



**Interim report on operations as
at 31 March 2023**

Table of Contents

Report on Operations

ACEA Organisational Model	3
Corporate bodies	5
Summary of Results	6
Summary of operations and income, equity and financial performance of the Group.....	8
Summary of Results: economic performance	9
Summary of results: trends in financial position and cash flows	13
Net financial debt	17
Reference context	19
Trend of Operating segments	20
Operating Segments.....	21
Significant events during the period and afterwards.....	35
Business outlook.....	37

Consolidated Financial Statements

Form and Structure	38
Scope of consolidation	41
Accounting standards and measurement criteria.....	45
Application of the IFRS 5 standard	46
Consolidated Income Statement.....	47
Consolidated Statement of Comprehensive Income	48
Consolidated Statement of Financial Position	49
Consolidated Statement of Changes in Shareholders' equity.....	51
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	52

ACEA Organisational Model

ACEA is one of the major Italian multiutilities and has been listed 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 seven industrial areas – Environment, Commercial and Trading, Water, Energy Infrastructure, Engineering and Services, Generation and Overseas.

The activities of each business segment are described below.

Environment

The Acea Group is one of the leading national players with around 1.70 million tonnes of waste processed each year. At the various treatment and disposal plants operated in seven regions there is a main waste-to-energy plant and the largest anaerobic digestion and composting plant in Lazio region. The Group pays particular attention to the development of investments in the waste-to-energy and waste-recycling business, which is considered to have high potential, in line with the strategic objective of environmental and energy enhancement of waste, as well as its recovery and recycling in the plastics, paper and metals sectors and in the production of high-quality compost.

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 Segment 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 in Abruzzo, Molise and Campania, as it has entered the methane distribution market in the Municipality of Pescara, the Province of L'Aquila, the Provinces of Campobasso and Isernia and the Province of Salerno.

Energy Infrastructure

The Acea Group is a major operator in Italy with about 9.4 TWh of electricity distributed in Rome. The Group also manages the public and artistic lighting of the capital for a total of more than 227,600 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.

Generation

The Acea Group is one of the main national operators in the field of generation from renewable sources and is involved in energy efficiency projects and energy solutions in the business segment, particularly focused on finding innovative approaches to managing production assets and implementing new production capacity that reduces the Group's carbon footprint.

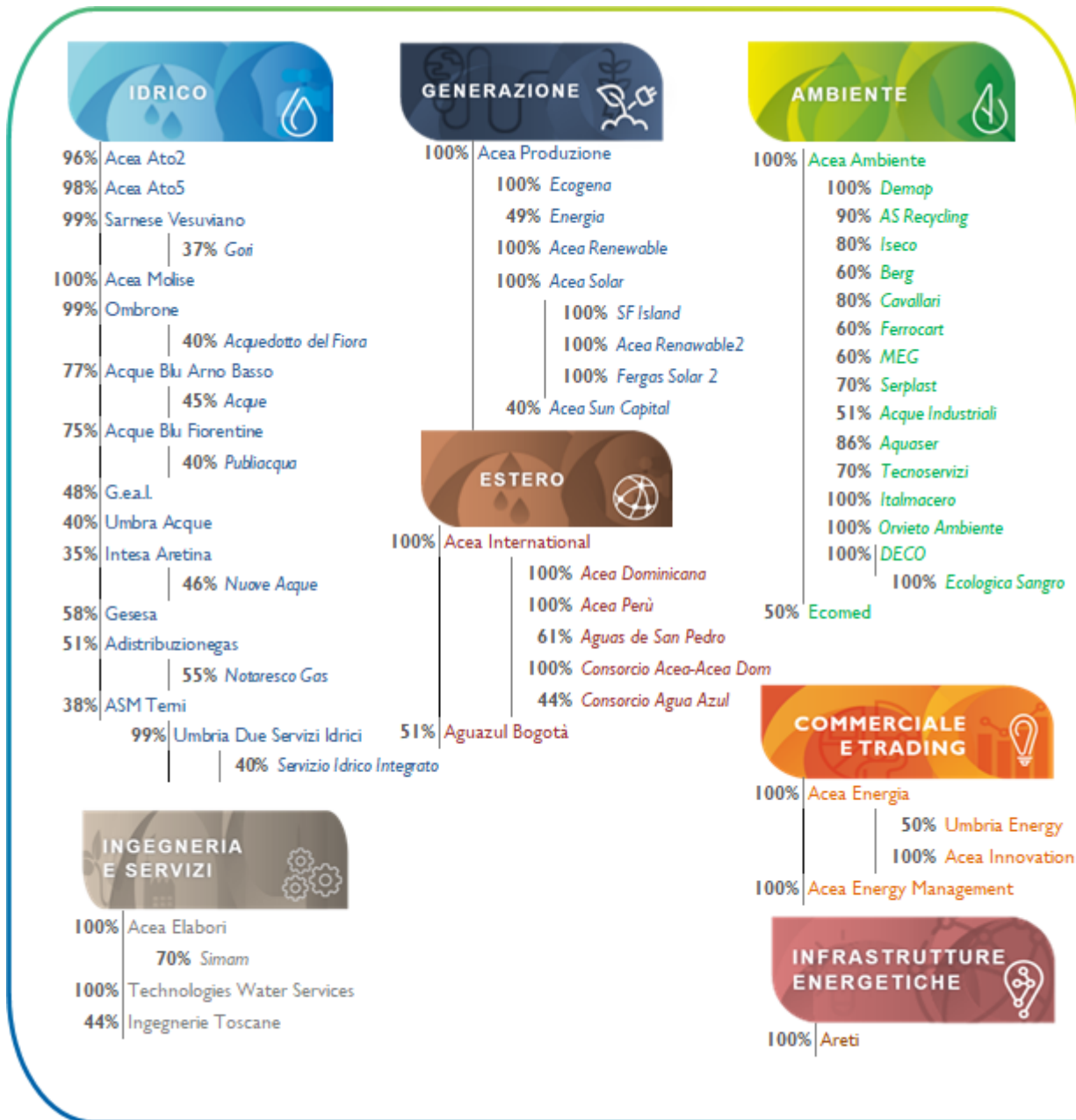
Engineering and Services

The Acea 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. The Acea Group is also engaged in the design and creation of plants for the environment and for the treatment of water and waste.

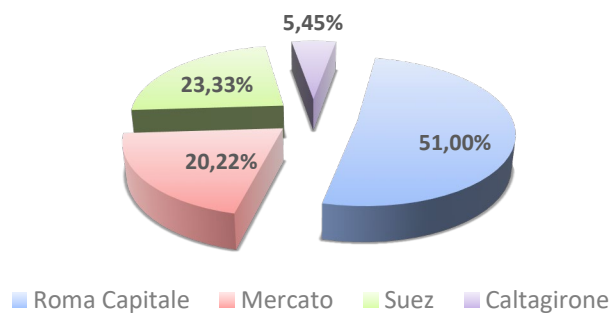
Overseas

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 and Peru, serving a population of approximately 10 million inhabitants. 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 2023 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*

Barbara Marinali	Chairperson
Fabrizio Palermo**	Chief Executive Officer
Antonella Rosa Bianchessi	Director
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Antonino Cusimano	Director
Thomas Devedjian	Director
Elisabetta Maggini	Director
Luisa Melara	Director
Angelo Piazza	Director
Alessandro Picardi	Director
Vincenza Patrizia Rutigliano	Director
Nathalie Tocci	Director

Board of Statutory Auditors

Maurizio Lauri	Chairperson
Claudia Capuano	Standing Auditor
Leonardo Quagliata	Standing Auditor
Rosina Cichello	Alternate Auditor
Vito Di Battista	Alternate Auditor

Executive Responsible

Fabio Paris**

**appointed by the Shareholders' Meeting on 18 April 2023*

***appointed by the Board of Directors on 3 May 2023*

Summary of Results

Income statement data (€ million)	31/03/2023	31/03/2022	Change	% Change
Consolidated Net Revenue	1,239.9	1,192.5	47.4	4.0%
Consolidated Operating Costs	910.2	881.6	28.6	3.2%
Net Income/(Expense) from commodity risk management	0.0	0.0	0.0	n.s.
Profit / (loss) from non-financial equity investments	6.3	7.3	(1.0)	(14.2%)
EBITDA	335.9	318.2	17.7	5.6%
Operating profit/(loss)	149.8	153.8	(4.0)	(2.6%)
Net profit/(loss)	81.4	106.9	(25.5)	(23.8%)
<i>Profit/(Loss) due to third parties</i>	8.8	7.5	1.4	18.3%
Net profit/(loss) attributable to the Group	72.6	99.4	(26.8)	(27.0%)

EBITDA (€ million)	31/03/2023	31/03/2022	Change	% Change
Environment	20.8	21.9	(1.0)	(4.8%)
Commercial and Trading	32.8	17.5	15.4	87.9%
Overseas	9.6	7.7	1.9	25.2%
Water	174.7	165.2	9.5	5.7%
Energy Infrastructure	92.4	86.5	5.8	6.8%
Generation	13.6	27.7	(14.0)	(50.7%)
Engineering and services	0.9	2.1	(1.2)	(57.1%)
Corporate	(9.0)	(10.3)	1.3	(12.7%)
Total EBITDA	335.9	318.2	17.7	5.6%

Financial position data (€ million)	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Net Invested Capital	7,191.6	7,194.9	(3.3)	(0.0%)	6,507.9	683.8	10.5%
Net Financial Debt	(4,338.6)	(4,439.7)	101.1	(2.3%)	(3,890.3)	(448.3)	11.5%
Consolidated Shareholders' Equity	(2,853.1)	(2,755.2)	(97.8)	3.6%	(2,617.6)	(235.5)	9.0%

Investments (€ million)	31/03/2023	31/03/2022	Change	% Change
Environment	7.6	8.5	(0.9)	(10.7%)
Commercial and Trading	12.5	10.7	1.9	17.4%
Overseas	0.8	0.6	0.2	43.9%
Water*	161.5	121.9	39.6	32.5%
Energy Infrastructure	64.5	68.7	(4.2)	(6.2%)
Generation	4.4	8.4	(4.0)	(47.7%)
Engineering and services	1.0	0.9	0.2	23.4%
Corporate	5.8	5.2	0.6	11.9%
Total Investments	258.2	224.7	33.4	14.9%

*The figure for investments in the segment is shown gross of € 11.4 million for 2023 and € 2.4 million for 2022 referred to the investments financed.

Net Financial Position (€ million)	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Environment	388.0	351.5	36.5	10.4%	334.1	54.0	16.2%
Commercial and Trading	(273.0)	(144.9)	(128.1)	88.4%	(260.4)	(12.6)	4.8%
Overseas	(28.8)	(26.6)	(2.2)	8.2%	(23.1)	(5.6)	24.3%
Water	1,805.2	1,796.2	9.1	0.5%	1,683.1	122.1	7.3%
Energy Infrastructure	1,740.3	1,785.2	(44.9)	(2.5%)	1,602.9	137.4	8.6%
Generation	161.2	160.5	0.7	0.4%	79.5	81.7	102.8%
Engineering and services	26.6	24.0	2.5	10.5%	26.7	(0.2)	(0.6%)
Corporate	499.6	471.6	28.0	5.9%	437.1	62.4	14.3%
Total Net Financial Position	4,319.1	4,417.5	(98.4)	(2.2%)	3,879.9	439.2	11.3%

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. In addition, on 4 March 2021 ESMA published the guidelines on the disclosure requirements deriving from the new Prospectus Regulation (Regulation EU 2017/1129 and Delegated Regulations EU 2019/980 and 2019/979), which update the previous CESR Recommendations (ESMA/2013/319, in the revised version of 20 March 2013). Starting from 5 May 2021, on the basis of CONSOB Call for Attention No. 5/21, the aforementioned ESMA Guidelines also replace the CESR Recommendation on debt. Therefore, under the new provisions, listed issuers will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

- ❑ 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;
- ❑ financial debt is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings (“Short-term loans”, “Current part of long-term loans” and “Current financial liabilities”) and long-term borrowings (“Long-term loans”) and the related derivative instruments (“Non-current financial liabilities”), net of “Cash and cash equivalents” and “Current financial assets”;
- ❑ the net financial position is an indicator of the ACEA Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the financial debt (ESMA) referred to above. This indicator is obtained from the sum of Non-current borrowings 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;
- ❑ 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*;
- ❑ 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)	31/03/2023	31/03/2022	Change	% Change
Revenue from sales and services	1,216.0	1,167.2	48.8	4.2%
Other revenue and proceeds	23.9	25.3	(1.5)	(5.8%)
Costs of materials and overhead	823.3	806.9	16.4	2.0%
Staff costs	86.9	74.7	12.2	16.3%
Profit / (loss) from non-financial equity investments	6.3	7.3	(1.0)	(14.2%)
EBITDA	335.9	318.2	17.7	5.6%
Amortisation, depreciation, provisions and impairment charges	186.1	164.4	21.7	13.2%
Operating profit/(loss)	149.8	153.8	(4.0)	(2.6%)
Financial operations	(33.7)	(21.9)	(11.8)	53.9%
Equity investments	0.2	20.7	(20.5)	(99.0%)
Profit/(loss) before tax	116.3	152.7	(36.4)	(23.8%)
Income tax	34.9	45.8	(10.9)	(23.8%)
Net profit/(loss)	81.4	106.9	(25.5)	(23.8%)
Profit/(Loss) due to third parties	8.8	7.5	1.4	18.3%
Net profit/(loss) attributable to the Group	72.6	99.4	(26.8)	(27.0%)

With reference to the 2023 financial year, it should be noted that:

- Q on 10 February 2023, Aqua.iot S.r.l. and Aquantia S.r.l. were established; the corporate purpose of the companies is the production, marketing and distribution of water meters to companies operating in the water industry in Italy. Aqua.iot S.r.l. is 65% owned by SUEZ International SAS and 35% owned by Acea, while Aquantia S.r.l. is 65% owned by Acea and 35% owned by SUEZ International SAS;
- Q on 1 March 2023, Orvieto Ambiente was established, wholly owned by Acea Ambiente, into which the business unit for the mechanical sorting, composting and waste disposal plant at the site in the municipality of Orvieto was transferred.

Compared to the situation recorded at 31 March 2022 the following changes occurred in the consolidation scope:

- Q on 8 February 2022, Acea Ambiente signed the deed of acquisition of 70% of the shares of S.E.R. Plast, a company operating in the recycling of plastic waste;
- Q at the end of March 2022, Acea finalised the sale of the photovoltaic holding company (Acea Sun Capital) to the British investment fund Equitix. The agreement for the transfer of assets was signed on 24 December 2021. With the closing of the operation, the newco AE Sun Capital S.r.l., 60% owned by Equitix and 40% by Acea Produzione, acquired from Acea Produzione the photovoltaic holding company of the Acea Group, the holder, through a number of vehicles, of a portfolio of photovoltaic plants, with a total installed capacity of 105 MW, of which 46 MW incentivised on the basis of different Energy Accounts and 59 MW for new construction already connected or being connected to the network;
- Q on 1 April 2022, a purchase agreement was signed by Adistribuzione gas for 30% of Romeo Gas as part of the sale by A2A of concessions for the natural gas distribution service;
- Q on 23 May 2022, Acea Ambiente signed the deed of acquisition for an additional 20% of the shares in Cavallari, bringing its stake to 80%;
- Q on 30 June 2022, the acquisition by Acea Ambiente of the business unit known as Polo Cirsu was signed after participation in the competitive bidding process begun with the notice of sale issued by the Court of Teramo. This business unit consists of: (i) a landfill known as "Grasciano1", completely depleted of authorised volumes; (ii) a landfill known as "Grasciano2", consisting of an first lot of 234,000 M3 and a second lot to be built, with an authorised volume of 246,000 M3; (iii) a recycling and composting plant and a platform to utilise separate waste;
- Q on 29 July 2022, Acea Solar signed the purchase of 17 vehicle companies in the Basilicata region (Marmaria Group), each the holder of development projects for ground-mounted monoaxial photovoltaic plants. The total power is estimated at 338 MWp, with annexed storage systems for 170 MWp of power;
- Q on 1 September 2022, Acea Renewable 2 S.r.l. and Fergas Solar 2 S.r.l. were established, both fully held by Acea Solar to complete the transfer of photovoltaic assets for plants constructed in the industrial and agricultural area. The establishment of the two companies is part of the project to deconsolidate the photovoltaic segment, begun on 22 March 2022, and which calls for a second closing, involving the transfer of plants that will be connected and operating on the date of the transaction;
- Q on 1 October 2022, the partial demerger of Romeo Gas S.p.A. was completed, implemented through the assignment of equity shares in favour of Adistribuzione Gas. The purpose of the operation is part of an overall corporate reorganisation which guarantees a more efficient management of gas distribution concessions;

- Q on 4 October 2022, Acea Ambiente signed the acquisition of 70% of the capital of Tecnoservizi S.r.l., a company that offers separate urban waste treatment and recovery services. The company's authorised capacity is treatment of 210 thousand tonnes per year in the province of Rome, coming from separate waste of Municipalities, entities and businesses;
- Q on 3 November 2022, Acea Ambiente, through its subsidiary Cavallari S.r.l., completed acquisition of 100% of Italmacero S.r.l., a company operating in the mechanical treatment and recovery of separate urban waste (mixed packaging, monomaterial fractions) and special non-hazardous waste;
- Q on 22 November 2022, the reverse merger by incorporation of AE Sun Capital with the subsidiary Acea Sun Capital was complete. The merger is part of an investment project involving the renewable energy sector and was implemented to achieve advantages through unification of processes, structures, achieving synergies and economies of scale, as well as cost efficiencies;
- Q on 6 December 2022, the closing of the initial stage of the business combination with ASM Terni was signed, following the completion public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors.
- Q on 19 December 2022, DROPMI S.r.l. was established, which carries out research and engineering for next generation water metres, that can operate and be monitored remotely, and also develops smart water solutions for the domestic and international markets.

The table below shows the main impact of the change in the consolidation scope at 31 March 2023 (gross of intercompany adjustments).

€ million	S.E.R. Plast	Tecnoservizi Italmacero	ASM Terni	Energy Box	Total
Consolidated Net Revenue	1.0	4.8	18.9	(5.6)	19.1
Consolidated Operating Costs	0.7	4.2	16.0	(1.1)	19.8
EBITDA	0.3	0.6	3.0	(4.9)	(1.1)
Operating profit/(loss)	(0.1)	(0.1)	1.2	(4.9)	(3.9)
Profit/(loss) before tax	(0.1)	(0.2)	1.0	(3.5)	(3.0)

As at 31 March 2023, revenue from sales and services amounted to € 1,216.0 million, an increase of € 48.8 million (+4.2%) compared to the same period of the previous year. The increase is attributable to **i)** higher revenue from the integrated water service (+€ 21.1 million) mainly due to the increase in rate revenue, primarily attributable to ACEA Ato2 (+€ 18.7 million), ACEA Ato5 (+€ 1.7 million) and Acquedotto del Fiora (+€ 3.8 million), partly offset by the lower revenue recorded by Gori (-€ 2.8 million); **ii)** higher revenue from sustainable development (+€ 19.7 million) deriving from the sale, installation and assistance to customers of activities and services in the field of energy efficiency, smart services and smart comp projects; **iii)** higher revenue from waste delivery and landfill management (+€ 18.2 million) mainly due to the change in the scope of consolidation (+€ 16.9 million); **iv)** higher revenue from services to customers (+€ 13.8 million) deriving in part from the increase in the change in inventories for SIMAM (+€ 5.5 million), from the increase in fees related to public lighting services provided for Rome Capital for extraordinary maintenance and security activities (+€ 2.3 million) and for the remaining part due to the change in the scope of consolidation (+€ 1.3 million); **v)** higher revenue from foreign water services (+€ 4.1 million), mainly related to Aguas de San Pedro and linked partly to an increase in activities and partly to the rate increase. These increases are offset by **i)** lower revenue from electricity sales (-€ 16.7 million) and lower revenue from gas sales (-€ 10.1 million) influenced by the price effect and in part by lower quantities sold; **ii)** lower revenue from electricity incentives (-€ 1.8 million) mainly attributable to Acea Produzione (-€ 1.5 million) due to the different scheduling of GRIN incentives by the GSE (Gestore dei Servizi Energetici - Energy Services Manager).

Electricity sales on the Free Market totalled 1,417 GWh with a 5.5% reduction on the previous year, while electricity sales on the Greater Protection Service totalled 333 GWh with a 15.0% decrease on an annual basis. This reduction was affected by the automatic assignment of "small" customers and "micro" enterprises to the Gradual Protection Service, created starting from 1 January 2021 and in part to the decrease in the number of customers.

Other revenue shows a decrease of € 1.5 million (-5.8%) compared to the same period of the previous year. The change is due to opposing effects and was mainly influenced by **i)** lower contingent assets attributable to Acea Energia (-€ 1.9 million) as a result of the recognition of prior year asset items following the recognition of non-existent liabilities; **ii)** the recognition of various claims attributable to Orvieto Ambiente (+€ 1.0 million) and Areti (+€ 0.7 million); **iii)** higher regional contributions (+€ 0.8 million) partly influenced by the change in the scope of consolidation; **iv)** lower revenue for energy grants due to the deconsolidation of the photovoltaic companies in March 2022.

External costs increased overall by € 16.4 million (+2.0%) compared to 31 March 2022. The increase is mainly due to **i)** higher costs for services and contracts (+€ 30.1 million), € 11.3 million of which can be attributed to the change in the scope of consolidation, € 13.2 million deriving from e-efficiency projects and € 5.0 million from smart services projects to be correlated directly to the changes recognised in revenue; **ii)** higher costs to purchase materials (+€ 10.5 million) attributable to SIMAM's higher inventories (+€ 6.9 million) and partly to the change in the scope of consolidation (+€ 1.0 million); **iii)** higher miscellaneous operating expenses (+€ 3.3 million) attributable to Areti (+€ 1.0 million) mainly as a result of compensation to users for the service charter and indemnities and, residually, to Umbria Energy (+€ 0.7 million) and SII (+€ 0.6 million). This increase was offset by the reduction in costs related to electricity

procurement on the free market and the gradual protection market (-€ 31.4 million), attributable in part to Acea Energia (-€ 15.8 million) and in part to Gori as a result of the reduction in prices and volumes.

The cost of labour increased by € 12.2 million (+16.3%) compared with the same period of the previous year, mainly influenced by the change in the scope of consolidation (+€ 6.2 million) and for the remaining, for the most part, as a consequence of using less personnel on multi-year projects, the increase in wages and salaries resulting from the incremental effect of payment components and the adjustment of national collective labour contracts.

The average number of employees was 10,482 and increased by 954 compared to the same period in the previous year, owing mainly to the change in scope (559 employees).

€ million	31/03/2023	31/03/2022	Change	% Change
Personnel costs including capitalised costs	139.6	123.0	16.7	13.6%
Costs capitalised	(52.7)	(48.2)	(4.5)	9.3%
Staff costs	86.9	74.7	12.2	16.3%

Income from equity investments of a non-financial nature represents the consolidated result according to the equity method included among the components forming the consolidated EBITDA of the strategic companies.

€ million	31/03/2023	31/03/2022	Change	% Change
EBITDA	37.3	35.9	1.4	4.0%
Amortisation, depreciation, provisions and impairment charges	26.6	25.7	0.9	3.6%
Financial operations	(2.1)	(0.6)	(1.5)	n.s.
Equity investments	0.0	0.0	0.0	n.s.
Income tax	2.4	2.3	0.1	3.6%
Income from equity investments of a non-financial nature	6.3	7.3	(1.0)	(14.2%)

The EBITDA of these companies decreased mainly due to the lower result reported by Acque (-€ 1.6 million).

EBITDA rose from € 318.2 million at 31 March 2022 to € 335.9 million at 31 March 2023, recording an increase of € 17.7 million or 5.6%. The change in the scope of consolidation (gross of intercompany eliminations) accounts for a decrease of € 1.1 million, mainly due to the opposing effects deriving from the deconsolidation of the photovoltaic companies (-€ 4.9 million) in relation to the transfer of control of Acea Sun Capital Holding and its subsidiaries (the so-called "Energy Box"), partially offset by the consolidation of ASM Terni, Tecnoservizi and S.E.R. Plast (+€ 3.9 million).

On a like-for-like basis, the EBITDA growth is € 17.9 million and derives mainly from the following opposing effects: **i) Commercial and Trading Segment** +€ 15.4 million due to the increase in the energy margin, in particular the margin on gas (+€ 7.5 million), the margin deriving from the sale of energy on the free market (+€ 3.3 million) and the margin deriving from energy management activities (+€ 3.9 million) due to the gradual relaxation of the tension in commodity prices witnessed on the wholesale energy markets, contributing to the increase is the higher margin on energy efficiency and smart services activities (+€ 2.2 million); **ii) Water segment** +€ 6.5 million mainly attributable to ACEA Ato2 (+€ 3.4 million) due to higher tariff margins (+€ 6.4 million) partly offset by higher personnel and material costs (+€ 2.8 million) and Gori (+€ 2.8 million) as a result of higher rate margins (+€ 2.0 million) and due to the recognition of higher income related to the tax credit for high energy costs (+€ 1.2 million), partly offset by rent on public land (+€ 0.9 million); **iii) Energy Infrastructures Segment** +€ 5.8 million mainly relating to Areti (+€ 4.6 million) as a result of higher revenue attributable to equalisation (+€ 1.5 million) relating to the metering and distribution, transmission, UP and loss delta service, the changes in which are linked to the different value of rate parameters, the different consumption profile in the tiers and the increase in return on investments (+€ 2.9 million) due to the combined effect of higher revenue for investments pertaining to the period, partly offset by lower revenue due to the return of investments paid in previous years; lastly, there was an improvement in the margins recorded by the activities related to managing the public lighting service in the municipality of Rome (+€ 1.2 million) associated with extraordinary maintenance and safety activities; **iv) Foreign Segment** +€ 1.9 million, resulting mainly from Aguas de San Pedro (+€ 1.6 million) due to higher invoiced volumes (+3%) as well as to a rate increase due to inflation and the remainder mainly relating to the positive exchange rate effect (+€ 0.4 million); **v) Corporate Segment** +€ 1.3 million due to lower costs incurred compared with the same period the previous year, mainly attributable to lower consultancy costs, only partly offset by lower chargebacks to group companies and higher personnel costs, mainly as a result of contractual adjustments; **vi) Generation Segment** -€ 9.4 million, mainly attributable to Acea Produzione (-€ 8.6 million) as a result of lower margins on hydroelectric production (-€ 5.7 million) which, despite an increase in volumes compared with the same period the previous year, was affected by the significant reduction in prices on the energy markets (the average DAM price for January-March 2023 was € 166/MWh compared with € 216/MWh in the same period of 2022), the effect of the Sostegni (Support) Decree Law on the revenue of the Sant'Angelo hydroelectric plant and the cap effect (€ 180/MWh) introduced by the 2023 Budget Law and lower margins on thermoelectric production and district heating as a result of lower prices, lower quantities, partly offset by lower gas costs due to the price effect and the plant shutdown in January and February 2022; **vii) Environment Segment** -€ 1.6 million due to the

combined effect of the decrease recorded by Acea Ambiente (-€ 2.7 million) as a result in part of the reduction in rates for the Terni and San Vittore plants (-€ 1.9 million) and in part by lower compost contribution rates. This effect is offset by the increase in Demap's margin (+€ 1.4 million), which, in the first few months of 2022, was affected by the shutdown caused by the fire at the end of 2021; **viii) Engineering and Services Segment** -€ 1.2 million attributable mainly to Simam (-€ 0.9 million) as a result of lower construction and water treatment activities compared with the same period the previous year.

EBIT amounted to € 149,8 million and decreased by € 4.0 million compared to the same period of the previous year. Below are details of the items influencing EBIT.

€ million	31/03/2023	31/03/2022	Change	% Change
Depreciation/amortisation and impairment losses	159.0	140.7	18.3	13.0%
Net write-downs (write-backs) of trade receivables	23.4	21.9	1.5	6.8%
Provisions and releases for risks and charges	3.7	1.8	1.9	106.0%
Amortisation, depreciation, impairment and provisions	186.1	164.4	21.7	13.2%

The increase in depreciation/amortisation and impairment losses (+€ 18.3 million) is mainly due to investments for the period and the ongoing entry into operation of assets previously in progress, with particular reference to the companies in the water segment (+€ 7.9 million), as well as to higher depreciation/amortisation recorded by Acea Energia (+€ 1.6 million) deriving from higher investments in application software and contract cost depreciation/amortisation and higher depreciation/amortisation recorded by Acea Ambiente (+€ 1.9 million) mainly deriving from the acquisition of the Polo Cirsu business unit in June 2022 but with an effect on depreciation/amortisation from November 2022. For this item, the change in the consolidation scope accounts for a total of € 2.6 million.

The Impairment of receivables, although higher than in the same period the previous year (+€ 1.5 million), maintained essentially the same impact in terms of total Group revenue (1.9% in 2023 vs. 1.8% in 2022). This result, in the absence of any particular issues in amounts collected in the first quarter of 2023, is substantially attributable to business growth and the confirmation of the stress scenario introduced in 2022 for the main Group companies, in order to anticipate potential impairment of customer creditworthiness that may not be identified through current performance but derives from satellite models based on macroeconomic and business information. With regard to the amounts collected in the first quarter of 2023, no particular critical issues were reported.

Provisions made and released for risks and charges increased compared with the same period the previous year (+€ 1.9 million) as a result of the provisions made by Acea Produzione (+€ 0.6 million) in relation to fees payable to the Abruzzo Region for the Sant'Angelo hydroelectric plant and by ACEA Ato2 (+€ 0.4 million) and SII (+€ 0.3 million) for legal disputes.

The result of financial operations shows net expenses of € 33.7 million, up by € 11.8 million compared to the same period in 2022 as a result of greater interest on bonds mainly deriving from the new € 700 million issue of the Parent Company (+€ 5.2 million), greater interest on medium/long-term loans (+€ 4.0 million), with € 3.5 million of which also relating to the Parent Company, and greater default interest and interest on deferred payments and commissions on the sale of receivables (+€ 6.0 million), € 2.0 million of which is from Acea Energia and € 1.6 million from Areti. The increase in financial expenses is partially offset by the increase in interest income on short-term receivables (+€ 2.9 million), € 2.0 million of which relates to interest income on the Parent Company's short-term deposits.

The average overall all-in cost of the ACEA Group's debt stood at 1.98% compared to 1.40% in the same period in the previous year.

Income and expense from equity investments show net income of € 0.2 million, down by € 20.5 million compared to the same period in the previous year. This reduction is due to the recognition in 2022 of the capital gain effects from the sale of a group of photovoltaic plants as part of the agreement signed with the British investment fund Equitix. These effects were a consequence of the deconsolidation of discontinued operations as of 31 December 2021 and included the provisional measurement of the assets and liabilities related to the second closing, classified under IFRS5, for a net capital gain of € 20.7 million.

Estimated tax expenses amounted to € 34.9 million compared to € 45.8 million in the same period of the previous year. The reduction was mainly due to the lower pre-tax profit. The tax rate at 31 March 2023 was 30.0% (unchanged since 31 March 2022).

The Group's net profit amounted to € 72.6 million, a decrease of € 26.8 million compared to the same period the previous year, mainly due to the recognition of the aforementioned capital gain recognised in the first quarter of 2022.

Summary of results: trends in financial position and cash flows

Financial position data (€ million)	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Non-current Assets and Liabilities	7,912.9	7,847.0	65.9	0.8%	7,181.3	731.6	10.2%
Net working capital	(721.2)	(652.0)	(69.2)	10.6%	(673.4)	(47.8)	7.1%
Net Invested Capital	7,191.6	7,194.9	(3.3)	(0.0%)	6,507.9	683.8	10.5%
Net Financial Debt	(4,338.6)	(4,439.7)	101.1	(2.3%)	(3,890.3)	(448.3)	11.5%
Total Shareholders' Equity	(2,853.1)	(2,755.2)	(97.8)	3.6%	(2,617.6)	(235.5)	9.0%

Non-current Assets and Liabilities

Compared to 31 December 2022, non-current assets and liabilities increased by € 65.9 million (+ 0.8%). The change refers to the following opposite trends: **i)** increase of fixed assets (+€ 104.9 million) as a result of investments and acquisitions during the period, net of depreciation/amortisation; **ii)** increase in equity investments (+€ 9.2 million) mainly due to the results for the period and the change in the scope of consolidation; **iii)** increase in other non-current assets (+€ 6.1 million) mainly due to the net effect of the increase in long-term receivables for regulatory accounting and rate adjustments (+€ 12.5 million) on the one hand and the decrease in financial receivables for the fair value of hedging derivatives (-€ 1.1 million), accrued income and prepaid expenses (-€ 1.6 million) and other non-current financial assets (-€ 2.3 million) on the other hand; **iv)** an increase in the provision for risks and charges mainly due to the allocation of € 37.7 million to the provision for interim taxes; **v)** an increase in other non-current liabilities (+€ 18.9 million) mainly referring to payments on account and advances from end users and customers and higher accrued expenses.

€ million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Tangible/intangible fixed assets	7,488.0	7,383.0	104.9	1.4%	6,801.2	686.8	10.1%
Equity investments	361.1	351.9	9.2	2.6%	308.1	53.1	17.2%
Other non-current assets	850.7	844.6	6.1	0.7%	826.0	24.7	3.0%
Employee severance indemnity and other defined-benefit plans	(110.3)	(113.0)	2.6	(2.3%)	(114.8)	4.4	(3.9%)
Provisions for risks and charges	(256.1)	(218.0)	(38.1)	17.5%	(231.2)	(25.0)	10.8%
Other non-current liabilities	(420.4)	(401.5)	(18.9)	4.7%	(408.0)	(12.5)	3.1%
Non-current Assets and Liabilities	7,912.9	7,847.0	65.9	0.8%	7,181.3	731.6	10.2%

The change in intangible fixed assets was mainly due to investments, which reached € 258.2 million, counterbalanced by depreciation, amortisation and impairment, totalling € 159.0 million.

The investments made by each Industrial Area are shown below.

Investments (€ million)	31/03/2023	31/03/2022	Change	% Change
Environment	7.6	8.5	(0.9)	(10.7%)
Commercial and Trading	12.5	10.7	1.9	17.4%
Overseas	0.8	0.6	0.2	43.9%
Water	161.5	121.9	39.6	32.5%
Energy Infrastructure	64.5	68.7	(4.2)	(6.2%)
Generation	4.4	8.4	(4.0)	(47.7%)
Engineering and services	1.0	0.9	0.2	23.4%
Corporate	5.8	5.2	0.6	11.9%
Total Investments	258.2	224.7	33.4	14.9%

The Environment Segment made investments of € 7.6 million, which decreased by € 0.9 million compared to 31 March 2022. The investments of the segment refer mainly to Acea Ambiente (€ 2.6 million) and regard plant improvements carried out at the plants in San Vittore, Monterotondo Marittimo and in the WTE plant in Terni. Contributing to the increase were investments made by A.S. Recycling (€ 2.9 million) to build the SRF recycling plant in Borgorose and by Cavallari (€ 1.0 million).

The Commercial and Trading Segment recorded investments of € 12.5 million, up compared to 31 March 2022. Investments, mostly attributable to Acea Energia (€ 11.0 million), mainly related to the cost of acquiring new customers in accordance with IFRS15 (€ 7.4 million). Acea Innovation's smart services and e-mobility projects also contributed € 1.2 million to the segment's investments.

The Foreign Segment recorded investments of € 0.8 million, in line with the same period in the previous financial year (+€ 0.2 million) mainly relative to Aguas de San Pedro.

The Water Segment made total investments for € 161.5 million, an increase of € 39.6 million on the same period in the previous year. In particular, higher investments were made by ACEA Ato2 (+€ 25.5 million), ACEA Ato5 (+€ 4.1 million), Gori (+€ 3.8 million) and Acquedotto del Fiora (+€ 3.7 million). They refer mainly to extraordinary maintenance 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 contributed to the total investments for € 64.5 million and recorded a decrease of € 4.2 million compared to the same period in the previous year. The investments refer mainly to Areti and are attributable to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary stations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” 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 public lighting sector contributed € 0.4 million.

The Generation Segment made investments for € 4.4 million, down by € 4.0 million compared to 31 March 2022 as a consequence of lower investments made by the photovoltaic segment (-€ 3.6 million). Investments made by Acea Produzione mainly refer to work to upgrade hydroelectric plants, in particular Salisano, S. Angelo and Orte, as well as the expansion and restoration of the district heating grid in the Mezzocammino district in the southern area of Rome. Investments in the photovoltaic area mainly refer to investments made by Acea Solar (€ 2.6 million) to build photovoltaic plants on agricultural and industrial land and investments made by SF Island (€ 0.4 million).

The Engineering and Services Segment recorded investments of € 1.0 million, up slightly on 31 March 2022 (+€ 0.2 million), mainly attributable to Acea Elabori (€ 0.6 million) and Simam (€ 0.4 million).

The Corporate Segment made investments for € 5.8 million, up slightly compared to 31 March 2022 (+€ 0.6 million), mainly for software licences, IT and hardware development, as well as investments in offices used for business activities.

Equity investments increased by € 9.2 million compared to 31 December 2022. The change is due to the increase related to the valuation for the period of companies consolidated using the equity method (+€ 6.3 million) and to the change in the scope of consolidation (+€ 2.7 million).

The stock of **employee severance indemnity and other defined benefit plans** reported a decrease of € 2.6 million, mainly due to the decrease in the rate used (from 3.95% at 31 December 2022 to 3.74% at 31 March 2023).

The **provision for liabilities and charges** increased by € 38.1 million compared to the end of the previous financial year, mainly due to the provisions set aside for interim taxes (€ 37.7 million). Uses in the period amounted to € 2.8 million. The details by nature of the provisions are presented below:

€ million	31/12/2022	Uses	Provisions	Release for Excess Provisions	Reclassifications/Other changes	31/03/2023
Legal	14.6	(0.4)	0.5	0.0	0.0	14.6
Taxes	5.7	0.0	0.1	0.0	0.0	5.8
Regulatory risks	31.6	0.0	1.0	0.0	0.0	32.6
Investees	8.2	0.0	0.2	0.0	0.0	8.4
Contributory risks	1.5	0.0	0.0	0.0	0.0	1.5
Insurance deductibles	10.9	(0.8)	0.5	0.0	0.0	10.6
Other risks and charges	28.0	(0.9)	1.0	0.0	0.2	28.3
Total Provision for Risks	100.4	(2.1)	3.3	(0.1)	0.2	101.8
Early retirements and redundancies	28.0	(0.4)	0.0	0.0	0.0	27.6
Post mortem	68.3	(0.1)	0.5	0.0	0.4	69.0
Provisions for Settlement Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Provision for Expenses payable to others	21.1	(0.1)	0.0	0.0	(1.2)	19.8
Provisions for Interim Taxes	0.0	0.0	37.7	0.0	0.0	37.7
Total Provisions for Expenses	117.6	(0.7)	38.2	0.0	(0.8)	154.3
Total Provisions for Risks and Charges	218.0	(2.8)	41.5	(0.1)	(0.6)	256.1

Net working capital

The change in net working capital compared to 31 December 2022 results from the combined effect of an increase in current receivables of € 86.4 million, a decrease in other current assets (-€ 53.2 million), an increase in current payables of € 22.4 million and an increase in other current liabilities of € 86.4 million.

€ million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Current receivables	1,353.8	1,267.4	86.4	6.8%	1,187.9	165.9	14.0%
- of which end users/customers	1,282.4	1,216.1	66.3	5.5%	1,127.6	154.8	13.7%
- of which Roma Capitale	50.5	37.7	12.8	34.1%	47.9	2.6	5.4%
- of which from Subsidiaries and Associates	20.9	13.7	7.3	53.1%	12.5	8.4	67.5%
Inventories	111.0	104.5	6.4	6.2%	94.5	16.5	17.5%
Other Current Assets	431.8	485.1	(53.2)	(11.0%)	388.9	42.9	11.0%
Current payables	(1,872.4)	(1,850.0)	(22.4)	1.2%	(1,777.4)	(95.0)	5.3%
- of which Suppliers	(1,829.6)	(1,802.6)	(27.1)	1.5%	(1,705.5)	(124.1)	7.3%
- of which Roma Capitale	(36.8)	(40.3)	3.5	(8.6%)	(69.7)	32.9	(47.2%)
- of which from Subsidiaries and Associates	(5.9)	(7.1)	1.2	(16.5%)	(2.2)	(3.7)	168.9%
Other current liabilities	(745.4)	(659.1)	(86.4)	13.1%	(567.4)	(178.1)	31.4%
Net working capital	(721.2)	(652.0)	(69.2)	10.6%	(673.4)	(47.8)	7.1%

Receivables from users and customers, net of provisions for impairment of receivables, amounted to € 1,282.4 million and are up by € 66.3 million compared to 31 December 2022. The following should be noted: **i)** an increase in receivables in the Water Segment of € 68.4 million mainly attributable to Acea Ato2 (+€ 25.1 million), ASM Terni (+€ 18.8 million), SII (+€ 10.6 million) and Acea Ato5 (+€ 5.8 million); **ii)** an increase in receivables in the **Energy Infrastructure** Segment of € 9.6 million referring to Areti; **iii)** an increase in receivables in the **Foreign** Segment of € 2.6 million mainly due to the increase in receivables of Consorcio Acea Lima Norte (+€ 1.1 million), Consorcio Acea Lima Sur (+€ 0.7 million) and Consorcio Acea (+€ 0.7 million); **iv)** an increase in receivables for the **Environment** Segment of € 2.5 million, mainly attributable to Deco (+€ 2.6 million), Acea Ambiente (+€ 0.8 million) and Cavallari (+€ 0.8 million), only partially offset by the reduction recorded by Aquaser (-€ 1.0 million) and Tecnoservizi (-€ 0.7 million); **v)** a reduction in receivables for the **Commercial and Trading** Segment of € 16.5 million, mainly attributable to Acea Energia (-€ 15.6 million) and Umbria Energy (-€ 2.3 million), partially offset by an increase recorded by Acea Innovation (+€ 2.2 million).

The provision for doubtful receivables amounted to € 634.5 million, an increase compared to 31 December 2022 (€ 615.5 million) and 31 March 2022 (€ 614.8 million). Receivables totalling € 391.4 million were transferred without recourse during the first quarter of 2023, of which € 108.2 million to the Public Administration.

As regards relations with Roma Capital, the net balance at 31 March 2023 was € 32.0 million receivable for the Group (the receivable balance at 31 December 2022 was € 1.7 million).

Trade and financial receivables recorded an overall increase of € 26.8 million compared to the previous year, mainly due to accrual in the period. The main changes in the period are as follows:

- higher receivables for ACEA Ato2 for the supply of water for € 12.8 million;
- higher receivables referable to the Public Lighting service for € 14.0 million.

With reference to payables decreased by € 3.5 million compared to the previous year. The main changes during the period are as follows:

- payment of ACEA Ato2 concession fees for 2021 and 2022 for a total of € 8.4 million;
- higher payables due to the recognition of the ACEA Ato2 concession fee for the first quarter of 2023 for € 6.6 million;
- Areti paid various municipalities the amounts due for road excavation permits for a total of € 5.9 million.

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	31/03/2023	31/12/2022	Change
Utility receivables	45.4	32.9	12.5
Provisions for impairment	(1.7)	(1.7)	0.0
Total receivables from users	43.7	31.2	12.5
Receivables for water works and services	3.8	3.8	0.0

Receivables for water works and services to be invoiced	0.6	0.6	0.1
Provisions for impairment	(2.2)	(2.2)	0.0
Receivables for electrical works and services	4.4	4.4	0.0
Receivables works and services - to be billed	0.5	0.2	0.2
Provisions for impairment	(0.3)	(0.3)	0.0
Total receivables for works	6.8	6.5	0.3
Total trade receivables	50.5	37.7	12.8
Financial receivables for Public Lighting services billed	135.1	135.1	(0.0)
Provisions for impairment	(58.0)	(58.0)	(0.0)
Financial receivables for Public Lighting services to be billed	52.9	36.3	16.6
Provisions for impairment	(7.1)	(5.4)	(1.8)
M/L term financial receivables for Public Lighting services	4.0	4.8	(0.8)
Total Public Lighting receivables	126.8	112.8	14.0
Total Receivables	177.3	150.5	26.8
Payables due to Roma Capitale	31/03/2023	31/12/2022	
Electricity surtax payable	(5.5)	(5.5)	(0.0)
Concession fees payable	(25.7)	(27.6)	1.8
Other payables	(8.1)	(9.8)	1.6
Payables for dividends	(105.9)	(105.9)	0.0
Total payables	(145.3)	(148.8)	3.5
Net balance receivables/(payables)	32.0	1.7	30.3

Current payables rose due to the increase in the stock of trade payables (+ € 27.1 million). This effect is partly influenced by the increase recorded by Acea Energia (+€ 31.7 million), Umbria Energy (+€ 8.8 million) and ACEA Ato2 (+€ 8.7 million) partially offset by Areti (-€ 10.7 million), Gori (-€ 6.3 million) and ACEA (-€ 4.4 million).

Other Current Assets and Liabilities recorded a decrease in assets of € 53.2 million and an increase in liabilities of € 86.4 million, compared to the previous year. More specifically, **other assets** decreased due to: **(i)** the decrease in energy equalisation receivables (-€ 35.3 million) mainly attributable to Areti (-€ 29.3 million) and Umbria Energy (-€ 6.4 million); **(ii)** the decrease in VAT receivables (-€ 21.0 million) mainly attributable to the Parent Company; **(iii)** lower receivables from the equalisation fund (Cassa Conguaglio) (-€ 20.7 million) attributable to Acea Energia (-€ 11.8 million) and Areti (-€ 7.1 million); **(iv)** lower receivables from the Terni OTAA (-€ 6.7 million) attributable to SII. The decrease is partially offset by the increase in the value of derivatives receivable on commodities (+€ 25.6 million) attributable to Acea Energia and attributable to the change in fair value at the end of the reporting period and the change in the amounts hedged. Specifically, **current liabilities** increased as a result of the increase in payables to the equalisation fund (Cassa Conguaglio) attributable to Acea Energia (+€ 59.0 million) arising from the imbalances in the equalisation system for the costs of purchasing and dispatching electricity for the enhanced protection service, the increase in payables to the equalisation fund mainly attributable to Areti, the increase in payables to employees (+€ 23.0 million), influenced in part by the increase in wages and salaries deriving from the incremental effect of payment components and as a result of the adjustment of national collective labour contracts, higher accrued expenses (+€ 19.8 million) attributable to ASM Terni in relation to the TARIC share pertaining to April-December 2023, offset in part by the reduction of the debt related to the purchase of 35% of Deco for € 33.5 million.

Shareholders' equity

The shareholders' equity amounted to € 2,853.1 million. The changes, amounting to € 97.8 million, are detailed in the relevant table and are basically due to the accrual of profits of the first three months of 2023, and the change in the cash flow hedge reserves and those formed by actuarial gains and losses.

Net financial debt

Group **debt** recorded an overall decrease of € 101.1 million, going from € 4,439.7 million at the end of 2022 to € 4,338.6 million at 31 March 2023.

€ million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
A) Cash	670.9	559.9	111.0	19.8%	694.1	(23.1)	(3.3%)
B) Cash equivalents	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
C) Other current financial assets	760.0	342.1	418.0	122.2%	504.0	256.1	50.8%
D) Liquidity (A + B + C)	1,431.0	902.0	529.0	58.6%	1,198.1	232.9	19.4%
E) Current financial debt	(165.6)	(165.4)	(0.2)	0.1%	(177.5)	11.9	(6.7%)
F) Current portion of non-current financial debt	(178.8)	(454.0)	275.3	(60.6%)	(426.3)	247.5	(58.1%)
G) Current financial debt (E + F)	(344.4)	(619.4)	275.0	(44.4%)	(603.7)	259.4	(43.0%)
H) Net current financial debt (G + D)	1,086.6	282.6	804.0	n.s.	594.3	492.3	82.8%
I) Non-current financial debt	(5,425.2)	(4,722.3)	(702.9)	14.9%	(4,484.6)	(940.6)	21.0%
J) Debt instruments	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
K) Trade payables and other non-current payables	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
L) Non-current financial debt (I + J + K)	(5,425.2)	(4,722.3)	(702.9)	14.9%	(4,484.6)	(940.6)	21.0%
Total financial debt (H + L)	(4,338.6)	(4,439.7)	101.1	(2.3%)	(3,890.3)	(448.3)	11.5%

Non-current financial debt increased by € 702.9 million compared with the end of the 2022 financial year. This change derives from an increase in bond loans of € 698.6 million and from an increase in payables for medium/long-term loans of € 2.7 million, as shown in the following table:

€ million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Bonds	4,533.0	3,834.5	698.6	18.2%	3,840.4	692.7	18.0%
Medium/long-term borrowings	817.2	814.4	2.7	0.3%	605.0	212.2	35.1%
IFRS 16 financial payables	75.0	73.4	1.6	2.1%	39.2	35.8	91.3%
Non-current financial debt	5,425.2	4,722.3	702.9	20.7%	4,484.6	940.6	144.4%

Bonds amounting to € 4,533.0 million as at 31 March 2023 increased by a total of € 698.6 million due to the placement on 17 January 2023, under the € 5 billion Euro Medium Term Notes (EMTN) programme, of a Green Bond, for an initial amount of € 500 million, increased on 3 February by a further € 200 million (3.875%, maturing on 24 January 2031).

Medium/long-term loans amounting to € 817.2 million recorded an overall increase of € 2.7 million mainly due to Umbria Energy (+€ 4.8 million). 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.

€ million	Total Residual Debt	By 31/03/2024	From 31/03/2024 to 30/03/2028	After 30/03/2028
fixed rate	293.9	34.3	149.4	110.2
floating rate	470.8	97.5	176.5	196.8
floating rate cash flow hedge	199.7	15.4	115.4	68.9
Total	964.4	147.2	441.3	375.9

The **fair value** of Gori's hedging derivatives was a positive € 5.9 million (as at 31 December 2022, it was a positive € 6.6 million). Acquedotto del Fiora was a positive € 5.2 million (as at 31 December 2022, it was a positive € 5.5 million), and that of SII was a positive € 1.5 million (as at 31 December 2022 it was a positive € 1.6 million). Positive fair values are found under "Non-current financial assets" and are not considered in the balance of correlated loans.

The short-term component was a positive € 1,086.6 million and, compared to the end of 2022, improved by € 804.0 million, generated for € 814.7 million by the Parent Company and by Adistribuzionegas for € 9.7 million, offset by Acea Produzione for € 10.6 million. The

change in the parent company is mainly generated by higher short-term deposits of € 410.0 million, an increase in cash and cash equivalents of € 105.2 million, and a reduction in short-term financial payables due to the repayment of the matured bond for the amount of € 300.0 million.

Note that financial debt includes € 105.9 million in payables to Roma Capitale for dividends resolved to be distributed and does not include other payables of around € 23.6 million relating to share purchase options of the companies already held.

It is necessary to point out that the Group's sales companies are those most impacted by the macroeconomic scenario resulting from the Russia-Ukraine conflict. It should be noted that, in the first quarter of 2023, the reduction in prices in the energy market produced a substantial recovery in the absorption of working capital that had characterised the second half of 2022, consequently generating a net improvement in the Group's financial debt.

At 31 March 2023, the Parent Company had unused committed credit lines of € 700.0 million and uncommitted lines of € 425.0 million, of which € 21.0 million used. 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

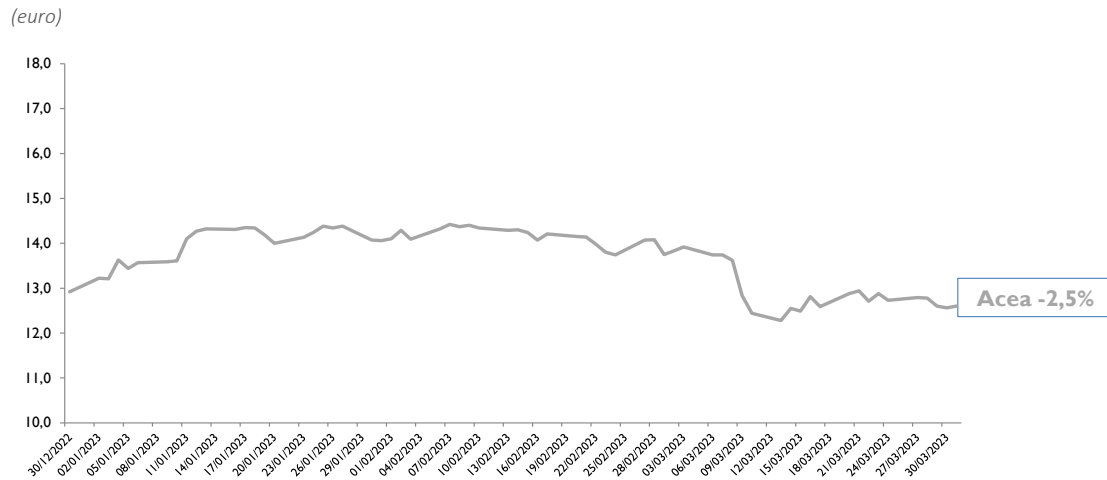
Performance of the equity markets and the ACEA stock

In the first quarter of 2023, global equity markets performed well overall.

The period in question was characterised by still sustained inflation, but below the record levels recorded in 2022. Despite the slowdown in price growth, the major central banks continued with restrictive monetary policies.

In March, international stock markets were negatively affected by the events involving the US and Swiss banking sectors.

Acea stock closed at € 12.60 on 31 March 2023 (capitalisation: € 2,683.4 million), down slightly (-2.5%) compared to the same period of the previous year. The maximum value of € 14.42 was reached on 7 February, while the minimum value of € 12.28 was reached on 13 March. During the period under analysis, the daily average volumes were approximately 110,700 (lower compared to the first quarter of 2022).



(Source: Bloomberg)

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



(graph normalised to Acea values - Source: Bloomberg)

	Change% at 31/03/2023 (compared to 31/12/22)
Acea	-2.5%
FTSE Italia All Share	+14.0%
FTSE MIB	+14.4%
FTSE Italia Mid Cap	+11.0%
MIB ESG	+14.4%

Approximately 112 studies/reports on Acea shares were published during the first quarter of 2023.

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.

31.03.23 € million	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Total	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenues	83	714	25	366	37	141	15	0	156	40	33	(204)	1,249
Costs	62	681	15	191	23	50	14	0	64	39	42	(204)	913
EBITDA	21	33	10	175	14	92	1	0	92	1	(9)	0	336
Depreciation/amortisation and impairment losses	13	17	4	101	5	36	1	0	36	2	7	0	186
Operating profit/(loss)	7	15	6	74	8	56	0	0	56	(1)	(16)	0	150
Capex	8	13	1	162	4	64	0	0	64	1	6	0	258

The revenue in the above table includes the condensed result of equity investments (of a non-financial nature) consolidated using the equity method. The Water Segment also includes the financial statements of companies in the gas distribution segment in Abruzzo and the newly consolidated ASM Terni.

31.03.22 € million	Environment	Commercial and Trading	Overseas	Water	Generation	Areti	IP	Adjustments	Energy Infrastructure	Engineering and Services	Corporate	Consolidation adjustments	Consolidated Total
Revenues	75	707	21	321	50	135	12	0	147	35	35	(190)	1,200
Costs	53	689	13	156	22	48	13	0	60	33	45	(190)	882
EBITDA	22	17	8	165	28	87	(1)	0	87	2	(10)	0	318
Depreciation/amortisation and impairment losses	10	16	3	89	4	33	0	0	34	2	7	0	164
Operating profit/(loss)	12	2	4	76	23	54	(1)	0	53	0	(17)	0	154
Capex	9	11	1	122	8	69	0	0	69	1	5	0	225

Operating Segments

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



Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
WTE conferment	KTon	99	91	8	8.8%
MBT Waste and Landfill	KTon	99	92	7	7.5%
Conferments to composting plants	KTon	48	40	8	19.0%
Conferments to Selection Plants	KTon	82	59	24	40.6%
Intermediated waste	KTon	42	40	1	3.6%
Liquids treated at Plants	KTon	99	91	8	8.9%
WTE Net electricity sold	GWh	76	76	0	0.3%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	83.1	74.7	8.4	11.2%
Costs	62.2	52.8	9.4	17.9%
EBITDA	20.8	21.9	(1.0)	(4.8%)
Operating profit/(loss)	7.5	12.3	(4.8)	(39.3%)
Average Workforce	884	771	113	14.7%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	7.6	46.2	(38.6)	(83.5%)	8.5	(0.9)	(10.7%)
Net Financial Position	388.0	351.5	36.5	10.4%	334.1	54.0	16.2%

EBITDA € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Environment Segment	20.8	21.9	(1.0)	(4.8%)
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	6.2%	6.9%	(0.7 p.p.)	

The Environment Segment ended the first quarter of 2023 with a EBITDA level of € 20.8 million, down by € 1.0 million (-4.8%) compared to the same period of the previous fiscal year. The decrease is attributable to the combined effect of the reduction in **Acea Ambiente's** margin (-€ 2.7 million), partially as a result of the reduction in rates on the Terni and San Vittore plants (-€ 1.9 million) and residually due to lower compost contribution rates. This effect is offset by the increase in **Demap's** margin (+€ 1.4 million), which in the first months of 2022, was affected by the shutdown following the fire at the end of 2021. The change in the scope of consolidation (+€ 0.9 million) due to the consolidation of **Tecnoservizi** (+€ 0.6 million) and **S.E.R.** also contributed to the change. **Plast** (+€ 0.3 million).

The average number of employees at 31 March 2023 was 884, an increase of 113 employees compared with 31 March 2022, mainly as a result of the change in the scope of consolidation (+93 employees) and residually due to the change recorded by **Acea Ambiente**.

Segment investments came out at € 7.6 million (+€ 0.9 million compared to 31 March 2022) and refer mainly to the investments made by **Acea Ambiente** (€ 2.6 million) for system improvements carried out at the San Vittore and Monterotondo Marittimo plants, the WTE plant in Terni and **AS Recycling** (€ 2.9 million), related to the construction of the plastic SRF recycling plant in Borgorose.

The net financial position amounted to € 388.0 million, up compared to 31 December 2022 by € 36.5 million and by € 54.0 million compared to 31 March 2022. The changes are mainly attributable to the effects of M&A operations carried out by **Acea Ambiente** as well as operating cash flow dynamics.

Significant and subsequent events

Acea Ambiente, on 1 March, responded to the public notice issued by the Municipality of Rome to find economic operators interested in presenting project financing proposals for assignment of the systems hub concession relative to the design, authorisation, construction and management of a waste to energy plant and correlated ancillary systems.

In January, Acea Ambiente acquired the remaining 35% of Deco's share capital, a company operating in the waste sector in Abruzzo in which it already held a 65% stake, with the closing of the acquisition occurring in November 2021.

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Electrical Energy sold - Free	GWh	1,417	1,500	(83)	(5.5%)
Electrical Energy sold - Protected	GWh	333	391	(59)	(15.0%)
Electricity - Free market customers (P.O.D.)	N/1000	548	489	59	12.0%
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/1000	635	689	(54)	(7.8%)
Gas Sold	MSmc	90	94	(4)	(3.8%)
Gas - No. Free Market Customers	N/1000	260	229	31	13.3%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	713.6	706.8	6.8	1.0%
Costs	680.8	689.3	(8.6)	(1.2%)
EBITDA	32.8	17.5	15.4	87.9%
Operating profit/(loss)	15.5	1.5	14.0	n.s.
Average Workforce	459	431	28	6.5%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	12.5	49.6	(37.0)	(74.7%)	10.7	1.9	17.4%
Net Financial Position	(273.0)	(144.9)	(128.1)	88.4%	(260.4)	(12.6)	4.8%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Commercial and Trading Segment	32.8	17.5	15.4	87.9%
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	9.8%	5.5%	4.3 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 2023 with an EBITDA of € 32.8 million, up compared to the same period of 2022 by € 15.4 million.

The increase is mainly attributable to **Acea Energia** (+€ 14.7 million) as a result of the marked improvement in the Energy margin (+€ 15.2 million), the margin on Smart Services (+€ 1.2 million), with a reduction in operating costs (-€ 0.7 million), the effect of which is only partially offset by the reduction in contingencies (-€ 1.9 million) and other revenue (-€ 0.5 million).

Also contributing to the increase in this area was **Acea Innovation** (+€ 1.1 million) as a result of higher margins on e-mobility, smart services and smart comp activities.

With regard to the effects on the first energy margin, there was an improvement in the margin on the **electricity free market** (+€ 3.3 million) driven by the performance of the Domestic Retail segment, where there was an increase in average customer base (+12%) and higher average unit consumption (+3%). A further positive effect, in this segment, is recorded in terms of unit margins (+19% €/MWh). The margin for the **standard market** shows almost no change as the application of higher rates (+14%) compensated for the natural outflow of customers choosing to switch to offers on the free market (approx. -8%). The **gas market** generated an increase in margins of € 7.5 million mainly due to higher unit margins in the Business and Retail segments. There was also an increase in the average customer base in this business (+13%) due to the substantial increase in customers in the Retail segment, which offset the reduction in the Business segment. Lastly, there was a reduction in overall volume (-4%), but with the same trend in the segments, with volume growing in Retail and a natural reduction in the Business segment due to fewer customers.

The energy margin related to the **optimisation** of energy flows was negative and amounted to € 0.9 million, an increase of € 3.9 million compared to the same period last year. The change from the same period the previous year is due to the gradual relaxation of the tension in commodity prices experienced in the wholesale energy markets.

The operating result increased by € 14.0 million, influenced by the higher margins achieved and offset by higher depreciation/amortisation (+€ 1.9 million) mainly attributable to the increase in customer acquisition costs recorded in 2022, partly offset by lower impairment of receivables (-€ 0.8 million).

With reference to the workforce, the average number at 31 March 2023 stood at 459 employees, slightly up compared to 31 March 2022 by 28 employees. This change is attributable to **Acea Energia** (15 units) and to **Acea Innovation** (8 units).

Investments by the Segment amounted to € 12.5 million, a small increase of € 1.9 million compared to 31 March 2022. Total investments mainly related to **Acea Energia** and mostly referred to the cost of acquiring new customers in accordance with IFRS15 (€ 7.4 million). The smart services and e-mobility projects (€ 1.2 million) developed by **Acea Innovation** also contributed to the investments of the Segment.

The net financial position at 31 March 2023 was positive for € 273.0 million and recorded an improvement of € 128.1 million compared to 31 December 2022 and of € 12.6 million compared to 31 March 2022. The changes are primarily attributable to **Acea Energia** and derive mainly from the dynamics of operating cash flow, while the significant change compared to 31 March 2022 is influenced by the reduction in energy market prices in the first quarter of 2023, which resulted in a reduction in working capital absorption that had instead characterised the second half of 2022, consequently generating a net improvement in financial debt.

Significant and subsequent events

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

Proceeding PS9354 of the Antitrust Authority (AGCM)

On 15 February 2023, the Authority provided notification of its appeal of the Lazio Regional Administrative Court Section I ruling of 18 November 2022, no. 15322, adopted at the end of the procedure 10090/2016 in its final stages. At present, the possibility of a loss is assessed as possible.

Proceeding A513 of the Antitrust Authority (AGCM) for abuse of dominant position

On 17 October 2019 the Lazio Regional Administrative Court issued sentence no. 03306/19, which upheld the appeal brought by ACEA S.p.A. and Acea Energia S.p.A., as a result, annulled sanction measure no. 27496 of 20 December 2018 that found that ACEA S.p.A. and Acea Energia S.p.A. had abused their dominant position in violation of art. 102 of the TFEU, which had led to the imposition of an administrative fine of € 16,199,879.09.

On 17 January 2020, the notice of appeal was served, with which the Antitrust Authority (AGCM) asked the Council of State to annul and/or overturn sentence no. 11960/2019 rendered by the Lazio Regional Administrative Court and, as a result, reject the application submitted by Acea S.p.A. and Acea Energia S.p.A. in the 1st instance. On 14 February 2020, Acea Energia filed a cross appeal.

The Council of State set the date of 11 May 2023 for the public hearing for the discussion of the AGCM's appeal for the reform of sentence no. 11960/2019 issued by the Lazio Regional Administrative Court.

Proceeding PS12458 of the Antitrust Authority (AGCM): while the case is pending with the Lazio Regional Administrative Court, Acea Energia sent AGCM, on 16 January 2023, a response to the request for information contained in the provision of 12 December 2022, as well as a new report on compliance with the measures requested by the Authority with the provision of 29 December 2022, restating the full compliance of its actions with respect to that contained in article 3 of the Aid-bis Decree Law, as also confirmed by the clarification made by the legislators through article 11, paragraph 8 of Decree Law 198 of 2022 ("Milleproroghe").

On 6 February 2023, AGCM filed a memo with the court, to which Acea Energia responded with another memo filed on 11 February 2022. In consideration of the fact that, on 22 February 2023, there was the public hearing at the end of which, in the coming months, the Lazio Regional Administrative Court will rule on the legitimacy of these measures, and also considering the fact that the ruling is expected to take place when the proceedings have not yet been concluded, at present, the risk of losing the proceedings is assessed as possible.

Regional Administrative Court of Lazio, Proceedings listed with case no. 7436/2022: Petition to suspend and cancel (Art. 56 of the Code of Administrative Procedure) the Revenue Agency Director's decision of 17 June 2022 (no. 221978/2022) concerning "Definition of the requirements, reporting criteria and mode of payment of the extraordinary contribution pursuant to Art. 37 of Law Decree No. 21 of 21 March 2022. Definition of the terms for the exchange of information with the Finance Police": in a petition filed on 27 June 2022, Acea Energia challenged the Revenue Agency's decision **no. 221978/2022** of 17 June 2022, which is the regulatory and administrative measure identifying the criteria and terms for payment of the extraordinary contribution to counter rising utility bills, introduced in Art. 37 of Law Decree No. 21 of 21 March 2022, converted into Law No. 51 on the 20 May 2022 (also known as the "Ukraine bis" or "Price Cuts" Decree).

With a Decree on 28 June 2022, the Regional Administrative Court rejected the requests for monocratic precautionary measures presented by the Company, setting the hearing for discussion before the Board for 19 July; at that time, the Board, accepting AE's requests and those of the other operators present mainly in the oil sector, set the hearing for the discussion of the merits, together with the current precautionary requests, for 8 November.

On 16 November 2022, the Regional Administrative Court issued judgement 15217 with which it declared its lack of jurisdiction. Acea Energia has appealed the decision to the Council of State with a hearing scheduled for 14 March 2023. At present no further information is available.

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Water Volumes	Mm3	10.5	10.2	0.3	3.4%
Volumes fed into the grid	Mm3	18.9	19.0	(0.1)	(0.2%)
Number of customers (user	Number	123,701	122,556	1,145	0.9%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	25.0	20.6	4.4	21.1%
Costs	15.3	12.9	2.4	18.7%
EBITDA	9.6	7.7	1.9	25.2%
Operating profit/(loss)	5.5	4.4	1.1	26.3%
Average Workforce	2,563	2,331	231	9.9%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	0.8	5.8	(5.0)	(86.1%)	0.6	0.2	43.9%
Net Financial Position	(28.7)	(26.6)	(2.2)	8.2%	(23.2)	(5.6)	24.0%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Overseas Segment	9.6	7.7	1.9	25.2%
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	2.9%	2.4%	0.4 p.p.	

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

- Agua 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 Aque ducto Alcantariado Santo Domingo);
- AguaAzul Bogotá (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;
- Consortio Agua Azul (Peru) is controlled by the Group which owns 44% and provides the water and discharge service in the north of the city of Lima;
- Acea Perú 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 through consortia;
- Consortio Servicio Sur controlled by Acea International (50%), by ACEA Ato2 (1%) and by local partners Conhydra, Valio and India overall equal to 49%. The Consortio 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). The Consortio's activities ended during 2021 and it is currently in liquidation;
- Consortio ACEA controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 15 December 2020. Consortio ACEA signed a three-year contract for the management of pumping stations for drinking water in Lima Centro;
- Consortio Acea Lima Norte controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 5 January 2021. Consortio Acea Lima Norte signed a three-year contract for maintenance of the water and sewerage network in the northern zone of Lima;
- Consortio Acea Lima Sur controlled by Acea Perú (99%) and ACEA Ato2 (1%), established on 6 October 2021. Consortio Acea Lima Norte signed a three-year contract for corrective maintenance of the water and sewerage network in the Sud di Lima zone.

The Segment closed the first quarter of 2023 with EBITDA of € 9.6 million, which is up by € 1.9 million compared to 31 March 2022. The increase is mainly attributable to **Agua de San Pedro** (+€ 1.6 million) due to higher invoiced volumes (+3%) as well as to a rate increase due to inflation, and for the remainder mainly related to the positive exchange rate effect (+€ 0.4 million).

The average number of staff at 31 March 2023 was 2,563, an increase of 231 people compared to 31 March 2022. The increase was attributable to **Acea Perú** (+121 employees), **Consortio Acea** (+34 employees), and **Consortio Acea Lima Sur** (+45 employees).

Investments during the year totalled € 0.8 million, an increase (+€ 0.2 million) compared to 31 March 2022 and mainly associated with **Agua de San Pedro**.



Net financial position as at 31 March 2023 was positive, amounting to € 28.7 million, an improvement of € 5.6 million compared to 31 March 2022 and of € 2.2 million compared to 31 December 2022. This change is primarily attributable to **Aguas de San Pedro** and **Consortio Agua Azul** and depends mainly on operating cash flow dynamics.

Significant and subsequent events

No significant events occurred in the period.

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Water volumes	Mm3	125	125	(1)	(0.7%)
Energy consumed	GWh	188	182	6	3.3%
Sludge disposed of	KTon	47	47	(0)	(0.1%)

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	365.6	321.5	44.1	13.7%
Costs	190.8	156.3	34.6	22.1%
EBITDA	174.7	165.2	9.5	5.7%
Operating profit/(loss)	73.9	76.4	(2.5)	(3.3%)
Average Workforce	3,992	3,488	504	14.4%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	161.5	611.0	(449.4)	(73.6%)	121.9	39.6	32.5%
Net Financial Position	1,805.2	1,796.2	9.1	0.5%	1,683.1	122.1	7.3%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Water Segment	174.7	165.2	9.5	5.7%
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	52.0%	51.9%	0.1 p.p.	

The EBITDA for the Segment stood at € 174.7 million at 31 March 2023, an increase of € 9.5 million compared to 31 March 2022 (+ 5.7 %).

The increase is mainly attributable to **ACEA Ato2** (+€ 3.5 million) as a result of higher rate margins (+€ 6.4 million), partially offset by higher personnel and material costs (+€ 2.8 million), and to **Gori** (+€ 2.8 million) as a result of higher rate margins (+€ 2.0 million) and due to the recognition of higher income related to the tax credit for high energy costs (+€ 1.2 million), partially offset by rent on public land (+€ 0.9 million). Also contributing to the increase is the change in the scope of consolidation (+€ 3.0 million) due to the consolidation of **ASM Terni**, acquired at the end of 2022.

The contribution to EBITDA of the water companies valued at equity, equal to € 6.3 million, was slightly down (-€ 0.5 million) compared with the same period the previous year, as a result of the lower result from **Gruppo Acque** (-€ 1.6 million), only partially offset by **Publiacqua** (+€ 0.5 million) and **Umbra Acque** (+€ 0.5 million). The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

€ million	31/03/2023	31/03/2022	Change	% Change
Publiacqua	2.3	1.8	0.5	29.5%
Acque Group	2.8	4.3	(1.6)	(36.5%)
Umbra Acque	1.0	0.5	0.5	97.7%
Nuove Acque and Intesa Aretina	0.2	0.1	0.1	76.1%
Geal	0.1	0.0	0.0	n.s.
Total	6.3	6.7	(0.5)	(6.7%)

The quantification of the revenues deriving from management of the integrated water service is the consequence of application of the new water tariff method for the third regulatory period (MTI-3), as approved by the Authority (ARERA) with Resolution no. 580/2019/R/idr of 27 December 2019, taking into account the approval of the 2022-2023 tariff provisions which occurred in the meantime. For more details, please see the section "Progress of the procedure for approving tariffs" in this document.

The operating result was affected by the increase in depreciation/amortisation (+€ 9.3 million) mainly attributable to **ACEA Ato2** (+€ 5.6 million), **ASM Terni** (+€ 1.4 million), **Gori** (+€ 0.8 million), **ACEA Ato5** (+€ 0.7 million) due mainly to the investments made during 2022 and 2023 and to the entry into operation of investments previously in progress, as well as higher write-downs (+€ 2.4 million) attributable largely to **ACEA Ato5** (+€ 0.7 million) and **Gori** (+€ 0.8 million). A slight increase in provisions (+€ 0.4 million), mainly attributable to **ACEA Ato2** for legal disputes, also contributed to the change.

The average workforce as of 31 March 2023, equal to 3,992, increased by 504 compared to 31 March 2022, mainly attributable to the consolidation of **ASM Terni** (+387 employees) and residually to **ACEA Ato2** (+51 employees) and **Adistribuzione gas** (+34 employees), mainly due to the acquisition of the branch deriving from the partial demerger of Romeo Gas in October 2022.

Investments by the Segment amounted to € 161.5 million, an increase of € 39.6 million compared to the same period of the previous year. The increase is attributable to the higher investments made by **ACEA Ato2** (+€ 25.5 million), **ACEA Ato5** (+€ 4.1 million), **Gori** (+€ 3.8 million) and **Acquedotto del Fiora** (+€ 3.7 million). They refer mainly to extraordinary maintenance 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 Segment's net financial position stood at € 1,805.2 million at 31 March 2023, a decrease of € 9.1 million compared to 31 December 2022 and of € 122.1 million compared to 31 March 2022. The changes were affected by the trend in investments for the period, as well as by the dynamics of operating cash flow.

Significant and subsequent events

Progress of the procedure for approving the tariffs

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, as well as the two-year tariff update for 2022-2023.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018 – 2019)	Approval status MTI-3 2020-2023	Approval status, two-year update (2022-2023)
ACEA Ato2	On 27 July 2016, EGA approved the tariff, including the bonus as per Art. 32.1, subsection a) of Resolution 664/2015/R/ldr. <u>The ARERA then approved them in Resolution 674/2016/R/IDR, with some changes compared to the AGB's proposal; quality bonus confirmed.</u>	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/ldr. 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 ARERA approved the 2020-2023 tariffs on 12 May 2021 with resolution 197/2021/R/IDR	Following the formal warning of 18 October 2022 sent by ARERA, the Conference of Mayors approved the 2022-2023 tariffs on 30 November 2022. ARERA approval arrived with resolution 11/23 of 17 January 2023.
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex _{sc} . 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 _{sc} . Approval by 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. On 10 March 2021, the OTAA Conference of Mayors approved the proposed tariff for 2020-2023, with resolution 1/2021. ARERA has not yet given its approval. The Manager appealed against this resolution to the Regional Administrative Court, which rejected the appeal. The Company appealed to the Council of State and submitted an application for economic and financial rebalancing.	Following the formal warning sent by ARERA on 29 November 2022, EGA approved the 2022-2023 tariff proposal on 11 January 2023. ARERA has not yet given its approval. Activities to update the rebalancing request are in progress.
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opex _{sc} as of 2017. Approval by ARERA is awaited. With Resolution 247 of 31 May 2022, ARERA ordered CWA to employ and submit — within 90 days — specific determinations regarding rate arrangements for the years 2012 and 2013. The measure at the same time extends the deadline for the conclusion of the proceedings to 30/09/2022, for the renewal of the contradictory preliminary investigation underlying the tariff determinations in Resolution 104/2016 (2012 - 2013 and 2014 - 2015)	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. Following a warning from ARERA, the CWA (Campania Water Authority) with a resolution dated 12 August 2021, approved the 2020-2023 tariff proposal. ARERA has not yet proceeded with approval.	On 10 August 2022 with resolution no. 35 the CWA approved the two-year update 2022-2023 including the earlier items prior to 2012. Approval by ARERA is awaited.
Acque	On 5 October 2017, the AIT approved the tariff with recognition of the Opex _{sc} . 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, 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. ARERA approval arrived with resolution 404/2021/R/ldr of 28 September 2021.	AIT approved the 2022-2023 update on 25 November 2022. Approval by ARERA is awaited.
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/ldr. <u>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.</u>	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. ARERA approved the 2020-2023 tariff provisions with Resolution 59/2021 of 16 February 2021.	The AIT Executive Council approved the update for 2022-2023 on 22 February 2023. Approval by ARERA is awaited.
Acquedotto del Fiora	On 5 October 2016, the AIT approved the tariff with recognition of the Opex _{sc} . <u>On 12 October 2017, with resolution 687/2017/R/ldr ARERA approved the specific regulatory frameworks for the 2016-2019 period proposed by the AIT.</u>	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	On 26 November 2020 the Executive Council of the AIT approved the 2020-2023 tariff provisions with Resolution no. 6. ARERA provided approval with resolution 84/2021/R/IDR of 2 March 2021	AIT approved the 2022-2023 update on 14 December 2022. Approval by ARERA is awaited.

Company	Approval status (up to MTI2 "2016-2019")	Two-year update status (2018 – 2019)	Approval status MTI-3 2020-2023	Approval status, two-year update (2022-2023)
		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 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} . <u>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.</u>	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. ARERA provided approval with resolution 265/2021/R/idr of 22 June 2021.	On 31 May 2022, the AIT, with Resolution no. 5, approved the tariff arrangement to apply for the years 2022 and 2023. Approval by ARERA is awaited.
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. 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. 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. 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.	Currently being defined with EGAM
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. The CWA convened the District Council for 22 July 2021 (findings report on checking of the minutes of 31/7/20) following the warning from ARERA received on 2 July 2021. In February 2022, a new District Council was appointed, which has not yet expressed a position on the tariff arrangements.	On 28 February 2023, the CWA was warned by ARERA to make the rate decisions for which it is responsible.
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. ARERA provided approval with resolution 220/2021/R/IDR of 25 May 2021	With resolution 12/2022 of 29 July 2022, the AIT Executive Council approved the tariff provisions for 2022 – 2023. ARERA provided approval with resolution 535/2022 of 25 October 2022.
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the Opex _{qc} . <u>The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.</u>	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. ARERA approved the same with Resolution 36/2021 of 2 February 2021.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 63 of 21 February 2023.
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. 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. ARERA approved the biennial adjustment 2018-2019 with its resolution of 20 September 2018 464/2018.	AURI approved the 2020-2023 tariff structure with the resolution by the Assembly of Mayors 12 of 30 October 2020. ARERA provided approval with resolution 553/2020 of 15 December 2020.	On 25 October 2022, AURI approved the 2022-2023 update. Following this approval, ARERA approved the 2022-2023 update with resolution 78 of 28 February 2023.

Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue for the first quarter of 2023 valued on the basis of the new MTI-3 Tariff Method. The data also include the adjustments of passing items and the Fo.NI component.

Company	Revenue from the IWS (pro quota values in € million)	FONI (pro quota values in € million)
ACEA Ato2	174.2	FNI = 12.7 AMMFoNI = 5.8
ACEA Ato5	20.9	FNI = 0.5 AMMFoNI = 1.6
GORI	53.8	-
Acque	17.9	AMMFoNI = 1.3
Publiacqua	26.6	AMMFoNI = 5.4
AdF	28.8	AMMFoNI = 2.7
Gesesa	3.3	-
Nuove Acque	2.3	AMMFoNI = 0.4
Geal	2.4	AMMFoNI = 0.2
Acea Molise	1.2	-
IWS	9.9	AMMFoNI = 0.2
Umbra Acque	8.5	AMMFoNI = 0.6

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Electricity distributed	GWh	2,233	2,317	(84)	(3.6%)
No. of Customers	N/1000	1,656	1,646	10	0.6%
Km of Grid (MV/LV)	Km	31,829	31,320	509	1.6%
2G Metering Groups	Number	77,226	75,793	1,433	1.9%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	156.1	147.0	9.1	6.2%
Costs	63.8	60.5	3.3	5.5%
EBITDA	92.4	86.5	5.8	6.8%
Operating profit/(loss)	56.3	53.0	3.3	6.3%
Average Workforce	1,285	1,263	22	1.7%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	64.5	268.8	(204.3)	(76.0%)	68.7	(4.2)	(6.2%)
Net Financial Position	1,740.3	1,785.2	(44.9)	(2.5%)	1,602.9	137.4	8.6%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Energy Infrastructure Segment	92.4	86.5	5.8	6.8%
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	27.5%	27.2%	0.3 p.p.	

The EBITDA for the segment at 31 March 2023 was € 92.4 million, an increase of € 5.8 million compared to 31 March 2022. **Areti's** EBITDA increased by € 5.7 million as a result of higher revenue attributable to equalisation (+€ 1.5 million) relating to the metering and distribution, transmission, UP and loss delta service, the changes in which are linked to the different value of the rate parameters, the different consumption profile in the tiers, and the increase in return on investments (+€ 2.9 million) due to the combined effect of higher revenue from investments pertaining to the period, partly offset by lower revenue due to the return of investments paid in previous years. With reference to the energy balance, as at 31 March 2023, **Areti** distributed 2,233 GWh to end customers, down by 3.6% on the same period in the previous year. EBITDA from **public lighting** amounted to € 0.5 million, with an improvement of € 1.2 million compared to 31 March 2022 due to extraordinary maintenance and security activities carried out in connection with managing the public lighting service in the municipality of Rome.

The average number of employees increased slightly compared to the same period in the previous year (+ 22 employees).

The operating result increased by € 3.3 million compared to 31 March 2022 and was affected by higher depreciation/amortisation for the period (+€ 2.5 million) due to the combined effect of higher depreciation/amortisation of software purchased in previous periods and investments made on the distribution network and industrial and commercial equipment. This effect is partially offset by lower impairment of receivables (-€ 0.2 million) relating to user customers/users.

Investments amounted to € 64.5 million and decreased by € 4.2 million compared to the same period of the previous year. The investments refer mainly to **Areti** and are attributable to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary stations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” 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 **public lighting** sector contributed for € 0.4 million.

The net financial position at 31 March 2023 amounted to € 1,740.3 million, a decrease of € 44.9 million compared to 31 December 2022 and an increase of € 137.4 million compared to 31 March 2022. The changes are mainly attributable to the dynamics of operating cash flow.

Significant and subsequent events

No significant events were reported during the period.

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Energy produced (hydro+thermal)	GWh	188	178	11	6.1%
of which hydro	GWh	116	95	21	22.2%
of which thermal	GWh	72	83	(10)	(12.4%)
(Photovoltaic) Energy Produced	GWh	25	21	5	22.4%
Energy produced (cogeneration)	GWh	9	10	(1)	(5.6%)

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	37.1	49.8	(12.8)	(25.6%)
Costs	23.4	22.2	1.3	5.7%
EBITDA	13.6	27.7	(14.0)	(50.7%)
Operating profit/(loss)	8.3	23.3	(14.9)	(64.1%)
Average Workforce	97	92	5	5.8%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	4.4	30.3	(25.9)	(85.5%)	8.4	(4.0)	(47.7%)
Net Financial Position	161.2	160.5	0.7	0.4%	79.4	81.8	102.9%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Generation Segment	13.6	27.7	(14.0)	(50.7%)
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	4.1%	8.7%	(4.6 p.p.)	

EBITDA as at 31 March 2023 amounted to € 13.6 million and decreased by € 14.0 million compared to 31 March 2022, mainly attributable to **Acea Produzione** (-€ 8.6 million) as a result of **i)** lower margins on hydroelectric production (-€ 5.7 million) which, despite an increase in volume compared with the same period the previous year, was affected by the significant reduction in prices on the energy markets (the average DAM price for January-March 2023 was 166 €/MWh compared with 216 €/MWh in the same period in 2022), the effect of the Sostegni (Support) Decree Law on the revenue of the Sant'Angelo hydroelectric plant and the cap effect (180 €/MWh) introduced by the 2023 Budget Law; **ii)** lower margins on thermoelectric production and district heating as a result of lower prices, lower quantities, partly offset by lower gas costs due to the price effect, and the plant shutdown in January and February 2022. EBITDA for the **photovoltaic** segment recorded a decrease of € 5.0 million, and was affected mainly by the change in the consolidation scope resulting from the acquisitions made during 2022 and the transfer of control of a photovoltaic holding company of the ACEA Group (Acea Sun Capital) and its subsidiaries to the newco AE Sun Capital (subsequently merged with Acea Sun Capital), 40% owned by Acea Produzione and 60% by Equitix.

The average workforce decreased slightly (- 5 units) compared to the same period in the previous year; note that the photovoltaic companies do not have employees.

Investments amounted to € 4.4 million and decreased by € 4.0 million compared to the same period of the previous year due to the effect of lower investments recorded by the **photovoltaic** segment (- € 3.6 million). Investments made by Acea Produzione mainly refer to work to upgrade hydroelectric plants, in particular Salisano, S. Angelo and Orte, as well as the expansion and restoration of the district heating grid in the Mezzocammino district in the southern area of Rome. Investments in the photovoltaic area mainly refer to investments made by Acea Solar (€ 2.6 million) to build photovoltaic plants on agricultural and industrial land and investments made by SF Island (€ 0.4 million).

The net financial position stood at € 161.2 million as at 31 March 2023 and worsened by € 0.7 million compared to 31 December 2022 and € 81.8 million compared to 31 March 2022, primarily attributable to the operating cash flow dynamics and Acea Solar's investments.

Significant and subsequent events

No significant events were reported during the period

Operating figures, equity and financial results for the period

Operating data	U.M.	31/03/2023	31/03/2022	Change	% Change
Total number of analyses	Number	252,145	284,498	(32,353)	(11.4%)
Total number of samples	Number	8,415	9,151	(736)	(8.0%)
Number of projects	Number	14	27	(12)	(46.7%)
Number of EPC work sites	Number	21	18	3	16.7%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	39.7	34.7	5.0	14.4%
Costs	38.8	32.6	6.2	19.0%
EBITDA	0.9	2.1	(1.2)	(57.1%)
Operating profit/(loss)	(0.9)	(0.1)	(0.8)	n.s.
Average Workforce	475	447	28	6.3%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	1.0	5.8	(4.8)	(81.9%)	0.9	0.2	23.4%
Net Financial Position	26.6	24.0	2.5	10.5%	26.7	(0.2)	(0.6%)

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Engineering and Services Segment	0.9	2.1	(1.2)	(57.1%)
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	0.3%	0.6%	(0.4 p.p.)	

EBITDA for the segment at 31 March 2023 came to € 0.9 million, down by €1.2 million with respect to the previous year. The change is attributable to **Simam** for € 0.9 million as a result of lower construction and water treatment activities compared to the same period the previous year. **TWS** also contributed to the decrease (-€ 0.2 million), mainly due to less work execution activities, less safety coordination (work coordination and execution) and testing activities, and less design activities.

The average workforce at 31 March 2023 stood at 475 and was up compared to 31 March 2022 (447 employees). This change is attributable to **Simam** (21 units) and to **Acea Elabiori** (7 units).

Investments amounted to € 1.0 million, an increase of € 0.2 million compared to the same period the previous year. Investments mainly refer to **Acea Elabiori** (€ 0.6 million) and **Simam** (€ 0.4 million).

Net financial position as at 31 March 2023 was € 26.6 million, an increase of € 2.5 million compared to 31 December 2022 and a slight improvement of € 0.2 million compared to 31 March 2022. The change is due to the dynamics of operating cash flow.

Significant and subsequent events

No significant events occurred in the period.

Operating figures, equity and financial results for the period

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
Revenues	33.0	34.5	(1.5)	(4.3%)
Costs	42.1	44.8	(2.8)	(6.2%)
EBITDA	(9.0)	(10.3)	1.3	(12.7%)
Operating profit/(loss)	(16.3)	(16.9)	0.6	(3.5%)
Average Workforce	727	705	22	3.1%

Economic and financial results € million	31/03/2023	31/12/2022	Change	% Change	31/03/2022	Change	% Change
Capex	5.8	32.7	(26.9)	(82.3%)	5.2	0.6	11.9%
Net Financial Position	499.6	471.6	28.0	5.9%	437.1	62.4	14.3%

Economic and financial results € million	31/03/2023	31/03/2022	Change	% Change
EBITDA – Corporate Segment	(9.0)	(10.3)	1.3	(12.7%)
EBITDA – Group	335.9	318.2	17.7	5.6%
Percentage	(2.7%)	(3.2%)	0.6 p.p.	

Corporate closed at 31 March 2023 with negative EBITDA of € 9.0 million, an increase of €1.3 million compared to the same period in 2022. The change is attributable to the combined effect of lower costs mainly related to lower consultancy expenses, only partially due to lower chargebacks to group companies and higher personnel costs related to the effects of contractual adjustments.

The operating result was a loss of € 16.3 million, an improvement over the same period of the previous year of € 0.6 million, as a result on the one hand, of the increase in EBITDA, and on the other hand, of higher depreciation/amortisation and higher provisions for risks. Greater amortisation includes that relative to IT investments for application development.

The average workforce at 31 March 2023 stood at 727, an increase of 22 compared to the same period of 2022 (there were 705 employees).

Investments amounted to € 5.8 million (€ 5.2 million at 31 March 2022) and mainly refer to software licenses, IT development and investments in company offices.

The net financial position at 31 March 2023 was € 499.6 million and recorded an increase compared to the end of financial year 2022 of € 28.0 million, which derived from the cash needs of Group companies and corporate.

Significant and subsequent events

No significant events were reported during the period.

Significant events during the period and afterwards

Acea: successful placement of a € 500 million Green Bond and subsequent 200 million TAP issue

On 17 January 2023, Acea successfully completed the placement of a Green Bond issue for a total amount of € 500 million, interest rate of 3.875%, maturing on 24 January 2031.

The issue, which is part of the Green Financing Framework and the € 5 billion Euro Medium Term Notes (EMTN) programme, was a great success, receiving more than 3 times the amount offered from primary investors coming from numerous geographic areas, mainly in the green sector.

The profits will be used to finance specific projects with sustainability goals. In particular, those relative to resilience of the electricity distribution grid, energy efficiency, electric mobility, development of the circular economy, increasing energy produced from renewable sources and protection of water resources. The issue is intended exclusively for institutional investors in the Euromarket.

On 3 February 2023 Acea successfully completed the reopening of the Green bond issue carried out on 17 January 2023 (rate 3.875%, maturity 24 January 2031) for an amount of € 200 million ("TAP Issue"). The TAP Issue received requests equal to over 1.5 times the amount offered. The securities, with a minimum unit of € 100,000 and a rate of 3.875%, were placed at an issue price of 100.368%, implying a return of 3.820% or 105 basis points above the midswap rate, offering a further improvement on the already very satisfactory terms of the original issue.

Acea reaches 100% of Deco: the remaining 35% of the company acquired, the main operator in the Abruzzo environmental sector

On 23 January 2023, Acea acquired the remaining 35% of Deco's share capital, a company operating in the waste sector in Abruzzo in which it already held a 65% stake, with the closing of the acquisition occurring in November 2021. The company designs, constructs and manages plants for the treatment, disposal and recovery of municipal solid waste and plants for energy recovery from renewable sources.

Acea: Michaela Castelli resigns from the position of Chairman for personal reasons

Acea notes that, on 14 February 2023, the lawyer Michaela Castelli resigned with immediate effect from her position as Director and Chairperson of the Board of Directors of Acea SpA.

Acea: Barbara Marinali appointed as the new Chairman of the Board of Directors

On 17 February 2023, the Acea S.p.A. Board of Directors, on a proposal by the Appointments and Remuneration Committee and with a resolution approved by the Board of Statutory Auditors, appointed by co-optation, under the terms of Art. 2386 of the Italian Civil Code and Art. 15 of the By-Laws, Barbara Marinali as a new non-executive Director of the Company, replacing Michaela Castelli who resigned on 14 February 2023. The Board of Directors also appointed Barbara Marinali as the Chairman of the Board of Directors.

Acea: indication of interest in the Rome waste to energy plant presented

On 1 March, Acea Ambiente, a subsidiary of Acea, responded to the public notice issued by the municipality of Rome to find economic operators interested in presenting project financing proposals for assignment of the systems hub concession relative to the design, authorisation, construction and management of a waste-to-energy plant and correlated ancillary systems.

Acea Ambiente presented its indication of interest with other national and international partners, including Hitachi Zosen Inova, Vianini Lavori and Suez, following favourable determinations by the relevant corporate bodies of Acea Ambiente and Acea (also pursuant to the provisions of the Acea Group Related Party Transactions Procedure).

Acea: 2023 ESR Top Utility Research and Innovation

On 9 March, Acea was awarded the ESR Top Utility Research and Innovation prize. Acea won in the Research and Innovation category for "its ability to develop research projects that apply innovative digital and cybersecurity technologies to remote control systems of physical infrastructure, experiment with secure ICT platforms that enable widespread and small-scale users to participate in energy flexibility markets, and involve researchers, operators, manufacturers and start-ups in the process of technological innovation".

Acea: new innovative agreement with trade unions concerning the Employee and Participation Charter

On 15 March, Acea and the trade unions met and reached a significant and innovative agreement: Acea's Employee and Participation Charter. This is a Protocol for strengthening trade union relations, enhancing involvement and participation and putting people at the centre. In fact, the purpose of the Agreement is to create value for the territory, strengthen the quality of service, develop and increase the company's professionalism and individual and collective well-being, investing in the skills and competences of Employees, as levers for addressing and overcoming the major socio-economic challenges we face.

Acea: Fitch Ratings confirms ACEA's BBB+ rating and changes the outlook from stable to negative

On 15 March, Fitch Ratings confirmed Acea's Long-Term Issuer Default Rating (IDR) at BBB+, its Short-Term IDR at F2 and the Long-Term Senior Unsecured Rating at BBB+. At the same time, the Agency announced that it had changed the outlook on the Company from stable to negative. The change in the outlook reflects expectations on the increase in leverage, due to the absorption of cash due to working capital trends and the acceleration of the Group's investments related to 2022. The confirmation of the BBB+ rating reflects Acea's strategic focus on regulated activities, together with the solidity of operating management.

Acea: Shareholders' Meeting approves 2022 Financial Statements, appoints new Board of Directors and confirms € 0.85 dividend

On 18 April, the Shareholders' Meeting of Acea SpA, in first call, in Extraordinary and Ordinary session, approved the financial statements and consolidated financial statements for the year ended 31 December 2022, resolved on the allocation of the profit for 2022 and appointed the new Board of Directors.

The Extraordinary Shareholders' Meeting approved the amendment to Article 15 of the By-Laws. The Ordinary Shareholders' Meeting thus set the number of members of the Board of Directors at 13 and resolved to appoint the new Board of Directors, which will remain in office for three years, namely until the approval of the Financial Statements for 2025. The election of the members of the Board of Directors took place by list voting, according to the procedures set forth in Article 15 of the By-Laws in the new formulation approved by the Shareholders' Meeting.

The following are elected to the new Board of Directors:

- Barbara Marinali, Fabrizio Palermo, Nathalie Tocci, Angelo Piazza, Elisabetta Maggini, Alessandro Picardi and Luisa Melara, on the basis of the list submitted by the shareholder Roma Capitale, owner of 51% of the share capital of ACEA SpA, which obtained the majority of the votes (approx. 68.08% of the shares admitted to vote);
- Thomas Devedjian and Vincenza Patrizia Rutigliano, on the basis of the list submitted by the shareholder Suez International SAS, owner of 23.33% of the share capital of ACEA SpA;
- Alessandro Caltagirone and Massimiliano Capece Minutolo Del Sasso, on the basis of the list presented by the shareholder Fincal SpA, owner of 3.19% of the share capital of ACEA SpA;
- Antonino Cusimano and Antonella Rosa Bianchessi, on the basis of the list presented by a group of asset management companies and institutional investors, holding a total of 1.17% of the share capital of ACEA SpA.

Pursuant to the relevant regulations and By-Laws, the gender distribution criterion was respected.

Barbara Marinali was confirmed as the new Chairperson of the Board of Directors.

Acea and ASM Terni: second closing of the Umbrian integrated multi-utility completed

On 20 April, the second closing was finalised, concluding the corporate merger between Acea, ASM Terni, and the municipality of Terni, following the public procedure initiated by ASM Terni. Following the completion of this agreement, Acea's stake in ASM Terni's share capital rises to 45% and the Umbrian utility acquires 20% of the capital of Orvieto Ambiente, Acea Ambiente's spin-off company. This strengthens Umbria's first integrated multi-utility, an industrial company active in the water sector, waste management, power generation and the distribution and sale of electricity and gas.

Acea: acquisition of SIMAM completed

On 21 April, Acea completed the acquisition of the remaining 30% of SIMAM (Servizi Industriali Manageriali Ambientali), a company specialising in the engineering, construction and management of water and waste treatment plants, in environmental works and reclamation, with hi-tech integrated solutions. Over the last three years, Acea has developed new skills, know-how, and implemented new high-tech solutions in the field of design and project management, consolidating its capabilities in the construction and maintenance of infrastructures, for an increasingly sustainable, innovative and efficient management of services related to its business.

Acea: the new Board of Directors confirms Fabrizio Palermo as CEO

On 3 May, Acea's Board of Directors appointed Fabrizio Palermo as CEO and General Manager of the company, and granted him the powers for the ordinary management of the company and the group. In addition to the statutory functions of representation, the Chairperson, Barbara Marinali, was granted specific powers by the Board, including those relating to Corporate Governance. During the same meeting, the Board of Directors also appointed Fabio Paris as ACEA S.p.A.'s Financial Reporting Officer.

Business outlook

In an environment that remains complex, mainly due to the consequences of the conflict in Ukraine, with its effects on the economic and social front, the first quarter of 2023 maintained the positive trend recorded in the last quarter of 2022, highlighting the excellent performance of the Commercial and Regulated Segments, which showed an increase in consolidated EBITDA (+5.6% compared to the same period last year).

The Group is also continuing its careful management of costs and deferred charges in 2023, which has as a direct consequence, the prompt reduction of costs and the optimisation of investments and contracts. With reference to credit risk, the policies of prevention and management of the customer portfolio have allowed the Group to also achieve optimal collection performance in the reporting period, in continuity with the previous year. All of the actions implemented made it possible to strengthen the Group's position as an operator with a strong industrial vocation, maintaining a solid financial structure and generating positive impacts on the Group's economic and operating performance.

Debt at 31 March 2023 involves a fixed rate for 91%, so as to guarantee protection from any future increases in interest rates and from financial or credit volatility, as well as to guarantee adequate coverage of the financial requirements the Group will have. In 2023 the issue of two Green Bonds was successfully completed for a total of € 700 million, at a rate of 3.875% and maturing on 24 January 2031, further strengthening Acea's position as a sustainability leader.

Form and Structure

General information

The Interim Report on Operations at 31 March 2023 of the ACEA Group was approved by Board of Directors' resolution on 10 May 2023, 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 2022, 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 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. In addition, on 4 March 2021 ESMA published the guidelines on the disclosure requirements deriving from the new Prospectus Regulation (Regulation EU 2017/1129 and Delegated Regulations EU 2019/980 and 2019/979), which update the previous CESR Recommendations (ESMA/2013/319, in the revised version of 20 March 2013). Starting from 5 May 2021, on the basis of CONSOB Call for Attention No. 5/21, the aforementioned ESMA Guidelines also replace the CESR Recommendation on debt. Therefore, under the new provisions, listed issuers will have to present, in the explanatory notes to their annual and semi-annual financial statements published from 5 May 2021 onwards, a new statement on debt to be drafted in accordance with the instructions in paragraphs 175 and following of the above ESMA Guidelines.

The content and meaning of the non-GAAP measures of performance and other alternative performance indicators used in these financial statements are illustrated below:

- 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;
- financial debt is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings ("Short-term loans", "Current part of long-term loans" and "Current financial liabilities") and long-term borrowings ("Long-term loans") and the related derivative instruments ("Non-current financial liabilities"), net of "Cash and cash equivalents" and "Current financial assets";
- the net financial position is an indicator of the ACEA Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the financial debt (ESMA) referred to above. This indicator is obtained from the sum of Non-current borrowings 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;
- 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*;

Q *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

Drafting of the Interim Report on Operations, in application of the IFRS, requires the making of estimates and assumptions that affect the values of revenues (including the estimate of the GRC), costs, assets and liabilities in the financial statements and information on contingent assets and liabilities at the reference 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 estimates and assumptions are reviewed periodically, and the effects of each change are 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.

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.

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 intercompany balances and transactions, including any unrealised profits on intercompany 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.

Business combinations involving solely entities under common control

Business combinations which involve companies which are, definitively, under the control of the same company or the same companies both before and after the combination, and this control is not temporary, are classified as “Business Combinations of entities under common control”. These are excluded from the scope of application of IFRS 3, nor are they governed by other IFRS. In the absence of a relevant accounting standard, the selection of the accounting standard for these transactions, relative to those for which a significant influence on future cash flows cannot be demonstrated, is guided by the principle of prudence, which leads to the application of the criteria of continuity of values for the net assets acquired. Assets are recognised at the book values found in the accounts of the companies acquired (or that of the selling company) prior to the transaction or, alternatively, the values found in the consolidated financial statements of the common parent company. Particularly with reference to the above transactions, relative to the sale of a business unit, treatment of the difference between the contractually defined payment and the accounting value of the business transferred is differentiated as a function of the equity investment relationships between the entities involved in the transfer. Relative to transfers of business units under common control, on the other hand, regardless of the pre-existing investment relationship, the transferring entity must recognise the business transferred at its historic accounting value, increasing its shareholders' equity by the same amount. The receiving entity must symmetrically recognise the equity investment in the transferring entity for an amount equal to the increase in the shareholders' equity of the latter. This accounting treatment makes reference to that proposed by Assirevi in its Preliminary Guidelines on IFRS (OPI n. 1 Revised) - “Accounting treatment of business combinations of entities under common control in annual and consolidated financial statements”, issued in October 2016.

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.

Treatment of put options for shares of subsidiaries

Based on the provisions established under standard IAS 32, paragraph 23, a contract which contains a requirement for an entity to acquire shares for cash or against other financial assets, gives rise to a financial liability for the current value of the price to exercise the option. Therefore, if the entity does not have the unconditional right to avoid the payment of cash or other financial instruments if and when a put option is exercised on shares of subsidiaries, it must recognise this debt. All subsequent changes are recognised in the Income statement. The same accounting treatment applies when, in addition to a put option, there is also a symmetrical call option, referred to as “symmetrical put and call options related to non-controlling interest”. The Group considers shares subject to put options (or to symmetrical put and call options) already acquired, in cases in which the economic benefits and risks linked to actual ownership of the shares does not remain with minority shareholders. Therefore, in these circumstances, it does not recognise the interests held by minority shareholders in the consolidated financial statements.

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 Euro 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 consolidation scope:

Compared to 31 March 2022 the following changes occurred in the consolidation scope:

- Q at the end of March 2022, Acea finalised the sale of the photovoltaic holding company (Acea Sun Capital) to the British investment fund Equitix. The agreement for the transfer of assets was signed on 24 December 2021. With the closing of the operation, the newco AE Sun Capital S.r.l., 60% owned by Equitix and 40% by Acea Produzione, acquired from Acea Produzione the photovoltaic holding company of the Acea Group, the holder, through a number of vehicle companies, of a portfolio of photovoltaic plants;
- Q on 1 April 2022, a purchase agreement was signed by Adistribuzionegas for 30% of Romeo Gas as part of the sale by A2A of concessions for the natural gas distribution service;
- Q on 23 May 2022, Acea Ambiente signed the deed of acquisition for an additional 20% of the shares in Cavallari, bringing its stake to 80%;
- Q on 29 July 2022, Acea Solar signed the purchase of 17 vehicle companies in the Basilicata region (Marmaria Group), each the holder of development projects for ground-mounted monoaxial photovoltaic plants. The total power is estimated at 338 MWp, with annexed storage systems for 170 MWp of power;
- Q on 30 June 2022, the acquisition by Acea Ambiente of the business unit known as Polo Cirsu was signed after participation in the competitive bidding process begun with the notice of sale issued by the Court of Teramo. This business unit consists of: (i) a landfill known as "Grasciano1", completely depleted of authorised volumes; (ii) a landfill known as "Grasciano2", consisting of an first lot of 234,000 M3 and a second lot to be built, with an authorised volume of 246,000 M3; (iii) a recycling and composting plant and a platform to utilise separate waste;
- Q on 1 September 2022, Acea Renewable 2 S.r.l. and Fergas Solar 2 S.r.l. were established, both 100% held by Acea Solar to complete the transfer of photovoltaic assets for plants constructed in the industrial and agricultural area;
- Q on 1 October 2022, the partial demerger of Romeo Gas S.p.A. was completed, implemented through the assignment of equity shares in favour of Adistribuzionegas S.r.l. The purpose of the operation is part of an overall corporate reorganisation to achieve more efficient management of gas distribution concessions;
- Q on 4 October 2022, Acea Ambiente signed the acquisition of 70% of the capital of Tecnoservizi S.r.l., a company that offers separate urban waste treatment and recovery services. The company's authorised capacity is treatment of 210 thousand tonnes per year in the province of Rome, coming from separate waste of Municipalities, entities and businesses;
- Q on 3 November 2022, Acea Ambiente, through its subsidiary Cavallari S.r.l., completed acquisition of 100% of Italmacero S.r.l., a company operating in the mechanical treatment and recovery of separate urban waste (mixed packaging, monomaterial fractions) and special non-hazardous waste;
- Q on 22 November 2022, the reverse merger by incorporation of AE Sun Capital with the subsidiary Acea Sun Capital was complete. The merger is part of an investment project involving the renewable energy sector and was implemented to achieve advantages through unification of processes, structures, achieving synergies and economies of scale, as well as cost efficiencies;
- Q on 6 December 2022, the closing of the initial stage of the business combination with ASM Terni was signed, following the completion public procedure initiated by the latter. The operation is intended to create a single operator working in the integrated water cycle, environment and electricity and gas distribution and sales sectors.
- Q on 19 December 2022, Dropmi S.r.l. was established, which carries out research and engineering for next generation water metres, that can operate and be monitored remotely, and also develops smart water solutions for the domestic and international markets;
- Q on 10 February 2023, the companies AQUANTIA S.r.l. and AQUA.IOT S.r.l. were established, whose purpose is the production, marketing and distribution of water meters exclusively for companies operating in the water sector. Aqua.iot S.r.l. is 65% owned by SUEZ International SAS and 35% owned by Acea, while Aquantia S.r.l. is 65% owned by Acea and 35% owned by SUEZ International SAS;
- Q on 1 March 2023, Orvieto Ambiente was established, following the transfer of the business unit relating to the mechanical sorting, composting and waste-disposal plant at the Orvieto municipal site.

B) Unconsolidated equity investments:

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

C) List of consolidated companies:

Company name	Registered Office	Share capital (in €)	Effective equity investment %	Group consolidated stake	Consolidation method
Environment Segment					
Acque Industriali Srl	Via Bellatella, 1 - Ospedaletto (PI)	100,000	73.1%	100.0%	Line-by-line
Aquaser Srl	Piazzale Ostiense, 2 - Rome	3,900,000	97.9%	100.0%	Line-by-line
Acea Ambiente Srl	Piazzale Ostiense, 2 - Rome	2,224,992	100.0%	100.0%	Line-by-line
Orvieto Ambiente S.r.l.	Piazzale Ostiense, 2 - Rome	10,010,000	100.0%	100.0%	Line-by-line
A.S. Recycling S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	90.0%	100.0%	Line-by-line
Berg S.p.A.	Via delle Industrie, 38 - Frosinone	844,000	60.0%	100.0%	Line-by-line
Cavallari S.r.l.	Via dell'Industria, 6 - Ostra (AN)	100,000	80.0%	100.0%	Line-by-line
Deco S.p.A.	Via Vomano, 14 - Spoltore (PE)	1,404,000	100.0%	100.0%	Line-by-line
Demap S.r.l.	Via Giotto, 13 - Beinasco (TO)	119,015	100.0%	100.0%	Line-by-line
Consorzio Servizi Ecologici del Frantano "Ecofrantano"	Strada Provinciale Pedemontana Km 10 Frazione Cerratina - Lanciano (CH)	10,329	75.0%	100.0%	Line-by-line
Ecologica Sangro S.p.A.	Strada Provinciale Pedemontana Km 10, Frazione Contrada - Cerratina Lanciano (CH)	100,000	100.0%	100.0%	Line-by-line
Ferrocarr S.r.l.	Via Vanzetti, 34 - Terni	80,000	60.0%	100.0%	Line-by-line
Iseco S.p.A.	Loc. Surplan n. 10 - Saint-Marcel (AD)	110,000	80.0%	100.0%	Line-by-line
Italmacero s.r.l.	Via dell'Artigianato, 3 - Falconara Marittima (AN)	26,000	100.0%	100.0%	Line-by-line
MEG S.r.l.	Via 11 Settembre no. 8 - San Giovanni Illarione (VR)	10,000	60.0%	100.0%	Line-by-line
S.E.R. Plast S.r.l.	Contrada Stampalone, Cellino Attanasio (TE)	70,000	70.0%	100.0%	Line-by-line
Tecnoservizi S.r.l.	Via Bruno Pontecorvo, 1/B - Roma	1,000,000	70.0%	100.0%	Line-by-line
Commercial and Trading Segment					
Acea Energia S.p.A.	Piazzale Ostiense, 2 - Rome	10,000,000	100.0%	100.0%	Line-by-line
Acea Energy Management Srl	Piazzale Ostiense, 2 - Rome	50,000	100.0%	100.0%	Line-by-line
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10,000	100.0%	100.0%	Line-by-line
Acea Innovation S.r.l.	Piazzale Ostiense 2 - Roma	2,000,000	100.0%	100.0%	Line-by-line
Umbria Energy S.p.A.	Via Bruno Capponi, 100 - Terni	1,000,000	100.0%	100.0%	Line-by-line
Overseas					
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama	9,089,661	100.0%	100.0%	Line-by-line
Consorzio Agua Azul S.A.	Calle Amador Merino Reyna 307 - Of. 803 Lima 27 - Perú	16,000,912	44.0%	100.0%	Line-by-line
Consorzio Acea	Calle Amador Merino Reyna 307 - Lima - Perú	225,093	100.0%	100.0%	Line-by-line
Consorzio Servicio Sur	Calle Amador Merino Reyna, San Isidro	33,834	51.0%	100.0%	Line-by-line
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama	644,937	100.0%	100.0%	Line-by-line
Consorzio Acea Lima Norte	Calle Amador Merino Reyna 307 - Lima - Perú	221,273	100.0%	100.0%	Line-by-line
Consorzio Acea Lima Sur	Calle Amador Merino Reyna 307 - Lima - Perú	75,068	100.0%	100.0%	Line-by-line
Agua de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6,457,345	60.7%	100.0%	Line-by-line
Acea Perú S.A.C.	Cal. Amador Merino Reyna , 307 Miraflores - Lima	177,582	100.0%	100.0%	Line-by-line
Consorzio ACEA - ACEA Dominicana	Av. Las Americas - Esq. Mazoneria - Ens. Ozama	67,253	100.0%	100.0%	Line-by-line
Water Segment					
Adistribuzionegas S.r.l.	Via L. Galvani, 17/A - Forlì	5,953,644	51.0%	100.0%	Line-by-line
Notaresco Gas S.r.l.	Via Padra Frasca - Frazione Chieti Scalo Centro Dama (CH)	100,000	55.0%	100.0%	Line-by-line
ACEA Ato2 S.p.A.	Piazzale Ostiense, 2 - Rome	362,834,340	96.5%	100.0%	Line-by-line
Acea Ato5 S.p.A.	Viale Roma - Frosinone	10,330,000	98.5%	100.0%	Line-by-line
Acque Blu Arno Basso S.p.A.	Piazzale Ostiense, 2 - Rome	8,000,000	76.7%	100.0%	Line-by-line
AQUANTIA S.r.l.	Piazzale Ostiense, 2 - Rome	500,000	65.0%	100.0%	Line-by-line
Acea Molise S.r.l.	Piazzale Ostiense, 2 - Rome	100,000	100.0%	100.0%	Line-by-line
Gesesa S.p.A.	Corso Garibaldi, 8 - Benevento	534,991	57.9%	100.0%	Line-by-line
Gori S.p.A.	Via Trentola, 211 - Ercolano (NA)	44,999,971	37.1%	100.0%	Line-by-line
Sarnese Vesuviano Srl	Piazzale Ostiense, 2 - Rome	100,000	99.2%	100.0%	Line-by-line
Acque Blu Fiorentine S.p.A.	Piazzale Ostiense, 2 - Rome	15,153,400	75.0%	100.0%	Line-by-line
ASM Terni	Via Bruno Capponi, 100 - Terni	72,858,295	38.0%	100.0%	Line-by-line
Acquedotto del Fiora S.p.A.	Via G. Mameli, 10 - Grosseto	1,730,520	40.0%	100.0%	Line-by-line
Agile Academy S.r.l.	Via Mameli, 10 - Grosseto	10,000	100.0%	100.0%	Line-by-line
Ombrone S.p.A.	Piazzale Ostiense, 2 - Rome	6,500,000	99.5%	100.0%	Line-by-line
Servizi Idrici Integrati SCARL	Via I Maggio, 65 - Terni	19,536,000	43.0%	100.0%	Line-by-line
Umbriaue Servizi Idrici S.c.a.r.l.	Via Aldo Bartocci n. 29 - Terni	100,000	99.4%	100.0%	Line-by-line
Energy Infrastructure Segment					
Areti S.p.A.	Piazzale Ostiense, 2 - Rome	345,000,000	100.0%	100.0%	Line-by-line
Generation Segment					
Ecogena S.r.l.	Piazzale Ostiense, 2 - Rome	1,669,457	100.0%	100.0%	Line-by-line
Acea Renewable S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Line-by-line
Acea Liquidation and Litigation Srl	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Line-by-line
Fargas Solar 2 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Line-by-line
Acea Renewable 2 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	100.0%	Line-by-line
SF Island S.r.l.	Via Cantorriro, 44/C - Acquapendente (VT)	10,000	100.0%	100.0%	Line-by-line
Acea Solar S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	100.0%	100.0%	Line-by-line
Acea Produzione S.p.A.	Piazzale Ostiense, 2 - Rome	5,000,000	100.0%	100.0%	Line-by-line
Engineering & Services Segment					
Acea Elabori S.p.A.	Via Vitorchiano, 165 - Roma	2,444,000	100.0%	100.0%	Line-by-line
Simam S.p.A.	Via Cimabue, 11/2 - Senigallia (AN)	600,000	70.0%	100.0%	Line-by-line
Technologies for Water Services S.p.A.	Via Ticino, 9 - Desenzano del Garda (BS)	11,164,000	100.0%	100.0%	Line-by-line

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

Company name	Registered Office	Share capital	Effective equity investment %	Group consolidated stake	Consolidation method
Environment Segment					
Ecomed S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	50.0%	50.0%	Shareholders' Equity
Picenambiente S.p.A.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	5,500,000	21.8%	21.8%	Shareholders' Equity
Picenambiente S.r.l.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	505,000	100.0%	21.8%	Shareholders' Equity
Picenambiente Energia S.p.A.	Contrada Monte Renzo, 25 - San Benedetto del Tronto (AP)	200,000	100.0%	21.8%	Shareholders' Equity
Water Segment					
Umbria Distribuzione Gas S.p.A.	Via Capponi, 100 - Terni	2,120,000	55.0%	55.0%	Shareholders' Equity
AQUA.IOTS S.r.l.	Piazzale Ostiense, 2 - Rome	1,050,000	35.0%	35.0%	Shareholders' Equity
DropMI S.r.l.	Piazzale Ostiense, 2 - Rome	1,000,000	50.0%	50.0%	Shareholders' Equity
Acque S.p.A.	Via Garigliano, 1 - Empoli	9,953,116	45.0%	45.0%	Shareholders' Equity
Intesa Aretina S.c.a.r.l.	Via Benigno Crespi, 57 - Milan	18,112,000	35.0%	35.0%	Shareholders' Equity
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1,450,000	48.0%	48.0%	Shareholders' Equity
Greenasm S.r.l.	Via dello Stabilimento, 1 - Nera Montoro (TR)	10,000	50.0%	19.0%	Shareholders' Equity
Nuove Acque S.p.A.	Patrignone - Località Cuculo (AR)	34,450,389	46.2%	16.2%	Shareholders' Equity
Publicacqua S.p.a.	Via Villamagna - Florence	150,280,057	40.0%	40.0%	Shareholders' Equity
Acque Servizi S.r.l.	Via Bellatalla, 1 - Ospedaletto (PI)	400,000	100.0%	45.0%	Shareholders' Equity
Umbra Acque S.p.A.	Via Benucci, 162 - Ponte San Giovanni (PG)	15,549,889	40.0%	40.0%	Shareholders' Equity
Generation Segment					
KT4 Srl	Via SS Pietro e Paolo, 50 - Rome	250,000	100.0%	40.0%	Shareholders' Equity
Ambra Solare 16 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 17 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 20 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 25 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 28 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 29 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 30 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 31 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 33 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 34 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 35 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 39 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 40 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Ambra Solare 44 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Belania S.r.l.	Via Luciano Manara, 15 - Milan	10,000	49.0%	19.6%	Shareholders' Equity
Energia S.p.A.	Via Barberini, 28 - Rome	239,520	49.9%	49.9%	Shareholders' Equity
Euroline 3 S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
Fergas Solar S.r.l.	Via Pietro Piffetti, 19 - Turin	10,000	100.0%	40.0%	Shareholders' Equity
Acea Green S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
IPV-Energy S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
JB Solar S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
M2D S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
Marmaria Solare 8 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Marmaria Solare 9 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Marmaria Solare 10 S.r.l.	Via Tevere, 41 - Rome	10,000	51.0%	51.0%	Shareholders' Equity
Marche Solar S.r.l.	Via Achille Grandi, 39 - Concordia sulla Secchia (MO)	10,000	100.0%	40.0%	Shareholders' Equity
PF Power of Future S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
PSLS S.r.l.	Via Rullo, 18/20 - Catania	15,000	100.0%	40.0%	Shareholders' Equity
Solaria Real Estate S.r.l.	Piazzale Ostiense, 2 - Rome	176,085	100.0%	40.0%	Shareholders' Equity
Solarplant S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	100.0%	40.0%	Shareholders' Equity
Acea Sun Capital S.r.l.	Piazzale Ostiense, 2 - Rome	10,000	40.0%	40.0%	Shareholders' Equity
Trinovolt S.r.l.	Viale Tommaso Columbo, 31/D - Bari	10,000	100.0%	40.0%	Shareholders' Equity
Engineering & Services Segment					
Ingegnerie Toscane Srl	Via Francesco de Sanctis, 49 - Florence	100,000	99.9%	44.5%	Shareholders' Equity

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 S.p.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 S.A.	Calle 82 n. 19* -34 - Bogotà - Colombia	652.361	51,00%	51,00%	Patrimonio Netto
Area Idrico					
Le Soluzioni Scarl	Via Garigliano, 1 - Empoli	250.678	80,84%	51,63%	Patrimonio Netto
Sogea S.p.A.	Via Mercatanti, 8 - Rieti	260.000	49,00%	49,00%	Patrimonio Netto
Umbria Distribuzione Gas S.p.A.	Via Bruno Capponi 100 - Terni	2.120.000	55,00%	55,00%	Patrimonio Netto
Area Generazione					
Citelum Napoli Pubblica Illuminazione S.c.a.r.l.	Via Monteverdi Claudio, 11 - Milano	90.000	32,18%	32,18%	Patrimonio Netto
Sienergia S.p.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 Interim report on operations as at 31 March 2023 are those adopted to draft the 2022 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 2023

“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 that establish the criteria for recognition, measurement, presentation and disclosure of insurance contracts, supersede those currently provided for in IFRS 4 “Insurance Contracts” and have as their objective to guarantee to users of the financial statements to assess the effect that these contracts have on the financial position, the results and the cash flows of companies. The standard is to be applied for financial years that begin on 1 January 2023.

“Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

Issued on 9 December 2021, it allows for use of the transitional option relative to comparative information on financial assets upon first time application of IFRS 17. The option allows entities to reclassify, in comparative information and individually, all financial instruments that fall under the scope of the standard, to avoid accounting mismatches with respect to the classification envisaged under international accounting standard IFRS 9. The amendments are applicable from the financial years beginning 1 January 2023.

“Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current”

Issued on 23 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.

“Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Issued on 7 May 2021, their purpose is to make uniform the methods with which entities account for deferred taxes on operations such as leasing and the dismantling costs. The main change regards the introduction of an exception to the initial recognition exemption (IRE) of deferred taxation for assets and liabilities provided for in IAS 12. Specifically the exception provides for the non-applicability of the exemption of IAS 12 for initial recognition of all operations that originate equal or offset temporary differences. Limiting the exemption to only initial recognition, the impact will be a gradual improvement and comparability of the information for the benefit of users of the financial statements with reference to the fiscal impacts of leasing operations and to dismantling costs. The amendments are applicable from the financial years beginning 1 January 2023.

“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 *Accounting policies, Changes in Accounting Estimates and Errors*: 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. The amendments are applicable from the financial years beginning 1 January 2023.

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

“Amendments to IFRS 16 *Leases*: Lease Liability in a Sale and Leaseback”

Issued on 22 September 2022, its purpose is to clarify the impact that a sale and leaseback transaction could have on a financial liability that involves variable payments not linked to indices or rates. The main change in the subsequent measurement of the financial liability regards the determination of the “lease payments” and of the “revised lease payments” so that, following a leaseback transaction a the seller-lessee does not recognise any profit or loss related to the right of use that it holds. The purpose of the amendment is to avoid the accounting of profits and losses, related to the right of use recognised, following events that entail a remeasurement of the payable (for example a change in the leasing contract or in its duration). Any profits and losses deriving from the partial or total termination of a leasing contract continue to be recognised for the part of right of use terminated. The amendments are applicable from 1 January 2024 with possibility of early application.

Application of the IFRS 5 standard

An agreement was signed on 23 December 2021 with the British investment fund Equitix for the sale of photovoltaic plants held by the ACEA Group for a total of approximately 105 MW. The agreement was then finalised on 22 March 2022 with the transfer of Acea Sun Capital to the Newco AE Sun Capital, held for 40% by Acea Produzione and for 60% by Equitix; the transfer resulted in the handover of the plants already connected to the network, whereas in terms of the agreements, the transfer of the plants undergoing completion or connection is subject to obtaining the connection certificate. These plants are held by Acea Solar, Acea Renewable and Fergas Solar 2 and are included in this Report in line with the provisions of IFRS5 and in line with what was reported in the 2021 and 2022 Consolidated Financial Statements, namely:

- the measurement of such assets was made at the lower between historical cost, decreased by the related accumulated depreciation or amortisation, and the estimated realisable value;
- the assets and liabilities closely associated with the group held for sale were measured and presented in the balance sheet in two specific items of the financial situation (“assets held for sale” and “liabilities closely associated with assets held for sale”). Neither IFRS 5 nor IAS 1 provide indications on the methods of presenting transactions between Continuing and Discontinued Operations. The method chosen led to presenting the reclassification of the asset and liability financial balances with the values net of the elimination of intercompany transactions;
- the economic items were presented in continuity with the previous year; from the date on which the changed destination of the assets has been resolved, depreciation and amortisation are no longer calculated.

The contribution of the operation to the equity situation of the Acea Group (in €/million) as at 31 March 2023 is presented below:

ASSETS	Effect of application of IFRS 5
NON-CURRENT ASSETS	17.9
CURRENT ASSETS	0.4
Non-current assets destined for sale	18.2

LIABILITIES	Effect of application of IFRS 5
NON-CURRENT LIABILITIES	0.0
CURRENT LIABILITIES	0.3
Liabilities closely associated with assets held for sale	0.3

Furthermore, with regard to the transfer of Acea Sun Capital and its subsidiaries, it is noted that the economic items of the first three months of 2022 were presented in continuity with the previous year (line-by-line consolidation including intercompany elimination) and from the date on which the changed destination of the assets has been resolved, depreciation and amortisation were no longer recognised.

Consolidated Income Statement

€ thousand	31/03/2023	<i>Of which related party transactions</i>	31/03/2022	<i>Of which related party transactions</i>	Change	% Change
Revenue from sales and services	1,216,006		1,167,168		48,838	4.2%
Other revenue and proceeds	23,859		25,341		(1,482)	(5.8%)
Consolidated Net Revenue	1,239,864	46,008	1,192,509	30,629	47,355	4.0%
Staff costs	86,914		74,730		12,184	16.3%
Costs of materials and overhead	823,310		806,866		16,444	2.0%
Consolidated Operating Costs	910,223	11,098	881,596	15,509	28,628	3.2%
Net Income/(Expense) from commodity risk management	0		0		0	n.s.
Profit / (loss) from non-financial equity investments	6,255		7,288		(1,033)	(14.2%)
EBITDA	335,896	34,911	318,201	15,121	17,695	5.6%
Net write-downs (write-backs) of trade receivables	23,357		21,869		1,488	6.8%
Depreciation, amortisation and provisions	162,747		142,505		20,242	14.2%
Operating profit/(loss)	149,792	34,911	153,828	15,121	(4,036)	(2.6%)
Financial income	7,683	74	3,316	123	4,367	131.7%
Financial charges	(41,366)	(0)	(25,201)	(0)	(16,165)	64.1%
Profit/(Loss) on equity investments	216		20,747		(20,530)	(99.0%)
Profit/(loss) before tax	116,326	34,984	152,689	15,243	(36,364)	(23.8%)
Income tax	34,898		45,807		(10,909)	(23.8%)
Net profit/(loss)	81,428	34,984	106,883	15,243	(25,455)	(23.8%)
Net profit/(loss) from discontinued operations						n.s.
Net profit/(loss)	81,428	34,984	106,883	15,243	(25,455)	(23.8%)
Profit/(loss) due to third parties	8,829		7,465		1,364	18.3%
Net profit/(loss) attributable to the Group	72,599		99,418		(26,819)	(27.0%)
Earnings (loss) per share attributable to Parent Company's shareholders						
<i>Base</i>	<i>0.34089</i>		<i>0.46683</i>		<i>(0.12593)</i>	<i>(0.26976)</i>
<i>Diluted</i>	<i>0.34089</i>		<i>0.46683</i>		<i>(0.12593)</i>	<i>(0.26976)</i>
Profit (loss) per share attributable to the shareholders of the Parent Company net of Treasury Shares						
<i>Base</i>	<i>0.34156</i>		<i>0.46774</i>		<i>(0.12618)</i>	<i>(0.26976)</i>
<i>Diluted</i>	<i>0.34156</i>		<i>0.46774</i>		<i>(0.12618)</i>	<i>(0.26976)</i>

Consolidated Statement of Comprehensive Income

€ thousand	31/03/2023	31/03/2022	Change
Net profit/(loss) for the period	81,428	106,883	(25,455)
Gains/losses from the conversion of financial statements in foreign currency	(1,204)	4,498	(5,702)
Provision for exchange rate difference	3,638	4,277	(639)
Tax on exchange rate difference	(873)	(1,027)	153
Gains/losses from exchange rate difference	2,765	3,251	(486)
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	20,524	(8,522)	29,045
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	(5,319)	3,383	(8,702)
Profit/(loss) from the effective portion on hedging instruments, net of tax	15,205	(5,139)	20,343
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	(404)	2,149	(2,552)
Tax effect on the other actuarial profit/(loss) on staff benefits	108	(497)	605
Actuarial profit/(loss) on defined benefit pension plans, net of tax	(295)	1,652	(1,947)
Total of the comprehensive income components, net of tax	16,471	4,262	12,209
Total comprehensive profit/(loss)	97,898	111,145	(13,246)
Total comprehensive income (loss) attributable to:			
Group	89,588	101,265	(11,677)
<i>Third parties</i>	<i>8,310</i>	<i>9,880</i>	<i>(1,569)</i>

Consolidated Statement of Financial Position

€ thousand	31/03/2023	<i>of which with related parties</i>	31/12/2022	<i>of which with related parties</i>	Change
Tangible fixed assets	3,175,003		3,144,250		30,752
Real estate investments	2,241		2,256		(15)
Goodwill	255,573		255,048		526
Concessions and rights on infrastructure	3,547,028		3,470,906		76,122
Intangible fixed assets	417,370		420,191		(2,821)
Copyright	90,767		90,397		370
Equity investments in unconsolidated subsidiaries and associates	358,101		348,885		9,216
Other equity investments	3,013		3,007		7
Deferred tax assets	179,442		179,823		(381)
Financial assets	27,206	4,030	30,531	4,865	(3,325)
Other non-current assets	625,794		615,144		10,650
Non-current assets	8,681,538	4,030	8,560,435	4,865	121,102
Inventories	110,953		104,507		6,446
Trade receivables	1,353,825	82,927	1,267,445	61,714	86,379
Other current assets	408,611		458,780		(50,169)
Current tax assets	23,220		26,296		(3,076)
Current financial assets	760,047	122,847	342,085	117,998	417,962
Cash and cash equivalents	670,913		559,908		111,006
Current assets	3,327,570	205,774	2,759,022	179,712	568,548
Non-current assets destined for sale	18,221		19,076		(855)
TOTAL ASSETS	12,027,328	209,804	11,338,533	184,578	688,795
€ thousand	31/03/2023	<i>of which with related parties</i>	31/12/2022	<i>of which with related parties</i>	Change
Share capital	1,098,899		1,098,899		0
Legal reserve	147,501		147,501		0
Other reserves	60,704		27,743		32,961
Retained earnings/(losses)	1,001,324		737,400		263,924
Profit (loss) for the year	72,599		279,725		(207,126)
Total Shareholders' Equity for the Group	2,381,027	0	2,291,268	0	89,759
Third parties Shareholders' Equity	472,034		463,975		8,059
Total Shareholders' Equity	2,853,061		2,755,243		97,818
Staff termination benefits and other defined benefit plans	110,339		112,989		(2,650)
Provisions for risks and charges	256,123		218,025		38,098
Borrowings and financial liabilities	5,425,163		4,722,263		702,900
Other non-current liabilities	420,140		399,628		20,512
Non-current liabilities	6,211,764	0	5,452,905	0	758,860
Borrowings	344,380	108,485	619,418	108,523	(275,038)
Payables to suppliers	1,872,395	36,964	1,849,980	41,985	22,415
Tax payables	28,632		26,810		1,822
Other current liabilities	716,810		632,259		84,551
Current liabilities	2,962,217	145,449	3,128,466	150,508	(166,250)
Liabilities closely associated with assets held for sale	286		1,919		(1,633)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,027,328	145,449	11,338,533	150,508	688,795

Consolidated Cash Flow Statement

€ thousand	31/03/2023	Related parties	31/03/2022	Related parties	Change
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	116,326		152,689		(36,364)
Depreciation/amortisation and impairment losses	159,010		140,690		18,320
Revaluations/Impairment charges	16,885		(6,166)		23,051
Increase/(decrease) in provisions for liabilities	402		(4)		405
Net change in the provision for employee benefits	(4,104)		(3,805)		(299)
Net financial interest	33,683		21,885		11,798
Income taxes paid	0		(47)		47
Cash flow generated by operating activities before changes in working capital	322,202	0	305,244	0	16,958
Increase/Decrease in receivables included in current assets	(109,736)	(21,213)	(137,393)	(17,079)	27,657
Increase/Decrease in payables included in the working capital	27,409	(5,022)	73,975	(7,861)	(46,566)
Increase/Decrease in inventories	(6,446)		(7,575)		1,129
Change in working capital	(88,773)	(26,234)	(70,992)	(24,941)	(17,781)
Change in other assets/liabilities during the period	195,991		(34,820)		230,812
<i>Cash flow from operations of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	429,420	(26,234)	199,431	(24,941)	229,989
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase/sale of tangible fixed assets	(100,619)		(93,714)		(6,906)
Purchase/sale of intangible fixed assets	(149,862)		(131,036)		(18,826)
Equity investments	(36,939)		142,560		(179,499)
Collections/payments deriving from other financial investments	(416,008)	(4,014)	(94,437)	14,458	(321,571)
Dividends received	0	0	0	0	0
Interest income received	7,683		4,226		3,457
<i>Cash flow from investments of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES	(695,746)	(4,014)	(172,400)	14,458	(523,345)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of mortgages and medium/long-term borrowings	(300,000)		0		(300,000)
Provision of mortgages/other medium/long-term loans	700,000		0		700,000
Decrease/Increase in other financial debts	18,233	(38)	11,020	154,712	7,213
Interest expense paid	(40,286)		(25,811)		(14,476)
Dividends paid	(615)	(615)	0	0	(615)
<i>Cash flow from loans of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	377,331	(652)	(14,791)	154,712	392,122
CASH FLOW FOR THE PERIOD	111,006	(30,900)	12,240	144,229	98,766
Net opening balance of cash and cash equivalents	559,908		680,820		(120,912)
Cash availability from acquisition	0		1,004		(1,004)
NET CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	670,913		694,063		(23,150)
Cash and cash equivalents at the end of the year					
<i>Disposal Groups/Assets held for sale</i>	316		16		301
Cash and cash equivalents at the end of the year	670,597		694,048		(23,451)
<i>Continuing Operations</i>					

Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	Financial derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1st January 2022	1,098,899	138,649	(18,234)	(4,754)	2,048	594,055	313,309	2,123,971	392,449	2,516,420
Income statement profit	0	0	0	0	0	0	99,418	99,418	7,465	106,883
Other comprehensive income (loss)	0	0	1,548	(7,536)	7,835	0	0	1,847	2,415	4,262
Total comprehensive income (loss)	0	0	1,548	(7,536)	7,835	0	99,418	101,265	9,880	111,145
Allocation of result for 2021	0	0	0	0	0	313,309	(313,309)	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	0	(1,201)	(1,201)
Change in consolidation scope	0	0	0	(596)	1	(10,206)	0	(10,801)	271	(10,530)
Other changes	0	0	0	0	0	1,178	0	1,178	590	1,768
Balance as at 31 March 2022	1,098,899	138,649	(16,686)	(12,886)	9,884	898,336	99,418	2,215,613	401,988	2,617,602
Income statement profit	0	0	0	0	0	0	180,307	180,307	23,970	204,277
Other comprehensive income (loss)	0	0	2,327	57,711	6,709	0	0	66,747	5,898	72,645
Total comprehensive income (loss)	0	0	2,327	57,711	6,709	0	180,307	247,054	29,868	276,922
Allocation of result for 2021	0	8,852	0	0	0	(8,852)	(0)	0	0	0
Distribution of dividends	0	0	0	0	0	(180,666)	0	(180,666)	(10,791)	(191,457)
Change in consolidation scope	0	0	29	0	(1)	7,995	0	8,023	43,572	51,596
Other changes	0	0	0	0	0	1,242	0	1,242	(663)	579
Balance as at 31 December 2022	1,098,899	147,501	(14,329)	44,825	16,592	718,056	279,725	2,291,268	463,975	2,755,243

€ thousand	Share capital	Legal reserve	Valuation reserve for employee defined benefit plans net of tax	Financial derivative fair value reserve net of tax effect	Exchange difference reserve	Other reserves	Profit (loss) for the year	Total Shareholders' Equity for the Group	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1st January 2023	1,098,899	147,501	(14,329)	44,825	16,592	718,056	279,725	2,291,268	463,975	2,755,243
Income statement profit	0	0	0	0	0	0	72,599	72,599	8,829	81,428
Other comprehensive income (loss)	0	0	(257)	15,721	1,526	0	0	16,989	(519)	16,471
Total comprehensive income (loss)	0	0	(257)	15,721	1,526	0	72,599	89,588	8,310	97,898
Allocation of result for 2022	0	0	0	0	0	279,725	(279,725)	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	(2)	0	0	(2)	0	(2)
Other changes	0	0	0	0	0	173	0	173	(252)	(78)
Balance as at 31 March 2023	1,098,899	147,501	(14,586)	60,546	18,116	997,954	72,599	2,381,027	472,034	2,853,061

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 2023, corresponds to results of the documents, books and accounting entries.