1,147 | 35.7 % |
| Safety Coordination | Number | 213.0 | 27.0 | 186 | n.s. |

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 31.3 | 13.2 | 18.1 | 137.4 % |
| Costs | 28.2 | 11.7 | 16.5 | 141.3 % |
| EBITDA | 3.2 | 1.5 | 1.7 | 115.8 % |
| Operating profit/(loss) (EBIT) | 2.0 | 1.1 | 0.9 | 82.9 % |
| Average workforce | 428 | 290 | 138 | 47.8 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 1.5 | 6.6 | (5.1) | (77.2%) | 1.0 | 0.5 | 47.1 % |
| Net financial debt | 26.5 | 31.1 | (4.6) | (14.7%) | (3.0) | 29.6 | n.s. |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA Engineering and Services Segment | 3.2 | 1.5 | 1.7 | 115.8 % |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | 1.0 % | 0.5 % | 0.5 p.p. | |

The Segment closed the first quarter of 2021 with EBITDA of € 3.2 million, up on the same period of the previous year by € 1.7 million. This increase mainly comes from the change in the scope of consolidation of **SIMAM** acquired in May 2020 (+ € 1.7 million). Apart from **Acea Elabori**, the Segment also includes **Ingegnerie Toscane**, an engineering company that provides technical support services in the water-environmental sector, and **TWS**, a company that operates mainly in the construction and renovation of works instrumental to the operation of the Integrated Water Service, and in particular of water treatment plants – drinking water and wastewater – as well as design and engineering services as they relate to plant construction. These companies recorded EBITDA of € 0.9 million, € 0.3 million and € 0.2 million, respectively.

The average workforce at 31 March 2021 stood at 428 and was up compared to 31 March 2020 (290 employees). This increase is mainly attributable to the entry into the scope of the **SIMAM** Group (+ 118 employees).

Investments amounted to € 1.5 million and increased mainly due to the change in the scope of consolidation (+ € 0.5 million.

Net debt at 31 March 2021 was € 26.5 million, an increase of € 4.6 million compared to 31 December 2020 and a decrease of € 29.6 million compared to 31 March 2020. The changes are mainly due to **Acea Elabori** as a result of the requirements generated by changes in working capital, while SIMAM contributed to the decrease in net debt for € 2.5 million compared to 31 March 2020.

### Significant and subsequent events
No significant events occurred in the period.

## Corporate

### Operating figures, equity and financial results for the period

| Equity and financial results (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| Revenues | 32.6 | 29.4 | 3.2 | 10.8 % |
| Costs | 40.5 | 38.0 | 2.6 | 6.7 % |
| EBITDA | (8.0) | (8.6) | 0.6 | (7.1%) |
| Operating profit/(loss) (EBIT) | (13.5) | (12.7) | (0.8) | 6.5 % |
| Average workforce | 704 | 687 | 16 | 2.4 % |

| Equity and financial results (€ million) | 31/03/2021 | 31/12/2020 | Change | Change % | 31/03/2020 | Change | Change % |
|---|---|---|---|---|---|---|---|
| Capex | 3.5 | 28.5 | (24.9) | (87.5%) | 5.0 | (1.5) | (29.0%) |
| Net financial debt | 313.0 | 283.6 | 29.2 | 10.3 % | 259.5 | 53.5 | 20.6 % |

| EBITDA (€ million) | 31/03/2021 | 31/03/2020 | Change | % Change |
|---|---|---|---|---|
| EBITDA Corporate Segment | (8.0) | (8.6) | 0.6 | (7.1%) |
| EBITDA – Group | 311.5 | 276.4 | 35.1 | 12.7 % |
| Percentage weight | (2.6%) | (3.1%) | 0.5 p.p. | |

Corporate closed Q1 2021 with a negative EBITDA of € 8.0 million, representing a slight improvement of € 0.6 million compared to Q1 2020. The change is due to the combined effect of increased re-invoicing to the Group companies partially offset by the increase in consulting.

The average workforce at 31 March 2021 stood at 704, an increase of 16 compared to the first quarter of 2020 (there were 687 employees).

Investments amounted to € 3.5 million and decreased by € 1.5 million, compared to 31 March 2020. The investments mainly refer to IT and hardware developments and works carried out in the company offices.

Net debt at 31 March 2021 amounted to € 313.0 million, a decrease of € 53.5 million compared to the end of 2020. This change comes from Group and ACEA requirements.

### Significant and subsequent events

No significant events are reported during the period observed.

## Significant events during the period and afterwards

**ACEA S.p.A. Fitch Ratings confirms ACEA's "BBB+" rating and "stable" outlook**

On 14 January Fitch Ratings confirmed its Long-Term Issuer Default Rating (IDR) for ACEA of "BBB+" with "Stable" outlook, and the Short-Term IDR of "F2". The Long-Term Senior Unsecured Rating of "BBB+" was also confirmed.
Confirmation of the rating reflects the focus of the Group's strategy on regulated business, strong operating performance and a good level of available liquidity. These factors offset the increase in debt linked to investment programmes in innovation and sustainability included in the 2020-2024 Business Plan.

**ACEA S.p.A. Successful completion of the first Green Bond placement for € 900 million**

On 21 January, ACEA S.p.A. successfully completed placement of its first Green Bond issue for a total amount of € 900 million, in two series, in the context of the Green Financing Framework recently published and under the € 4 billion Euro Medium Term Notes (EMTN) programme, with the Base Prospectus as last updated on 24 July 2020 and subsequently amended on 15 January 2021. The first series totalled € 300 million, with a rate of 0.00% and maturity on 28 September 2025 and the second series totalled € 600 million, with a rate of 0.25% and expiry on 28 July 2030.

**Acea enters the business of electric mobility charging services**

Acea enters the business of electric mobility charging services across the country by launching the "**Acea e-Mobility**" App, which makes it possible to charge an electric vehicle at over **10,000 points in Italy**, thanks to the interoperability agreements signed with other sector operators.
The App was developed to provide customers with a useful tool for easy management of all steps in the charging service: it will be possible to locate available active charging columns, book them, charge an electric or plug-in vehicle, monitor the charging status and manage payments with the main channels available (credit/debit card, prepaid cards or Apple Pay). The **Acea e-Mobility Card** will also be available for use with other associated services. Charging points will be free to book through the App until 31 December 2021. Acea Energia also offers three different **wallbox** models that will allow customers to charge their vehicle at their own home.

**ACEA S.p.A. The Shareholders' Meeting approves the Financial Statements as at 31 December 2020 and approves the payment of a dividend of € 0.80 per share**

On 22 April, the Acea S.p.A. Shareholders' Meeting approved the Financial Statements and presented the Consolidated Financial Statements at 31 December 2020, which showed a net profit, following allocations to third parties, of € 284.9 million. The Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 (2020 Sustainability Report) was also presented to the Shareholders.
The Meeting also approved the allocation of profit for the year as proposed by the Board of Directors and the distribution of the dividend. The total dividend (coupon no. 22) of € 170,038,325.60, equal to € 0.80 per share, will be paid starting from 23 June 2021 with coupon detachment on 21 June and record date 22 June.

**Acea. Up to 1,000 daily vaccinations at the Autoparco company headquarters**

Offering its contribution to speed up the Covid-19 vaccination plan coordinated by the Italian Ministry of Health, Acea has provided support to institutions, starting with the Lazio Region, for the actions implemented by the Italian Government. In particular, the company has provided a vaccination hub where the local population, as well as employees, can be administered up to around 1,000 doses per day. The company "Autoparco" in Piazzale Ostiense has been fitted out as a hub for vaccinations. The area dedicated to administering them will be operational 7 days a week, with 12, 16 and even 24-hour shifts expected.

**Acea. Gaïa Rating confirms Acea's growth on the sustainability indicators**

Acea is one of the companies with the best overall performance in terms of sustainability, as certified by Gaïa Rating, the French agency that assesses non-financial results and the effective integration of sustainability policies into corporate governance. Acea came 7th out of a total 512 companies, increasing its overall performance for the third year in a row. The results achieved in the four main sectors of evaluation, Governance, Social, Environmental and External Stakeholders, all stand out for being above the sector average.

## Operating (and financial) outlook

The results achieved by the Acea Group at 31 March 2021 are slightly higher than forecast but still confirm the guidance already disclosed to the market, which envisages:

- ✓ an increase in EBITDA between 6% and 8% compared to 2020;
- ✓ investments of approximately € 900 million;
- ✓ a net financial debt between € 3.85 and € 3.95 billion.

The Group is determined to make major investments in infrastructure that, while maintaining the solidity of its consolidated financial structure, have a positive impact on the Group's operating and economic performance.

The Group's financial structure is solid for the years to come. At 31 March 2021, 84.0% of debt is fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 31 March 2021 the average duration of medium/long-term debt stood at 5.6 years. Note that the reduction of the average cost went from 1.74% of 31 December 2020 to 1.44% of 31 March 2021.

With regard to the COVID-19 state of emergency, the ACEA Group maintains continuous attention on all the necessary actions to ensure continuity in the services provided in the region, preserving quality and efficiency and at the same time ensuring the safety of its people through the adoption and implementation of the necessary prevention protocols. Thanks to the many measures adopted, Acea achieved the "*Biosafety Trust Certification*" for the prevention and control of the spread of infection.

# Form and Structure

## General information

The Interim Report on Operations at 31 March 2021 of the ACEA Group was approved by Board of Directors' resolution on 12 May 2021, which also authorised its publication. The Parent Company ACEA is an Italian joint-stock company, with its registered office in Rome, at Piazzale Ostiense 2 and whose shares are traded on the Milan Stock Exchange. The ACEA Group's principal operating segments are described in the Report on Operations.

## Compliance with IAS/IFRS

This Interim Report on Operations, drafted on a consolidated basis, has been drawn up in compliance with the international accounting standards effective on the reporting date, approved by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Art. 6 of the regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and pursuant to Art. 9 of Italian Legislative Decree no. 38/2005.
The international accounting standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC), collectively the "IFRS".
In preparing this interim report, in compliance with IAS 34, applicable to interim financial reporting, the same accounting principles were applied as those for the preparation of the Consolidated Financial Statements at 31 December 2020, which see for a complete description, and must therefore be read together with the latter.

## Basis of presentation

The Interim Report on Operations consists of the consolidated income statement, the comprehensive consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement and the statement of changes in consolidated shareholders' equity. The Report also includes illustrative and supplementary notes prepared under the IAS/IFRS currently in effect. The Report also includes notes prepared under the IAS/IFRS currently in effect. The consolidated income statement is classified according to the nature of the costs, the items of the consolidated balance sheet according to the criterion of liquidity, with the items classified as current and non-current, while the consolidated cash flow statement is presented using the indirect method.
The Interim Report on Operations is presented in Euros and all amounts are rounded off to the nearest thousand Euros unless otherwise indicated. This Interim Report on Operations is comparable with the same period in the previous year for the economic figures and with the previous year for the equity data.

## Alternative performance indicators

On 5 October 2015, ESMA (European Securities and Markets Authority) published its guidelines (ESMA/2015/1415) on criteria for the presentation of alternative performance measures which replace, as of 3 July 2016, the CESR/05-178b recommendations. These guidelines were transposed into our system with CONSOB Communication no. 0092543 dated 3 December 2015. The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

1. For the ACEA Group, the EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly-controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. *EBITDA* is determined by adding Operating profit/loss (EBIT) to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;
2. the *net financial position* is an indicator of the financial structure of the ACEA Group and is obtained from the sum of non-current payables and financial liabilities net of non-current financial assets (financial receivables and securities other than equity investments), current financial payables and other current financial liabilities net of current financial assets and cash and cash equivalents;
3. *net invested capital* is the sum of "Current assets", "Non-current assets" and Assets and Liabilities held for sale, less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the *net financial position*;
4. *net working capital* is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the *net financial position*.

## Use of estimates and assumptions

In application of IFRS, the preparation of the Interim Report on Operations requires the use of estimates and assumptions that have an effect on the values of revenues (including the estimate of the GRC as indicated in the Integrated Water Service Revenues in the management report), costs, assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the reporting date. The main sources of uncertainty that could have an impact on the evaluation processes are also considered in making these estimates.
The actual amounts may differ from such estimates. Estimates are used to determine some sales revenues, provisions for risks and charges, provisions for impairment of receivables and other provisions for depreciation, amortisation, valuation of derivatives, employee benefits and taxes. The original estimates and assumptions are periodically reviewed and the impact of each change is immediately recorded in the Income Statement.
The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.
In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of

impairment that call for immediate impairment testing. For more information on the methods in question, please refer to the following paragraphs.

## Effects of the seasonality of transactions

For the type of business in which it operates, the ACEA Group is not subject to significant seasonality. Some specific operating segments, however, can be affected by uneven trends that span an entire year.

## Risks connected to the “Covid-19” emergency

Please see the Report on Operations of the Consolidated Financial Statements at 31 December 2020 for a description on the main impacts the Covid-19 emergency had on the Group’s activities. Note that at present these impacts have not had significant effects on the income statement, nor has it created uncertainties that would reflect negatively on the presumption of the business as a going concern.

# Consolidation policies, procedures and scope

## Consolidation policies

Subsidiaries
The scope of consolidation includes the Parent Company ACEA and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.
Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.
According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.
The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.
In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.
The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the ACEA Group had control.

Joint ventures
A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.
According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

Associates
An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.
In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.
The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.
When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment

## Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.
All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.
The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.
The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.
The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS 5 and accounted for at fair value net of costs to sell.
If the business combination is achieved in stages, the fair value of the investment previously held has to be re-measured and any resulting gain or loss is recognised in profit or loss.
The purchaser has to recognise any contingent consideration at fair value, on the date of acquisition. The change in fair value of the contingent consideration classified as asset or liability is recognised according to the provisions included in IFRS9, in the income statement or among the other components of the comprehensive income statement.
The costs directly attributable to the acquisition are included in the income statement.
The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, in the Income Statement,.
For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.
It is specified that the price allocation process is provisionally allocated to assets and liabilities and definitively accounted for within 12 months from the date of acquisition as required by IFRS 3.

Consolidation procedure for assets and liabilities held for sale (IFRS 5)

Non-current assets and liabilities are classified as held for sale, in accordance with the provisions of IFRS 5.

Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company ACEA, are converted into Euros by applying the exchange rate at the end of the period to the assets and liabilities, and the average exchange rates for the period to income statement items and to the cash flow statement.
The exchange differences arising from the translation of the financial statements of investee companies operating in currencies other than the euro are recognised directly in equity and are shown separately in a specific reserve of; this reserve is reversed to the income statement at the time of complete disinvestment or loss of control, joint control or significant influence over the investee company. In the case of partial disposal:

- without loss of control, the share of the exchange differences relating to the shareholding sold is attributed to the shareholders' equity pertaining to minority interests;
- without loss of joint control or significant influence, the portion of exchange differences relating to the shareholding sold is recognised in the income statement.

# Scope of consolidation

The ACEA Group's Interim Report on Operations includes the financial statements of the Parent Company, ACEA, and the financial statements of the Italian and foreign subsidiaries, for which, in accordance with the provisions of IFRS 10, there is exposure to the variability of returns and of which a majority of voting rights in the ordinary meetings is held, either directly or indirectly, and consequently the ability to influence the investee returns by exerting management power. Furthermore, the companies on which the Parent Company exercises joint control with other shareholders are consolidated using the equity method.

## A) Changes in the scope of consolidation

Compared to 31 March 2020 the following changes occurred in the consolidation scope:

- the acquisition by Acea Sun Capital of the photovoltaic companies Euroline3 on 6 May 2020, Energia on 7 May 2020, IFV Energy and PF Power of Future on 7 June 2020 and lastly Belaria on 31 August 2020;
- the 100% consolidation of the company Fergas Solar, acquired by Acea Solar on 15 April 2020, operating in the field of the development and construction of photovoltaic plants;
- the full consolidation of the companies acquired on 22 April 2020 by Acea Ambiente: 60% of the companies Ferrocart, Cavallari and Multigreen (the latter then merged into Cavallari as of 1 January 2021); the companies own a total of four plants with a total authorised capacity of over 145 thousand tonnes per year, operate in the provinces of Terni and Ancona, carrying out sorting and recovery of paper, iron, timber, plastics and metals and are also active in the management of the separate collection of production waste and packaging as well as waste disposal;
- the consolidation of Simam (Servizi Industriali Manageriali Ambientali) on 7 May 2020; the company is a leader in the design, construction and management of water and waste treatment plants, in environmental works and reclamation, with integrated solutions featuring high technological content;
- the consolidation of 100% of the company Electric Drive Italia, acquired by Acea Innovation on 19 May 2020 to promote the development of electric mobility through advanced IT solutions. It should be noted that the company was merged by incorporation into the parent company Acea Innovation as of 1 January 2021;
- the line by line consolidation of 51% of Alto Sangro Distribuzione Gas, acquired on 31 August 2020, a company operating in the gas distribution sector, and its subsidiary Notaresco;
- on 16 November 2020, an additional 15% stake was acquired in Sistemi Idrici Integrati (hereafter S.I.I.), thereby arriving at a total stake of 40%, with line-by-line consolidation as of that date after an amendment to the shareholders' agreements;
- on 15 December 2020, the companies Consorcio ACEA and Consorcio ACEA Lima Norte were established, subsidiaries of Acea Perù (99%) and ACEA Ato2 (1%); the first signed a three-year contact for the management of pumping stations for drinking water in Lima, while the second signed a three-year contract for maintenance of the water and sewerage network in the Nord di Lima zone.

We can note that the merger by incorporation of the companies Brindisi Solar, Acquaviva, Compagnia Solare 2, Compagnia Solare 3 and SPES into the company Solaria Real Estate was carried out on 27 July 2020, while the merger by incorporation of the companies Luna Energia, Sisine Energia, Urbe Cerig, Urbe Solar and Bersolar into the company KT4 was carried out on 26 October 2020. Both mergers have accounting and fiscal effects backdated to 1 January 2020.
With reference to the 2021 financial year, it should be noted that:

- on 24 February 2021, the deed of merger by acquisition of the company Bio Ecologie into the company was signed. As a result of the merger, the share capital will not change and the by-laws will be amended. The merger will take full effect from the date on which the final registrations required by art. 2504 of the Italian Civil Code take place;
- on 21 March 2021, an additional 35% stake was acquired in the company Solaria Real Estate, bringing the shareholding to 100%;
- finally, Crea S.p.A., placed in liquidation on 8 June 2011, was removed from the Companies Register on 25 March 2021.

## B) Unconsolidated investments

Tirana Acque S.c.a.r.l. in liquidation, 40% owned by ACEA, is recognised at cost. The subsidiary, entirely devalued, is excluded from the scope of consolidation as it is not operational and its relevance in qualitative and quantitative terms is not significant.

## C) List of consolidated companies

| Denominazione | Sede | Capitale Sociale (in €) | Quota di partecipazione | Quota consolidato di Gruppo | Metodo di Consolidamento |
|---|---|---|---|---|---|
| **Area Ambiente** | | | | | |
| Acea Ambiente S.r.l. | Via G. Bruno 7- Terni | 2.224.992 | 100,00% | 100,00% | Integrale |
| Aquaser S.r.l. | P.le Ostiense, 2 - Roma | 3.900.000 | 97,90% | 100,00% | Integrale |
| Bioecologia S.r.l. | Via G. Bruno 7- Terni | 2.382.428 | 100,00% | 100,00% | Integrale |
| Iseco S.p.A. | Loc. Surpian n. 10 - 11020 Saint-Marcel (AO) | 110.000 | 80,00% | 100,00% | Integrale |
| Berg S.p.A. | Via delle Industrie, 38 - Frosinone (FR) | 844.000 | 60,00% | 100,00% | Integrale |
| Demap S.r.l. | Via Giotto, 13 - Beinasco (TO) | 119.015 | 90,00% | 100,00% | Integrale |
| Acque Industriali S.r.l. | Via Bellatalla, 1 - Ospedaletto (Pisa) | 100.000 | 73,05% | 100,00% | Integrale |
| Ferrocart S.r.l. | Via Vanzetti, 34 - Terni | 80.000 | 60,00% | 100,00% | Integrale |
| Cavallari S.r.l. | Via dell'Industria, 6 - Ostra (AN) | 100.000 | 60,00% | 100,00% | Integrale |
| **Area Commerciale e Trading** | | | | | |
| Acea Energia S.p.A. | P.le Ostiense, 2 - Roma | 10.000.000 | 100,00% | 100,00% | Integrale |
| Cesap Vendita Gas S.r.l. | Via del Teatro, 9 - Bastia Umbra (PG) | 10.000 | 100,00% | 100,00% | Integrale |
| Umbria Energy S.p.A. | Via B. Capponi, 100 - Terni | 1.000.000 | 50,00% | 100,00% | Integrale |
| Acea Energy Management S.r.l. | P.le Ostiense, 2 Roma | 50.000 | 100,00% | 100,00% | Integrale |
| ACEA Innovation S.r.l. | P.le Ostiense, 2 - Roma | 10.000 | 100,00% | 100,00% | Integrale |
| Parco della Mistica S.r.l. | P.le Ostiense, 2 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| **Estero** | | | | | |
| Acea Dominicana S.A. | Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama -Santo Domingo | 644.937 | 100,00% | 100,00% | Integrale |
| Aguas de San Pedro S.A. | Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras | 6.457.345 | 60,65% | 100,00% | Integrale |
| Acea International S.A. | Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo | 9.089.661 | 99,99% | 100,00% | Integrale |
| Acea Perù S.A.C. | Cal. Amador Merino Reyna , 307 MIRAFLORES - LIMA | 177.582 | 100,00% | 100,00% | Integrale |
| Consorcio ACEA-ACEA Dominicana | Av. Las Americas - Esq. Masoneria - Ens. Ozama | 67.253 | 100,00% | 100,00% | Integrale |
| Consorcio Servicios Sur | Calle Amador Merino Reyna - San Isidro | 233.566 | 51,00% | 100,00% | Integrale |
| Consorcio Agua Azul S.A. | Calle Amador Merino Reina 307 - Lima - Perù | 16.000.912 | 44,00% | 100,00% | Integrale |
| Consorcio ACEA | Calle Amador Merino Reina 307 - Lima - Perù | 225.093 | 100,00% | 100,00% | Integrale |
| Consorcio ACEA Lima Norte | Calle Amador Merino Reina 307 - Lima - Perù | 225.093 | 100,00% | 100,00% | Integrale |
| **Area Idrico** | | | | | |
| ACEA Ato2 S.p.A. | P.le Ostiense, 2 - Roma | 362.834.320 | 96,46% | 100,00% | Integrale |
| ACEA Ato5 S.p.A. | Viale Roma snc - Frosinone | 10.330.000 | 98,45% | 100,00% | Integrale |
| Acque Blu Arno Basso S.p.A. | P.le Ostiense, 2 - Roma | 8.000.000 | 76,67% | 100,00% | Integrale |
| Acque Blu Fiorentine S.p.A. | P.le Ostiense, 2 - Roma | 15.153.400 | 75,01% | 100,00% | Integrale |
| Acea Molise S.r.l. | P.le Ostiense, 2 - Roma | 100.000 | 100,00% | 100,00% | Integrale |
| Acquedotto del Fiora S.p.A. | Via Mameli,10 Grosseto | 1.730.520 | 40,00% | 100,00% | Integrale |
| Gesesa S.p.A. | Corso Garibaldi, 8 - Benevento | 534.991 | 57,93% | 100,00% | Integrale |
| GORI S.p.A. | Via Trentola, 211 – Ercolano (NA) | 44.999.971 | 37,05% | 100,00% | Integrale |
| Ombrone S.p.A. | P.le Ostiense, 2 - Roma | 6.500.000 | 99,51% | 100,00% | Integrale |
| Pescara Distribuzione Gas S.r.l. | Via G. Carducci, 83 Pescara | 120.000 | 51,00% | 100,00% | Integrale |
| Sarnese Vesuviano S.r.l. | P.le Ostiense, 2 - Roma | 100.000 | 99,16% | 100,00% | Integrale |
| Umbriadue Servizi Idrici S.c.a.r.l. | Strada Sabbione zona ind. A72 - Terni | 100.000 | 99,20% | 100,00% | Integrale |
| Alto Sangro Distribuzione Gas S.r.l. | Via L. Galvani, 17/A - 47122 Forlì | 463.644 | 51,00% | 100,00% | Integrale |
| Servizi idrici Integrati ScPA | Via I Maggio, 65 Terni | 19.536.000 | 40,00% | 100,00% | Integrale |
| Notaresco Gas S.r.l. | Via Padre Frasca, s.n., frazione Chieti Scalo Centro Dama | 100.000 | 28,05% | 100,00% | Integrale |
| **Area Infrastrutture Energetiche** | | | | | |
| areti S.p.A. | P.le Ostiense, 2 - Roma | 345.000.000 | 100,00% | 100,00% | Integrale |
| Acea Produzione S.p.A. | P.le Ostiense, 2 - Roma | 5.000.000 | 100,00% | 100,00% | Integrale |
| Acea Liquidation and Litigation S.r.l. | P.le Ostiense, 2 - Roma | 10.000 | 100,00% | 100,00% | Integrale |
| Ecogena S.r.l. | P.le Ostiense, 2 Roma | 1.669.457 | 100,00% | 100,00% | Integrale |
| KT 4 S.r.l. | Viale SS Pietro e paolo, 50 - Roma | 110.000 | 100,00% | 100,00% | Integrale |
| Solaria Real Estate srl | Via Paolo da Cannobio, 33 - Milano | 176.085 | 100,00% | 100,00% | Integrale |
| Acea Solar S.r.l. | P.le Ostiense, 2 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| Acea Sun Capital S.r.l. | P.le Ostiense, 2 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| Trinovolt S.r.l. | Viale Tommaso Columbo, 31/D - Bari (BA) | 10.000 | 100,00% | 100,00% | Integrale |
| Marche Solar S.r.l. | Via Achille Grandi 39 - Concordia sulla Secchia (MO) | 10.000 | 100,00% | 100,00% | Integrale |
| Fergas Solar S.r.l. | Via Pietro Piffetti, 19 - 10143 Torino | 10.000 | 100,00% | 100,00% | Integrale |
| Euroline 3 S.r.l. | Piazzale Ostiense, 2 - 00154 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| IFV Energy S.r.l. | Piazzale Ostiense, 2 - 00154 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| PF Power of Future S.r.l. | Piazzale Ostiense, 2 - 00154 Roma | 10.000 | 100,00% | 100,00% | Integrale |
| **Area Ingegneria e Servizi** | | | | | |
| ACEA Elabori S.p.A. | Via Vitorchiano – Roma | 2.444.000 | 100,00% | 100,00% | Integrale |
| SIMAM S.p.A. | Via Cimabue, 11/2 - 60019 Senigallia (AN) | 600.000 | 70,00% | 100,00% | Integrale |
| Technologies For Water Services S.p.A. | Via Ticino, 9 -25015 Desenzano Del Garda (BS) | 11.164.000 | 100,00% | 100,00% | Integrale |

Companies accounted for using the equity method as from 1 January 2014 in accordance with IFRS 11:

| Denominazione | Sede | Capitale Sociale (in €) | Quota di partecipazione | Quota consolidato di Gruppo | Metodo di Consolidamento |
|---|---|---|---|---|---|
| **Area Ambiente** | | | | | |
| Ecomed Sr.l. | P.le Ostiense, 2 - Roma | 10.000 | 50,00% | 50,00% | Patrimonio Netto |
| **Area Idrico** | | | | | |
| Acque Sp.A. | Via Garigliano,1- Empoli | 9.953.116 | 45,00% | 45,00% | Patrimonio Netto |
| Acque Servizi Sr.l. | Via Bellatalla,1 - Ospedaletto (Pisa) | 400.000 | 100,00% | 45,00% | Patrimonio Netto |
| Geal Sp.A. | Viale Luporini, 1348 - Lucca | 1.450.000 | 48,00% | 48,00% | Patrimonio Netto |
| Intesa Aretina Sc.a r.l. | Via B.Crespi, 57 - Milano | 18.112.000 | 35,00% | 35,00% | Patrimonio Netto |
| Nuove Acque Sp.A. | Patrignone Loc.Cuculo - Arezzo | 34.450.389 | 46,16% | 16,16% | Patrimonio Netto |
| Publiacqua Sp.A. | Via Villamagna - Firenze | 150.280.057 | 40,00% | 40,00% | Patrimonio Netto |
| Umbra Acque Sp.A. | Via G. Benucci, 162 - Ponte San Giovanni (PG) | 15.549.889 | 40,00% | 40,00% | Patrimonio Netto |
| **Area Ingegneria e Servizi** | | | | | |
| Ingegnerie Toscane Sr.l. | Via Francesco de Sanctis, 49 - Firenze | 100.000 | 98,90% | 44,10% | Patrimonio Netto |
| Visano Sc.a r.l. | Via Lamarmora, 230 -25124 Brescia | 25.000 | 40,00% | 40,00% | Patrimonio Netto |
| **Area Infrastrutture Energetiche** | | | | | |
| Belaria Sr.l. | Via Luciano Manara, 15 - Milano | 10.000 | 49,00% | 49,00% | Patrimonio Netto |
| Mithra 1 Sr.l. | Via Pontaccio, 10 Milano | 50.000 | 100,00% | 49,00% | Patrimonio Netto |
| Energia Sp.A | Via Barberini, 28 - 00187 Roma | 239.520 | 49,90% | 49,90% | Patrimonio Netto |

The following companies are also consolidated using the equity method:

| Denominazione | Sede | Capitale Sociale (in €) | Quota di partecipazione | Quota consolidato di Gruppo | Metodo di Consolidamento |
|---|---|---|---|---|---|
| **Area Ambiente** | | | | | |
| Amea Sp.A. | Via San Francesco d'Assisi 15C - Paliano (FR) | 1.689.000 | 33,00% | 33,00% | Patrimonio Netto |
| Coema | P.le Ostiense, 2 - Roma | 10.000 | 67,00% | 33,50% | Patrimonio Netto |
| **Estero** | | | | | |
| Aguaazul Bogotà SA. | Calle 82 n. 19°-34 - Bogotà- Colombia | 951.851 | 51,00% | 50,99% | Patrimonio Netto |
| **Area Idrico** | | | | | |
| Le Soluzioni Scarl | Via Garigliano,1 - Empoli | 250.678 | 80,84% | 51,63% | Patrimonio Netto |
| Sogea Sp.A. | Via Mercatanti, 8 - Rieti | 260.000 | 49,00% | 49,00% | Patrimonio Netto |
| Umbria Distribuzione Gas Sp.A. | Via Bruno Capponi 100 – Terni | 2.120.000 | 15,00% | 15,00% | Patrimonio Netto |
| **Area Infrastrutture Energetiche** | | | | | |
| Citelum Napoli Pubblica Illuminazione Sc.a r.l. | Via Monteverdi Claudio, 11 - Milano | 90.000 | 32,18% | 32,18% | Patrimonio Netto |
| Senergia Sp.A. *(in liquidazione)* | Via Fratelli Cairoli, 24 - Perugia | 132.000 | 42,08% | 42,08% | Patrimonio Netto |
| **Altro** | | | | | |
| Marco Polo Srl *(in liquidazione)* | Via delle Cave Ardeatine, 40 - Roma | 10.000 | 33,00% | 33,00% | Patrimonio Netto |

# Accounting standards and measurement criteria

## Measurement criteria

The accounting standards and criteria for reporting and evaluation adopted for the presentation of the Condensed Interim Consolidated Financial Statements are those adopted to draft the 2020 Consolidated Financial Statements, to which the reader is referred for the description of the most significant ones with the exception of those specified below.

## Accounting standards, amendments, interpretations and improvements applied as of 1 January 2021

**"IFRS 17 Insurance Contracts"**
On 18 May 2017, the IASB issued IFRS 17 "Insurance Contracts" which defines the accounting of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which supersede those currently envisaged by IFRS 4 "Insurance Contracts".

**"Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9"**
On 28 May 2020, the IASB published an extension of the temporary exemption on application of IFRS 9, bringing the date to 1 January 2023, offering the possibility of aligning measurement criteria for financial instruments to the new accounting standard IFRS 17 to measure and recognise insurance contracts.

**"Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions"**
Issued in April 2020, it introduces a practical arrangement aimed at allowing the possibility for the lessee not to consider as amendments to the lease any concessions recognised as a result of COVID-19 (e.g. suspension of rent payments). The lessee may therefore exempt itself from revising numerous contracts and need not redefine the respective lease liabilities by means of a new discount rate since it can treat such changes in a manner that does not involve a lease modification. This arrangement is applicable to lessees, not to lessors.

**"Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2"**
Issued in August 2020, these supplement the previous amendments issued in 2019 (Interest Rate Benchmark Reform – Phase 1) and address issues that could impact the financial reporting after a reference benchmark has been reformed or replaced with an alternative reference rate due to the reform.

The amendments and standards mentioned did not have any significant impact for the Acea Group on the financial statements nor did they require particular disclosures.

## Accounting standards, amendments and interpretations applicable after closure of the year and not adopted in advance by the Group

**"Amendment to IFRS 3 Business Combinations"**
Issued in June 2020, it updates the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing changes to the provisions of the standard. Amendments are effective from the financial years beginning 1 January 2022.

**"Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*"**
Issued in January 2020, it provides clarifications on the classification of liabilities as current or non-current. Amendments to IAS 1 are effective from the financial years beginning 1 January 2023.

**"Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use"**
Issued in June 2020, it does not allow deducting the amount received from the sale of goods produced before the asset was ready for use from the cost of the fixed asset. These sales revenues and related costs are recognised in the income statement. Amendments to IAS 16 are effective from the financial years beginning 1 January 2022.

**"Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract"**
Issued in May 2020. The amendments specify which costs a company includes in the calculation of the cost necessary to fulfil a contract for the purpose of assessing whether the contract is costly. Amendments are effective from the financial years beginning 1 January 2022. Earlier application is permitted.

**"Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies"**
Issued on 12 February 2021, they require companies to provide relevant information about the accounting standards applied and suggest to avoid or limit unnecessary information. Amendments to IAS 16 are effective from the financial years beginning 1 January 2023.

**"Amendments to IAS 8 – Definition of Accounting Estimates"**
Issued on 12 February 2021, they clarify, including through a number of examples, the distinction between estimate changes and accounting standard changes. The distinction is relevant since estimate changes are applied prospectively to future transactions and events, while accounting standard changes are generally applied retroactively. Amendments are applicable from the financial years beginning 1 January 2022. Earlier application is permitted.

**"Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies",**

Issued in February 2021, they aim to support companies in deciding which accounting standards to illustrate in the financial statements. The amendments to IAS 1 require companies to provide information about material accounting standards, rather than significant ones. A guide on how to apply the concept of materiality to information about accounting standards is given by the amendments to IFRS "*Practice Statement 2*".
Amendments will be applicable from the financial years beginning 1 January 2023. Earlier application is permitted.

**"Annual Improvements 2018-2020"**
Issued in June 2020, it includes amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, where a subsidiary that applies paragraph D16 of IFRS 1 is allowed to recognise cumulative conversion differences using the amounts recognised by its parent at the date of transfer of the parent company;
- IFRS 9 Financial Instruments, which provides clarification on which fees to include in the ten per cent test in section B3.3.6 when assessing whether to eliminate a financial liability;
- IAS 41 Agriculture, where, in order to ensure consistency with the requirements of IFRS 13, the paragraph under which entities did not include tax cash flows in the measurement of the fair value of a biological asset using the present value technique is deleted.
- The Illustrative Examples accompanying IFRS 16 Leases, eliminating Illustrative Example 13 in order to avoid confusion regarding the treatment of lease incentives due to how the incentives were illustrated in that example.

Amendments will be applicable from the financial years beginning 1 January 2022.

**"Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture",**
Issued in September 2014, they clarify the accounting treatment of sales or transfers of assets between an investor and its associates or joint ventures. The IASB postponed indefinitely the date of first application of the amendments in question. Earlier application is permitted provided that the changes are applied prospectively.

The Acea Group is assessing the amendments and the standards indicated in relation to any impact on the financial statements or reporting.

## Consolidated Income Statement

| | 31/03/2021 | *Of which related party transactions* | 31/03/2020 | *Of which related party transactions* | Change |
|---|---|---|---|---|---|
| Revenue from sales and services | 892,194 | | 810,337 | | 81,857 |
| Other revenue and income | 37,830 | | 23,123 | | 14,707 |
| **Consolidated net revenues** | **930,024** | **24,372** | **833,460** | **20,559** | **96,564** |
| Personnel costs | 74,817 | | 72,739 | | 2,078 |
| Costs of materials and overheads | 549,272 | | 491,535 | | 57,736 |
| **Consolidated Operating Costs** | **624,088** | **18,922** | **564,274** | **20,570** | **59,814** |
| **Net income/(costs) from commodity risk management** | | | **82** | | **(82)** |
| **Income/(Costs) from equity investments of a non-financial nature** | **5,579** | | **7,177** | | **(1,598)** |
| **EBITDA** | **311,514** | **5,450** | **276,445** | **(11)** | **35,069** |
| Net write-downs (write-backs) of trade receivables | 23,432 | | 18,251 | | 5,181 |
| Depreciation, amortisation and provisions | 132,562 | | 119,710 | | 12,851 |
| **Operating profit/(loss)** | **155,520** | **5,450** | **138,483** | **(11)** | **17,037** |
| Financial income | 858 | 77 | 2,394 | 1,658 | (1,536) |
| Financial costs | (23,486) | 0 | (26,474) | 190 | 2,988 |
| Income/(Costs) from equity investments | 36 | | (38) | | 75 |
| **Profit/(loss) before tax** | **132,928** | **5,527** | **114,365** | **1,837** | **18,564** |
| Income taxes | 39,879 | | 34,309 | | 5,569 |
| **Net profit/(loss)** | **93,050** | **5,527** | **80,055** | **1,837** | **12,995** |
| Net profit/(loss) from discontinued operations | | | | | |
| **Net profit/(loss)** | **93,050** | **5,527** | **80,055** | **1,837** | **12,995** |
| Profit/(loss) attributable to non-controlling interests | 9,986 | | 9,425 | | 560 |
| **Net profit/(loss) attributable to the Group** | **83,064** | | **70,630** | | **12,434** |
| Earnings (loss) per share attributable to Parent Company's shareholders | | | | | |
| Basic | 0.39004 | | 0.33165 | | 0.05839 |
| Diluted | 0.39004 | | 0.33165 | | 0.05839 |
| Earnings (loss) per share attributable to Parent Company's shareholders, net of Treasury Shares | | | | | |
| Basic | 0.39080 | | 0.33230 | | 0.05850 |
| Diluted | 0.39080 | | 0.33230 | | 0.05850 |

*Amounts in € thousand*

## Comprehensive Consolidated Income Statement

| € thousand | 31/03/2021 | 31/03/2020 | Change |
|---|---|---|---|
| **Net income for the period** | **93,050** | **80,055** | **12,995** |
| | | | |
| **Profit/Loss from conversion of financial statements expressed in foreign currency** | **2,151** | **644** | **1,507** |
| | | | |
| Reserve for exchange differences | 4,492 | (4,333) | 8,825 |
| Tax reserve for exchange differences | (1,078) | 1,040 | (2,118) |
| **Gains/losses from exchange rate difference** | **3,414** | **(3,293)** | **6,707** |
| Effective portion of gains/(losses) on hedging instruments (“cash flow hedges”) | (1,956) | 2,534 | (4,490) |
| Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges") | 545 | (587) | 1,131 |
| **Profit/loss from the effective portion on hedging instruments net of tax effect** | **(1,411)** | **1,947** | **(3,358)** |
| Actuarial gains/(losses) on employee benefits recognised in equity | 890 | 1,575 | (685) |
| Tax effect on the other actuarial profit/(loss) on staff benefit plans | (259) | (320) | 61 |
| **Actuarial Profit/(Loss) on defined benefit pension plans net of tax effect** | **631** | **1,255** | **(623)** |
| | | | |
| **Total components of other comprehensive income, net of tax effect** | **4,785** | **553** | **4,232** |
| | | | |
| **Total comprehensive income/loss** | **97,835** | **80,608** | **17,227** |
| | | | |
| **Total comprehensive income (loss) attributable to:** | | | |
| Group | 87,093 | 71,482 | 15,611 |
| Minority interests | 10,742 | 9,126 | 1,616 |

## Consolidated Statement of Financial Position

| ASSETS | 31/03/2021 | *of which with related parties* | 31/12/2020 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Tangible fixed assets | 2,882,275 | | 2,786,645 | | 95,629 |
| Real estate investments | 2,358 | | 2,372 | | (15) |
| Goodwill | 223,289 | | 223,713 | | (423) |
| Concessions | 2,847,115 | | 2,835,766 | | 11,348 |
| Intangible fixed assets | 316,437 | | 313,232 | | 3,205 |
| Right of use | 77,909 | | 73,660 | | 4,249 |
| Equity investments in unconsolidated subsidiaries and associates | 283,846 | | 276,362 | | 7,484 |
| Other equity investments | 3,092 | | 3,100 | | (7) |
| Deferred tax assets | 233,559 | | 235,012 | | (1,453) |
| Financial assets | 33,882 | *17,152* | 38,781 | *21,156* | (4,899) |
| Other assets | 532,659 | | 522,360 | | 10,299 |
| **NON-CURRENT ASSETS** | **7,436,422** | ***17,152*** | **7,311,004** | ***21,156*** | **125,418** |
| | | | | | |
| Inventories | 87,627 | | 91,973 | | (4,346) |
| Trade receivables | 1,072,773 | 82,169 | 981,509 | 72,080 | 91,265 |
| Other current assets | 247,759 | | 257,442 | | (9,683) |
| Current tax assets | 3,895 | | 9,618 | | (5,723) |
| Current financial assets | 430,116 | *133,329* | 379,859 | *143,097* | 50,257 |
| Cash and cash equivalents | 1,277,843 | | 642,209 | | 635,634 |
| **CURRENT ASSETS** | **3,120,013** | ***215,498*** | **2,362,610** | ***215,177*** | **757,403** |
| Non-current assets held for sale | 0 | | 0 | | 0 |
| **TOTAL ASSETS** | **10,556,435** | **232,650** | **9,673,614** | **236,333** | **882,821** |

*Amounts in € thousand*

| LIABILITIES | 31/03/2021 | *of which with related parties* | 31/12/2020 | *of which with related parties* | Change |
|---|---|---|---|---|---|
| Shareholders' Equity | | | | | |
| Share capital | 1,098,899 | | 1,098,899 | | 0 |
| Legal reserve | 129,761 | | 129,761 | | 0 |
| Other reserves | (203,710) | | (224,509) | | 20,799 |
| Retained earnings/(losses) | 945,279 | | 675,731 | | 269,548 |
| Profit (loss) for the year | 83,064 | | 284,948 | | (201,884) |
| **Total Group shareholders' equity** | **2,053,292** | | **1,964,829** | | **88,463** |
| Minority interests | 361,838 | | 358,429 | | 3,409 |
| **Total shareholders' equity** | **2,415,130** | | **2,323,258** | | **91,872** |
| Employee severance indemnity and other defined-benefit plans | 119,317 | | 122,047 | | (2,730) |
| Provision for risks and charges | 186,555 | | 156,951 | | 29,604 |
| Borrowings and financial liabilities | 4,949,155 | | 4,154,251 | | 794,904 |
| Other liabilities | 399,088 | | 405,799 | | (6,710) |
| **NON-CURRENT LIABILITIES** | **5,654,116** | | **4,839,048** | | **815,068** |
| | | | | | |
| Financial payables | 412,914 | *115,096* | 419,822 | *133,714* | (6,908) |
| Payables to suppliers | 1,581,356 | *50,665* | 1,627,119 | *77,230* | (45,763) |
| Tax payables | 37,789 | | 40,217 | | (2,428) |
| Other current liabilities | 455,130 | | 424,150 | | 30,980 |
| **CURRENT LIABILITIES** | **2,487,189** | **165,761** | **2,511,308** | **210,944** | **(24,118)** |
| Liabilities directly associated with assets held for sale | 0 | | 0 | | 0 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **10,556,435** | **165,761** | **9,673,614** | **210,944** | **882,821** |

*Amounts in € thousand*

## Consolidated Statement of Cash Flows

| € thousand | 31.03.2021 | Related parties | 31.03.2020 | Related parties | Change |
|---|---|---|---|---|---|
| Cash flow from operating activities | | | | | |
| Profit before tax | 132,928 | | 114,365 | | 18,564 |
| Depreciation/amortisation and impairment charges | 130,359 | | 117,122 | | 13,237 |
| Write-ups/write-downs | 17,817 | | 12,755 | | 5,062 |
| Change in provisions for risks | (4,379) | | 1,202 | | (5,581) |
| Net change in the provision for employee benefits | (3,663) | | (8,301) | | 4,638 |
| Net financial interest | 22,628 | | 22,437 | | 191 |
| **Financial flows generated by operating activities before changes** | **295,691** | **0** | **259,581** | **0** | **36,110** |
| Increase/Decrease in receivables included in current assets | (126,663) | (10,089) | (203,819) | 10,329 | 77,155 |
| Increase/Decrease in payables included in the working capital | (13,432) | (26,565) | (49,268) | (12,710) | 35,836 |
| Increase/Decrease in inventories | 5,693 | | (1,714) | | 7,407 |
| **Change in working capital** | **(134,403)** | **(36,654)** | **(254,801)** | **(2,380)** | **120,398** |
| **Change in other assets/liabilities during the period** | 20,445 | | 84,460 | | (64,015) |
| **TOTAL CASH FLOW FROM OPERATING ACTIVITIES** | **181,733** | **(36,654)** | **89,240** | **(2,380)** | **92,493** |
| | | | | | |
| Cash flow from investment activities | | | | | |
| Purchase/sale of tangible fixed assets | (40,554) | | (108,514) | | 67,959 |
| Purchase/sale of intangible fixed assets | (189,824) | | (81,502) | | (108,321) |
| Equity investments | (8,435) | | 0 | | (8,435) |
| Collections/payments deriving from other financial investments | (45,113) | 13,772 | 317 | (1,188) | (45,430) |
| Interest income collected | 1,529 | | 5,090 | | (3,561) |
| **TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES** | **(282,397)** | **(16,142)** | **(184,609)** | **(1,188)** | **(97,788)** |
| Cash flow from financing activities | | | | | |
| Repayment of mortgages and long-term loans | (783) | | (422,800) | | 422,017 |
| Provision of mortgages/other debts and medium to long term | 902,500 | | 500,000 | | 402,500 |
| Decrease/Increase in other financial debts | (143,293) | (20,795) | 38,834 | (15,207) | (182,127) |
| Interest expense paid | (24,320) | | (27,286) | | 2,966 |
| Dividends paid | 0 | 0 | (9,646) | (9,646) | 9,646 |
| **TOTAL CASH FLOW FROM FINANCING ACTIVITIES** | **734,104** | **(20,795)** | **79,101** | **(24,854)** | **655,003** |
| **Cash flow for the period** | **633,441** | **(7,022)** | **(16,268)** | **(26,042)** | **649,709** |
| **Net opening balance of cash and cash equivalents** | 642,209 | | 835,693 | | (193,484) |
| Cash availability from acquisition | 2,193 | | 83 | | 2,110 |
| **Net closing balance of cash and cash equivalents** | **1,277,843** | | **819,508** | | **458,335** |

## Consolidated Statement of Changes in Shareholders' equity

| € thousand | Share capital | Legal reserve | Other reserves | Profit for the period | Total | Minority interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2021 | 1,098,899 | 129,761 | 453,724 | 282,446 | 1,964,829 | 358,429 | 2,323,258 |
| Income statement profit | 0 | 0 | 0 | 83,064 | 83,064 | 9,986 | 93,050 |
| Other comprehensive income (loss) | 0 | 0 | 0 | 4,028 | 4,028 | 757 | 4,785 |
| Total comprehensive income (loss) | 0 | 0 | 0 | 87,093 | 87,093 | 10,742 | 97,835 |
| Allocation of result for 2020 | 0 | 0 | 282,446 | (282,446) | 0 | 0 | 0 |
| Distribution of dividends | 0 | 0 | 0 | 0 | 0 | (880) | (880) |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 0 | (7,799) | (7,799) |
| Other changes | 0 | 0 | 1,370 | 0 | 1,370 | 1,346 | 2,716 |
| Balance as at 31 March 2021 | 1,098,899 | 129,761 | 737,540 | 87,093 | 2,053,292 | 361,838 | 2,415,130 |

| € thousand | Share capital | Legal reserve | Other reserves | Profit for the period | Total | Minority interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2020 | 1,098,899 | 119,336 | 363,605 | 272,932 | 1,854,772 | 251,938 | 2,106,710 |
| Income statement profit | 0 | 0 | 0 | 70,630 | 70,630 | 9,425 | 80,055 |
| Other comprehensive income (loss) | 0 | 0 | 0 | 852 | 852 | (299) | 553 |
| Total comprehensive income (loss) | 0 | 0 | 0 | 71,482 | 71,482 | 9,126 | 80,608 |
| Allocation of result for 2019 | 0 | 0 | 272,932 | (272,932) | 0 | 0 | 0 |
| Distribution of dividends | 0 | 0 | 0 | 0 | 0 | (3,275) | (3,275) |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 0 | 20,753 | 20,753 |
| Other changes | 0 | 0 | 1,188 | 0 | 1,188 | 70 | 1,258 |
| Balance as at 31 March 2020 | 1,098,899 | 119,336 | 637,725 | 71,482 | 1,927,442 | 278,612 | 2,206,054 |
| Income statement profit | 0 | 0 | 0 | 214,318 | 214,318 | 32,184 | 246,502 |
| Other comprehensive income (loss) | 0 | 0 | 0 | (3,354) | (3,354) | (744) | (4,098) |
| Total comprehensive income (loss) | 0 | 0 | 0 | 210,964 | 210,964 | 31,440 | 242,404 |
| Allocation of result for 2019 | 0 | 10,424 | (10,424) | 0 | 0 | 0 | 0 |
| Distribution of dividends | 0 | 0 | (165,788) | 0 | (165,788) | (8,866) | (174,654) |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 0 | 57,339 | 57,339 |
| Other changes | 0 | 0 | (7,789) | 0 | (7,789) | (96) | (7,885) |
| Balance as at 31 December 2020 | 1,098,899 | 129,761 | 453,724 | 282,446 | 1,964,829 | 358,429 | 2,323,258 |

## Declaration by the Manager Appointed to Prepare the Company Accounting Documents in accordance with the provisions of Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998

The Manager appointed to prepare the company accounting documents, Fabio Paris, declares in accordance with paragraph 154-bis, paragraph 2 of the Consolidated Finance Law, that the information contained in this Interim Report on Operations as at 31 March 2021, corresponds to results of the documents, books and accounting entries.