



**Interim Management Report
at 30 September 2022**

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Report on Operations

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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 1.52 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 present in Abruzzo as it has entered the natural gas distribution market in the Municipality of Pescara and in the province of L'Aquila.

Energy Infrastructure

The Acea Group is a major operator in Italy with about 9 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.

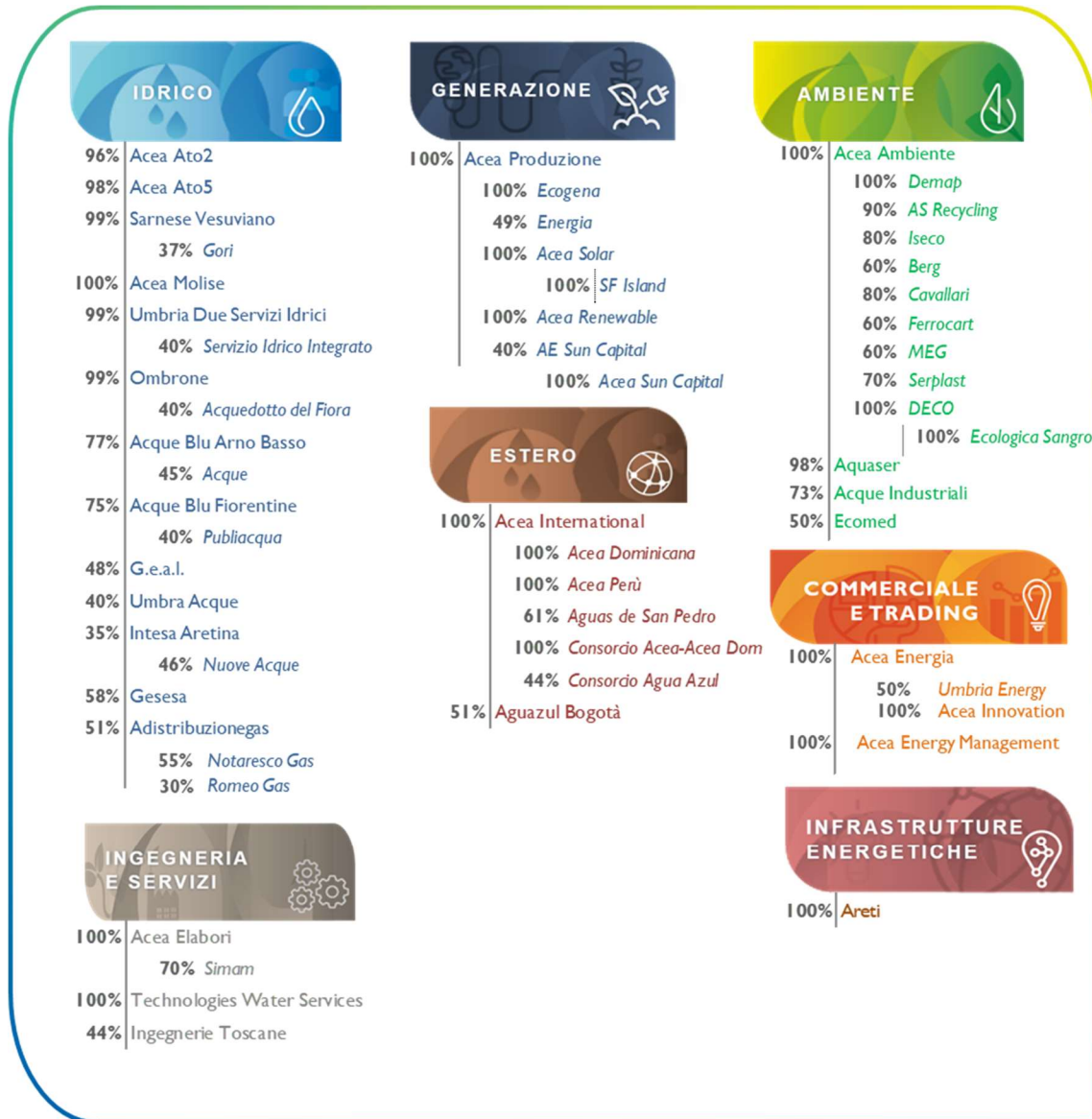
Engineering and Services

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.

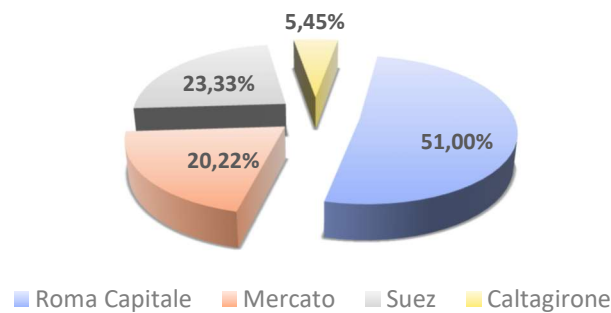
Overseas

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 30 September 2022 was made up as follows:



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

Corporate bodies

Board of Directors

Michaela Castelli	Chairperson
Fabrizio Palermo****	Chief Executive Officer
Alessandro Caltagirone	Director
Massimiliano Capece Minutolo Del Sasso	Director
Gabriella Chiellino	Director
Giovanni Giani**	Director
Liliana Godino	Director
Giacomo Larocca	Director
Francesca Menabuoni*	Director
Massimiliano Pellegrini***	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 27 April 2022*

***resigned on 27 June 2022*

****appointed by co-optation on 18 July 2022*

*****co-opted as Director on 26 September 2022 and appointed Chief Executive Officer on the same date*

Summary of Results

Income statement data (€ million)	30/09/2022	30/09/2021	Change	% Change
Consolidated Net Revenue	3,793.8	2,765.8	1,028.0	37.2 %
Consolidated Operating Costs	2,847.9	1,852.1	995.8	53.8 %
Net Income/(Expense) from commodity risk management	34.5	0.0	34.5	n.s.
Profit / (loss) from non-financial equity investments	21.8	16.5	5.3	32.4 %
EBITDA	1,002.3	930.2	72.1	7.8 %
Operating profit/(loss)	484.7	459.7	25.0	5.4 %
Net profit/(loss)	283.7	280.3	3.4	1.2 %
<i>Profit/(Loss) due to third parties</i>	26.3	31.7	(5.4)	(17.1%)
Net profit/(loss) attributable to the Group	257.4	248.6	8.8	3.6 %

EBITDA (€ million)	30/09/2022	30/09/2021	Change	% Change
Environment	83.2	49.0	34.2	69.8 %
Commercial and Trading	58.0	56.2	1.7	3.1 %
Overseas	25.2	20.6	4.6	22.0 %
Water	515.8	489.6	26.3	5.4 %
Energy Infrastructure	264.1	274.5	(10.4)	(3.8%)
Generation	78.5	53.7	24.8	46.2 %
Engineering and services	7.9	11.9	(4.0)	(33.7%)
Corporate	(30.4)	(25.4)	(5.0)	19.9 %
Total EBITDA	1,002.3	930.2	72.1	7.8 %

Financial position data (€ million)	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Net Invested Capital	6,994.4	6,504.9	489.5	7.5 %	6,466.4	528.0	8.2 %
Net Financial Debt	(4,393.0)	(3,988.4)	(404.5)	10.1 %	(4,016.8)	(376.2)	9.4 %
Consolidated Shareholders' Equity	(2,601.4)	(2,516.4)	(85.0)	3.4 %	(2,449.6)	(151.8)	6.2 %

Investments (€ million)	30/09/2022	30/09/2021	Change	% Change
Environment	27.5	23.2	4.3	18.4 %
Commercial and Trading	31.0	33.9	(2.9)	(8.5%)
Overseas	3.2	3.8	(0.6)	(16.4%)
Water*	410.9	373.1	37.8	10.1 %
Energy Infrastructure	191.9	196.9	(4.9)	(2.5%)
Generation	26.0	30.5	(4.5)	(14.7%)
Engineering and services	3.0	5.5	(2.5)	(44.9%)
Corporate	21.5	17.4	4.1	23.8 %
Total Investments	715.2	684.3	30.8	4.5 %

* the figure for investments in the segment is shown gross of € 15.4 million for 2022 and € 15.3 million for 2021 which refer substantially to the investments financed.

Net Financial Position (€ million)	30/09/2022	30/09/2021	Change	% Change
Environment	345.2	270.3	75.0	27.7 %
Commercial and Trading	(88.1)	(59.8)	(28.3)	47.4 %
Overseas	(26.2)	(16.0)	(10.2)	63.8 %
Water	1,751.5	1,666.3	85.2	5.1 %
Energy Infrastructure	1,785.9	1,582.4	203.5	12.9 %
Generation	150.8	245.4	(94.6)	(38.5%)
Engineering and services	42.3	27.5	14.8	53.9 %
Corporate	422.9	282.2	140.7	49.9 %
Total Net Financial Position	4,384.3	3,998.3	386.0	9.7 %

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)	30/09/2022	30/09/2021	Change	% Change
Revenue from sales and services	3,677.8	2,675.8	1,002.0	37.4 %
Other revenue and proceeds	116.0	90.0	26.0	28.9 %
Costs of materials and overhead	2,623.7	1,643.4	980.3	59.7 %
Staff costs	224.2	208.7	15.5	7.4 %
Net Income/(Expense) from commodity risk management	34.5	0.0	34.5	n.s.
Profit / (loss) from non-financial equity investments	21.8	16.5	5.3	32.4 %
EBITDA	1,002.3	930.2	72.1	7.8 %
Amortisation, depreciation, provisions and impairment charges	517.6	470.5	47.1	10.0 %
Operating profit/(loss)	484.7	459.7	25.0	5.4 %
Financial operations	(58.5)	(62.8)	4.3	(6.9%)
Equity investments	19.6	2.4	17.2	n.s.
Profit/(loss) before tax	445.8	399.3	46.5	11.6 %
Income tax	162.1	119.0	43.1	36.2 %
Net profit/(loss)	283.7	280.3	3.4	1.2 %
Profit/(Loss) due to third parties	26.3	31.7	(5.4)	(17.1%)
Net profit/(loss) attributable to the Group	257.4	248.6	8.8	3.6 %

Compared to 30 September 2021 the following changes occurred in the consolidation scope:

- on 6 October 2021, the Consorzio Acea Lima Sur was established by Acea Perù (99%) and ACEA Ato2 (1%) for the management of the water and sewer network in the Lima South zone, with a three-year contract;
- on 14 October 2021 Acea Ambiente acquired 60% of Meg, an operator active in Italy offering professional consultancy for the construction of municipal solid waste packaging treatment plants;
- on 30 November 2021 Acea Ambiente acquired 65% of Deco, a waste management company whose activities also include the construction and operation of relevant plants. The company also holds a 21.8% investment in Picena Ambiente and owns 100% of Ecologica Sangro, a company active in the integrated management of solid urban waste in the Frentano and Sangro Aventino district area. The company itself holds a 75% stake in the Ecofrentano consortium;
- on 22 December 2021 Acea Ambiente acquired 90% of AS Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting).

Lastly, with reference to the 2022 financial year, it should be noted that:

- on data 19 January 2022, the company AE Sun Capital was established, held for 40% by Acea Produzione and for 60% by the investment fund Equitix Investment Management; at the end of March 2022, following the transfer agreement for assets signed on 24 December 2021, AE Sun Capital acquired the Acea Group photovoltaic holding from Acea Produzione, which via a number of vehicle companies, held 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;
- on 20 January 2022, Acea Solar signed the deed of purchase for 100% of the shares of SF Island, a company with registered office in Acquapendente (Viterbo, Italy), operating in the photovoltaic sector;
- on 8 February 2022, Acea Ambiente signed the deed of purchase for 70% of the shares of Serplast, a company operating in the recycling of plastic waste;
- 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 (Acea Sun Capital), the holder, through a number of vehicle companies, of a portfolio of photovoltaic plants, with a total installed capacity of 105 MW;
- 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 a number of concessions for the natural gas distribution service; the Group's ATMs involved are located in the territory of Abruzzo;
- on 23 May 2022, Acea Ambiente signed the deed of purchase for an additional 20% stake of the shares in Cavallari, bringing the Group's stake to 80%.

- On 29 July 2022 Acea Solar signed the deed of purchase for 17 vehicle companies in the Basilicata region, each the holder of development projects for monoaxial ground-mounted photovoltaic plants. The total power is estimated at 338 MWp, with annexed storage systems for 170 MWp of power.

The table below shows the main impact of the change in the consolidation scope at 30 September 2022 (gross of intercompany adjustments).

€ million	Meg	Deco Group	A.S. Recycling	Serplast	Energy Box	SF Island	Consorzio Acea Lima Sur	Total
Consolidated Net Revenue	11.4	44.6	0.0	4.0	(7.0)	0.0	5.6	58.7
Consolidated Operating Costs	9.8	36.0	0.1	3.5	(0.9)	0.1	4.8	53.4
EBITDA	1.6	8.6	(0.1)	0.5	(6.4)	(0.1)	0.8	4.9
Operating profit/(loss)	0.1	3.0	(0.1)	0.0	(0.5)	(0.1)	0.7	3.1
Profit/(loss) before tax	0.1	2.9	(0.1)	(0.1)	0.7	(0.3)	0.6	3.9

As at 30 September 2022, revenues from sales and services come to € 3,677.8 million, up € 1,002.0 million (+ 37.4 %) on those in the same period of financial year 2021, mainly due to the increase in revenues from electricity sales (+ € 751.2 million) primarily attributable to higher unit prices offset to a small extent by lower quantities. Electricity sales on the Free Market totalled 4,795 GWh with a 2.8% reduction on the same period in the previous year, while electricity sales on the Greater Protection Service totalled 1,101 GWh with a 16.8% 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.

The following factors also contributed to the increase: **i)** revenues from the integrated water service (+ € 65.2 million) mainly attributable to Gori (+ € 42.9 million) and SII (+ € 10.4 million); **ii)** revenues from gas sales (+ € 61.8 million) attributable mainly to Acea Energia (+ € 37.1 million) and Umbria Energy (+ € 22.7 million) due in part to the higher quantities sold (+ 3.4 million scm) and for a large part to the increase in prices; **iii)** revenues deriving from sustainable development (+ € 50.4 million) deriving from Acea Innovation’s energy efficiency projects (+ € 25.5 million), from higher revenue for income deriving from smart service activities (€ 12.2 million) and income connected with the exchange of CO2 emission rights of Acea Energia (+ € 11.3 million); **iv)** revenues from services to customers (+ € 39.1 million) partly deriving from the increase in the change of SIMAM inventories (+ € 8.7 million), the increase in fees related to the public lighting service carried out for Rome Capital owing to the trend in prices in the energy component (+€ 10.6 million) and for the remainder to the change in scope (+ € 9.2 million); **v)** revenues from waste delivery and landfill management (+ € 32.9 million) mainly due to the change in the consolidation scope (+ € 42.4 million), partly offset by the reduction recorded by Demap (- € 3.6 million), due to lower quantities entering the plant following the fire that occurred at end of 2021, by the reduction of Acea Ambiente (- € 4.5 million) as a result of the combined effect of the increase in the tariff component and the decrease in collections at the San Vittore and Terni plants and by lower revenue from sludge recovery recorded by Acque Industriali (+ € 1.6 million).

Other revenue shows an increase of € 26.0 million (+ 28.9 %) compared to the same period of the previous year. The increase mainly derives from recognition of the technical quality bonuses for companies in the water sector (+ € 26.9 million for the fully-consolidated companies) for the years 2018-2019 (Resolution 183/2022/R/idr of 26 April 2022), from the positive effects of the resilience plan (+ € 3.7 million), only partly offset by lower purchases of energy efficiency securities by areti (- € 7.7 million). The change in the scope contributed to the increase for approximately € 3.3 million.

External costs increased overall by € 980.3 million (+ 59.7%) compared to 30 September 2021; the change was mainly due to the following: **i)** higher costs related to the procurement of electricity on the free market, on the gradual protection market and of energy efficiency (+ € 839.3 million) in line with the trend recorded in revenues; **ii)** higher costs for the purchase of materials (+ € 23.3 million) partly attributable to the change in scope (+ € 6.3 million) and partly to higher capitalised costs (+ € 13.8 million); **iii)** higher costs for services (+ € 104.4 million) of which € 32.1 million attributable to the change in scope, € 24.8 million deriving from the e-efficiency projects of Acea Innovation, € 9.6 million deriving from smart service activities offset by the same item recognised in revenue for the period, and finally higher costs for electricity consumption mainly attributable to SII (+ € 9.8 million) and Acea Produzione (+ € 13.9 million) deriving from the purchase of electricity from the previously fully-consolidated photovoltaic companies.

Overall, the increase in external costs was influenced by the change in the scope for € 41.7 million, mainly attributable to the consolidation of the Deco Group (+ € 27.6 million) and Meg (+ € 8.8 million).

Personnel costs increased by € 15.5 million compared to the same period the previous year (+ 7.4%), mainly impacted by the change in the scope of consolidation (+ € 7.4 million). Acea Energia contributed to the increase (€ 1.5 million) as a result of the increase in the remuneration components and the adjustment to the national collective bargaining agreement.

The average number of employees was 9,676 and increased by 407 compared to 30 September 2021, owing mainly to the change in scope (+ 384 employees).

€ million	30/09/2022	30/09/2021	Change	% Change
Personnel costs including capitalised costs	367.5	349.0	18.5	5.3 %
Costs capitalised	(143.3)	(140.3)	(3.0)	2.1 %
Staff costs	224.2	208.7	15.5	7.4 %

The income from Commodity Risk management amounted to € 34.5 million and referred to net income on hedging derivatives closed in the period, on the basis of what is provided for in IFRS 9. This income is entirely attributable to Acea Energia and represents the net balance of the measurements of hedging derivatives closed in advance to enable better optimisation of the flows.

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	30/09/2022	30/09/2021	Change	% Change
EBITDA	112.2	92.3	19.9	21.6 %
Amortisation, depreciation, provisions and impairment charges	79.4	68.2	11.2	16.4 %
Financial operations	(2.5)	(1.8)	(0.8)	44.4 %
Income tax	8.3	5.8	2.5	42.9 %
Income from equity investments of a non-financial nature	21.9	16.5	5.4	32.9 %

EBITDA rose from € 930.2 million at 30 September 2021 to € 1,002.3 million at 30 September 2022, recording an increase of € 72.1 million or 7.8%. The change in the consolidation scope accounts for € 5.1 million, owing mainly to the opposite effects deriving from the consolidation of the Deco Group (€ 8.5 million) and Meg (€ 1.6 million), offset in part by the effects of the deconsolidation of the photovoltaic companies (€ 6.5 million) in relation to the transfer of control of the Holding Acea Sun Capital and its subsidiaries (the so-called "Energy Box").

With the same scope, the increase in EBITDA was € 67,2 million and derived mainly from the following opposing effects: **i) Environment Segment** + € 23.6 million owing to the combined effect of the increase recorded by Acea Ambiente (+ € 29.8 million) as a consequence of the higher margins generated by the sale of electricity deriving from the positive effect on selling prices, mainly of the Terni (€ 6.3 million) and San Vittore (€ 18.3 million) plants, offset in part by the lower volumes and higher costs (€ 6.5 million) and above all by the sale of CO₂ rights following resolution no. 66/22 with which the "National Committee for the Management of Directive 2003/87/EC and for the Support for Project Management of the Kyoto Protocol", ordered in relation to the UL1 Plant in Terni the revocation of the authorisation to emit gas, all with retroactive effectiveness from 1 January 2021 with the consequence that the EUA quotas related to the year 2021 were sold for a total amount of € 11,1 million; these effects were partially offset by the reduction in Demap margins (- € 3.1 million) as a result of the lower quantities entering the plant and the higher costs generated by the fire that occurred in December 2021 (the plant resumed operations in February 2022) and finally by the lower margin related to the processing of liquids by Berg (- € 1.4 million); **ii) Generation Segment** + € 31.5 million mainly attributable to Acea Produzione due to the higher margins made on hydroelectric production of € 24.2 million as a consequence of the increase in prices on the energy markets (+153.43€/MWh) only partially offset by lower volumes produced (- 77.3 GWh) compared to the same period in the previous year. We can note also in the period the higher margin made on thermoelectric production (+ € 1.3 million); **iii) Water Segment** + € 26.3 million reflects mainly the recognition of the bonuses on technical quality referred to the years 2018-2019 (+ € 29.4 million of which € 26.9 million related to the fully-consolidated companies) only partly offset by the lower margin recorded by Gori (- € 6.4 million) as a consequence of non-recognition of tariffs (- € 3.3 million), of higher costs for sludge disposal (+ € 2.5 million) and of higher costs for materials and maintenance (+ € 1.2 million); **iv) Foreign Segment** + € 3.7 million deriving in part from the positive exchange-rate effect (€ 2.5 million) and for the remainder mainly from the higher margins of Agua de San Pedro as a result of the tariff updates linked to the trend of inflation; **v) Commercial and Trading Segment** + € 1.7 million due to the increase recorded by the margin on the energy efficiency activity of Acea Innovation (+ € 4.2 million) and to the higher margins of Umbria Energy (+ € 1.3 million) offset in part by the lower margins of Acea Energia (- € 3.6 million) mainly as a result of the reduction of energy and gas margins (- € 13.0 million) partially offset by the higher revenues (+ € 6.4 million) deriving from an increase in the margin of the smart services activities (+ € 2.4 million) and from higher revenues for penalties, sanctions and contingent assets (+ € 2.8 million); we can note finally lower external costs (- € 5.0 million) deriving mainly from the lower contingent liabilities recognised in 2022 compared to 2021; **vi) Engineering & Services Segment** - € 4.0 million attributable to Acea Elabori for € 1.2 million as a consequence of the reduction of the activities and of the margin due to tariff updates; the margins were reduced also for Ingegnerie Toscane (- € 1.9 million), TWS (- € 0.5 million) as a consequence of the tariff updates and SIMAM (- € 0.4 million) owing to the lower margin on wastewater treatment; **vii) Corporate Segment** - € 5.0 million as a result of the higher costs incurred compared to the same period of the previous year with particular reference to ITS costs, costs for electricity and gas consumption (effect linked to the increase in tariffs), security expenses and advertising expenses; **viii) Energy Infrastructures Segment** - € 10.4 million as consequence of the opposing effects deriving from energy balancing (- € 17.2 million) due in large part to the effects consequent to the reduction of the WACC (from 5.9% to 5.2%), the lower margins deriving from the open fibre contract (- € 1.9 million) only in part offset by the positive effects of the resilience plan (+ € 3.3 million), by the lower personnel

costs (- € 2.1 million), by lower operating costs (- € 0.4 million) and by higher connection fees and other revenue (+ € 1.7 million); we can note finally the slight improvement in the margins recorded by the activities associated with the management of the public lighting service in the Municipality of Rome (+ € 2.4 million) due to the lower personnel costs and to the increase in the fee charged to the Municipality of Rome.

EBIT amounted to € 484,7 million and increased by € 25.0 million compared to the same period of the previous year. Below are details of the items influencing EBIT.

€ million	30/09/2022	30/09/2021	Change	% Change
Depreciation/amortisation and impairment losses	435.9	395.2	40.7	10.3 %
Net write-downs (write-backs) of trade receivables	73.9	66.4	7.5	11.2 %
Provisions and releases for risks and charges	7.9	8.9	(1.0)	(11.6%)
Amortisation, depreciation, impairment and provisions	517.6	470.5	47.1	10.0 %

The increase in depreciation, amortisation and impairment (€ 40.7 million) is mainly linked to investments in the period and the ongoing entry into operation of assets with particular reference to the water segment (€ 27.8 million). We can note also the increase of the Environment segment (+ € 9.3 million) due mainly to the entry into operation of the “Dry solid fuel line” plant and the “Biofilters and chimney closure system” of the Aprilia UL, of the Corporate segment (+ € 4.7 million) due to the higher depreciation and amortisation related to IT projects that came into operation in the last few months of the previous year and in the current year, Acea Energia (+ € 2.5 million) due mainly to the higher depreciation and amortisation deriving from customer acquisition costs and of Simam (+ € 1.6 million).

The change in scope accounts for € 1.5 million of the increase, as a consequence of the opposing effects deriving mainly from the consolidation of the companies of the environment segment (+ € 7.3 million), offset in part by the effects of the deconsolidation of the photovoltaic companies (- € 6.0 million) in relation to the transfer of control of the Holding Acea Sun Capital and its subsidiaries (the so-called “Energy Box”).

The increase in the item impairment of receivables (+ € 7.5 million) is attributable to the opposing effects deriving from the higher provisions set aside by ACEA Ato2 (€ 4.7 million) and Gori (€ 8.5 million) offset by the lower provisions recorded by Acea Energia (- € 3.5 million), Acquedotto del Fiora (- € 1.4 million) and areti (- € 1.2 million). As regards Acea Energia the reduction of the write-down derives from the combined effect of the decrease in unpaid amounts associated with the improvement in the portfolio of past-due receivables and the introduction of a stress factor in the impairment of receivables for invoices to be issued and to “industrial and large” customers.

The provisions set aside and released for risks and charges fell slightly compared to the same period of the previous year (- € 1.0 million) owing mainly to the opposing effects deriving from lower provisions set aside by Acea Energia (- € 2.7 million) and higher provisions set aside by the Parent Company (+ € 1.5 million) for redundancies and mobility.

The result of financial operations shows net expenses of € 58,5 million, slightly down compared to the same period of 2021 (- € 4.3 million) as a consequence of the opposing effects deriving from the higher financial income from discounting recorded by Gori (+ € 11.0 million) and from higher interest on receivables from customers (+ € 1.3 million) offset by higher expenses on commissions for receivables transferred (+ € 5.9 million) mainly attributable to areti, default interest (+ € 1.3 million) mainly attributable to Acea Energia and interest on bond loans and medium/long-term debt (+ € 0.7 million). The average overall all-in cost of the ACEA Group’s debt stood at 1.41% compared to 1.42% in the same period in the previous year.

The estimate of fiscal charges amounted to € 162.1 million, compared to € 119.0 million in the same period of the previous year. The total increase of € 43.1 million was partly due to the higher pre-tax profit and partly the extraordinary solidarity contribution set out by article 37 of Law Decree 21/2022 (so-called excess profit contribution) relative to parties that produce electricity and are involved in the resale of electricity, methane and natural gas within the national boundaries. The total amount was € 25,7 million and impacted the following Group companies: Acea Energia, Acea Produzione, Acea Ambiente and Acea Solar. The contribution was paid, as provided for by law, for an amount equal to 40%, as an advance, on 30 June 2022 and for the remainder, the balance, must be paid by 30 November 2022. Since a significant part of the contribution determined (approximately € 16.0 million) is not due to real extra profits, but to the inclusion in the taxable base of income due to extraordinary operations, the Acea Group Companies presented an appeal to the Regional Administrative Court (RAC), challenging the measure, also for alleged unconstitutionality. The Lazio RAC set a hearing for discussion of the merits for 8 November 2022. The tax rate at 30 September 2022 was 36.4% (it was 29.8% on 30 September 2021) considering the effect of the aforesaid contribution. The normalised tax rate was 30.6%.

The net profit attributable to the Group was € 257.4 million and showed an increase of € 8.8 million compared to the same period of the previous year.

Summary of results: trends in financial position and cash flows

Financial position data (€ million)	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Non-current Assets and Liabilities	7,484.0	7,200.1	283.8	3.9 %	6,889.8	594.2	8.6 %
Net working capital	(489.6)	(695.3)	205.7	(29.6%)	(423.4)	(66.2)	15.6 %
Net Invested Capital	6,994.4	6,504.9	489.5	7.5 %	6,466.4	528.0	8.2 %
Net Financial Debt	(4,393.0)	(3,988.4)	(404.5)	10.1 %	(4,016.8)	(376.2)	9.4 %
Total Shareholders' Equity	(2,601.4)	(2,516.4)	(85.0)	3.4 %	(2,449.6)	(151.8)	6.2 %

Non-current Assets and Liabilities

Compared to 31 December 2021, the non-current assets and liabilities increased by € 283.8 million (+3.9%); the change refers to the effects of opposing trends, as follows: **i)** increase of fixed assets as a consequence of investments in the period net of depreciation and amortisation; **ii)** increase in equity investments mainly due to the change in scope due to the consolidation using the equity method of Romeo Gas, AE Sun Capital and the photovoltaic companies of the Powertis Group; **iii)** decrease in other non-current assets and liabilities mainly due to the deconsolidation of the photovoltaic companies, control of which was transferred to the British fund Equitix on 31 March 2022. At 31 December 2021, the item included the values of the assets and liabilities held for sale (equal to € 168.4 million and € 47.4 million respectively) in compliance with the provisions of the international accounting standard IFRS 5 (for details see the section "Application of the standard IFRS 5"); the item other non-current assets reflects also the increase in long-term receivables for tariff adjustments (+ € 38.2 million) and the increase in deferred tax assets (+ € 23.9 million) **iv)** the increase in provisions for risks mainly as a consequence of the allocation related to the provisions for interim taxes for € 121.7 million.

€ million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Tangible/intangible fixed assets	7,053.0	6,705.2	347.8	5.2 %	6,547.5	505.5	7.7 %
Equity investments	378.1	295.2	82.9	28.1 %	292.6	85.5	29.2 %
Other non-current assets	886.7	969.6	(82.9)	(8.6%)	819.9	66.8	8.1 %
Employee severance indemnity and other defined-benefit plans	(112.5)	(120.2)	7.7	(6.4%)	(118.8)	6.3	(5.3%)
Provisions for risks and charges	(305.1)	(193.3)	(111.8)	57.8 %	(253.4)	(51.7)	20.4 %
Other non-current liabilities	(416.3)	(456.5)	40.1	(8.8%)	(398.0)	(18.3)	4.6 %
Non-current Assets and Liabilities	7,484.0	7,200.1	283.8	3.9 %	6,889.8	594.2	8.6 %

The change in fixed assets was mainly due to investments, which reached € 715.2 million, the change in the scope for € 56.9 million, offset by depreciation, amortisation and impairment, totalling € 435.9 million.

The investments made by each Industrial Area are shown below.

Investments (€ million)	30/09/2022	30/09/2021	Change	% Change
Environment	27.6	23.2	4.3	18.4 %
Commercial and Trading	31.0	33.9	(2.9)	(8.5%)
Overseas	3.2	3.8	(0.6)	(16.4%)
Water	410.9	373.1	37.8	10.1 %
Energy Infrastructure	191.9	196.9	(4.9)	(2.5%)
Generation	26.0	30.5	(4.5)	(14.7%)
Engineering and services	3.0	5.5	(2.5)	(44.9%)
Corporate	21.5	17.4	4.1	23.8 %
Total Investments	715.2	684.3	30.8	4.5 %

The **Environment Segment** made investments of € 27.5 million, which increased by € 4.3 million compared to 30 September 2021. The investments of the segment refer mainly to Acea Ambiente and regard plant improvements carried out at the plants in San Vittore and Aprilia, the WTE plant in Terni and in that in Monterotondo Marittima; The investments made by Cavallari for € 2.7 million for the

purchase of an industrial shed and a shredder and the change in scope for € 5.8 million contributed to the increase. These increases were in part offset by lower investments recorded by Berg (- € 1.0 million) and by Ferrocarril (- € 0.7 million).

The **Commercial and Trading Segment** recorded investments for € 31.0 million, down by € 2.9 million compared to 30 September 2021. The investments, mainly referable to Acea Energia, are related to the cost of acquiring new customers under the terms of IFRS15 (€ 17.9 million) and to the implementations associated with the new CRM and the improvements made to the invoicing and receivable systems (€ 8.2 million). The e-mobility projects of Acea Innovation (€ 3.6 million) and Umbria Energy (€ 1.3 million) contributed to the investments of the Segment.

The **Foreign Segment** recorded investments amounting to € 3.2 million, a slight decrease compared to the same period of the previous year (- € 0.6 million).

The **Water Segment** made total investments for € 410.9 million, an increase of € 37.8 million on the same period in the previous year. In particular, higher investments were recorded by ACEA Ato2 (+ € 30.5 million), Acquedotto del Fiora (+ € 3.0 million), SII (+ € 2.2 million), Adistribuzione Gas (+ € 1.4 million) and ACEA Ato5 (+ € 1.2 million) partially offset by the lower investments of Gori (- € 1.2 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 € 191.9 million and recorded a decrease of € 4.9 million compared to the same period in the previous year. The investments for the period 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 € 1.3 million (- € 2.1 million compared to the same period of the previous year).

The **Generation Segment** made investments for € 26.0 million, down by € 4.5 million compared to 30 September 2021 due to the combined effect of lower investments recorded by Acea Produzione (- € 6.8 million) partly offset by higher investments in the photovoltaic segment (+ € 2.6 million).

The investments by Acea Produzione refer mainly to the requalification work on the hydroelectric plants, Salisano and Sant’Angelo in particular, the extension and restoration of the district heating grid in the Mezzocammino district in the south of Rome and the construction of photovoltaic parks (Monte Mario), while investments in the photovoltaic segment refer mainly to the investments made by Acea Solar for the construction of photovoltaic plants on both agricultural and industrial land and the investments by the newly acquired SF Island.

The **Engineering & Services Segment** recognised investments for € 3.0 million, mainly attributable to Acea Elabori, down by € 2.5 million mainly due to fewer purchases of equipment and software.

The **Corporate Segment** made investments for € 21.5 million mainly for software licences, IT and hardware developments, as well as investments in the company offices. The increase compared to 30 September 2021 of € 4.1 million is mainly attributable to more software licences and IT developments, followed by higher investments in offices and offset only in part by the purchase of the land adjacent to the Piazzale Ostiense company office used as a car park, which was made in the first half of 2021.

Equity investments and equity securities that do not constitute control, association or joint control, increased by € 82.9 million compared to 31 December 2021. The change was determined by the increase in the valuation of companies consolidated with the equity method (+ € 22.7 million) plus the change in the consolidation scope (+ € 58.1 million) for the consolidation at equity starting from the end of March 2022 of AE Sun Capital (€ 12.2 million), Romeo Gas (€ 36.9 million) following the agreement in the context of the sale by A2A of concessions for the natural gas distribution service and finally the consolidation of the photovoltaic companies acquired from the Powertis Group (€ 9.1 million). The remaining change was related mainly to the impacts deriving from the distribution of dividends and the changes in OCI (€ 2.1 million).

The stock of **employee severance indemnity and other defined benefit plans** reported a decrease of € 7.7 million, mainly due to the increase in the rate used (from 1% at 31 December 2021 to 3.89% at 30 September 2022).

The **provision for liabilities and charges** increased by € 111.8 million compared to the previous financial year mainly due to the provisions set aside for interim taxes (€ 121.7 million). The details by nature of the provisions are presented below:

€ million	31/12/2021	Uses	Provisions	Release for Excess Provisions	Reclassification s/Other changes	30/09/2022
Legal	16.3	(2.9)	2.3	(1.3)	(0.4)	14.1
Taxes	7.3	(0.6)	0.2	0.0	0.0	6.8
Regulatory risks	31.0	(0.0)	1.4	0.0	0.0	32.3
Investees	7.5	(5.5)	0.0	0.0	5.4	7.4
Contributory risks	1.1	0.0	0.0	(0.0)	0.0	1.1
Insurance deductibles	10.9	(1.5)	1.9	0.0	0.0	11.3
Other risks and charges	26.1	(2.8)	1.4	(0.7)	0.6	24.5
Total Provision for Risks	100.1	(13.3)	7.1	(2.1)	5.6	97.5
Early retirements and redundancies	27.5	(10.1)	2.2	0.0	0.0	19.6
<i>Post mortem</i>	53.1	(0.4)	0.3	0.0	2.7	55.7
Provision for Expenses payable to others	12.6	(4.6)	0.3	0.0	2.0	10.4
Provisions for Interim Taxes	0.0	0.0	121.7	0.0	0.0	121.7
Provisions for Reinstatement Expenses	0.0	0.0	0.0	0.0	0.1	0.1
Total Provisions for Expenses	93.2	(15.1)	124.6	0.0	4.8	207.5
Total Provisions for Risks and Charges	193.3	(28.4)	131.7	(2.1)	10.5	305.0

Net working capital

The change in net working capital compared to 31 December 2021 is attributable mainly to an increase in current receivables of € 263.1 million, the increase in other current assets (+ € 186.4 million) partially offset by the increase in current payables of € 140.9 million, and the increase of other current liabilities of € 124.5 million.

€ million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Current receivables	1,334.8	1,071.6	263.1	24.6 %	1,066.9	267.8	25.1 %
- of which end users/customers	1,269.1	1,027.0	242.1	23.6 %	1,006.8	262.3	26.1 %
- of which Roma Capitale	52.4	34.5	18.0	52.1 %	53.6	(1.1)	(2.1%)
- of which from Subsidiaries and Associates	13.2	10.2	3.1	30.3 %	6.6	6.7	101.4 %
Inventories	108.0	86.4	21.6	25.0 %	94.1	13.9	14.8 %
Other Current Assets	598.4	412.0	186.4	45.2 %	396.8	201.6	50.8 %
Current payables	(1,824.4)	(1,683.6)	(140.9)	8.4 %	(1,403.2)	(421.3)	30.0 %
- of which Suppliers	(1,750.1)	(1,614.9)	(135.2)	8.4 %	(1,332.4)	(417.7)	31.4 %
- of which Roma Capitale	(62.1)	(62.5)	0.3	(0.5%)	(64.6)	2.4	(3.7%)
- of which from Subsidiaries and Associates	(12.2)	(6.2)	(6.0)	97.4 %	(6.2)	(6.0)	96.3 %
Other current liabilities	(706.3)	(581.8)	(124.5)	21.4 %	(578.0)	(130.0)	22.5 %
Net working capital	(489.6)	(695.3)	205.7	(29.6%)	(423.4)	(67.9)	16.0 %

Receivables from users and customers, net of provisions for impairment of receivables, amounted to € 1,269.1 million and are up by € 242.1 million compared to 31 December 2021. Note: **i)** an increase in the receivables of the **Commercial and Trading** Segment of € 224.8 million mainly attributable to Acea Energia (+ € 195.5 million), Acea Innovation (+ € 22.0 million) and Umbria Energy (+ € 9.6 million) offset in part by Cesap Gas (- € 2.3 million); **ii)** an increase in the receivables of the **Generation** Segment of € 6.1 million mainly referable to Ecogena and Acea Produzione (+ € 3.8 million) and to the companies of the photovoltaic segment (+ € 1.7 million); **iii)** an increase in the receivables of the **Environment** Segment of € 5.3 million referable to the increases recorded by Deco (+ € 3.8 million), Aquaser (+ € 3.0 million) and Consorzio Ecologico del Frentano (+ € 2.3 million), and to the change in scope owing to the acquisition of Serplast (+ € 1.1 million) partially offset by the reduction recorded by Acea Ambiente (- € 4.8 million); **iv)** an increase in the receivables of the **Foreign** Segment of € 4.4 million owing mainly to the increases in the receivables of Aguas de San Pedro (+ € 1.6 million),

Consortio Acea Lima Sur (+ € 0.9 million) and Acea Dominicana (+ € 0.7 million) and of the **Engineering & Services** Segment of € 4.2 million mostly attributable to SIMAM (+€ 3.7 million).

The provision for doubtful debts at 30 September 2022 amounted to € 622.8 million, up compared to 31 December 2021 (€ 595.2 million). Receivables totalling € 969.9 million were transferred without recourse during the first nine months of 2022, of which € 200.3 million from the Public Administration.

As regards relations with Roma Capitale, the net balance at 30 September 2022, as highlighted in the table below was € 22.7 million payable by the Group (the payable balance at 31 December 2021 was € 32.2 million).

Trade and financial receivables recorded an overall increase of € 18.5 million compared to the previous year, mainly due to accrual in the period and collections received. The main changes in the period are as follows:

- higher receivables referable to ACEA Ato2 for the supply of water for € 38.5 million;
- higher receivables referable to the Public Lighting service for € 36.2 million;
- collection/offset of receivables of Illuminazione Pubblica for € 35.5 million;
- Collection/offsetting for the supply of water for € 20.9 million.

Payables increased by € 9.0 million compared to the previous year; the main changes during the period are as follows:

- higher payables due to the recognition of Acea dividends for 2021 for € 92.3 million;
- higher payables due to the recognition of ACEA Ato2 dividends for 2021 for € 2.5 million;
- higher payables due to the recognition of the portion accrued in the period related to the ACEA Ato2 concession fee, for € 19.8 million;
- payment/offset of Acea share dividends for 2019 and 2020 for a total of € 35.5 million;
- payment/offsetting of the ACEA Ato2 concession fee for the year 2021 of € 16.0 million;
- payment/offsetting of ACEA Ato2 share dividends for 2020, totalling € 2.2 million;
- payment by areti of Cosap liabilities referring to 2017, 2018 and 2021 for a total of € 4.4 million.

Over the period, areti paid current liabilities of 2022 for road excavation licences to several Rome City municipalities for a total amount of € 10.6 million, as well as to Cosap for the current year for an amount of € 1.6 million.

We can also note that in July Acea paid to Roma Capitale 50% of the portion of share dividends for the year 2021 of € 46.2 million, while ACEA Ato2 paid share dividends for the year 2021 of € 2.6 million.

In relation to the offset/payment transactions during the period, below are details of the period:

- April 2022: offsetting of receivables for € 3.6 million for works relating to the Public Lighting service, offsetting ACEA's share dividends for 2019;
- May 2022: offsetting of receivables for € 7.4 million relating to the Public Lighting service for PL fees in October-December 2021, offsetting Acea's share dividends for the year 2019.
- July 2022: offsetting of receivables for € 16.0 million related to the water supply service against the ACEA Ato2 concession fee for 2021;
- July 2022: offsetting of receivables for € 15.2 million relating to the Public Lighting service for PL fees for the periods December 2021 and January-March 2022, and to work connected with the Public Lighting service against ACEA's share dividends for 2019;
- August 2022: offsetting of receivables for € 0.2 million relating to the Public Lighting service for the balance of PL fees for the period December 2021, against ACEA's share dividends for 2019;
- September 2022: offsetting of receivables for € 4.8 million relating to the water supply service for 2021, against ACEA Ato2's share dividends for 2020 and 2021;
- September 2022: offsetting of receivables for € 9.1 million relating to the Public Lighting service for PL fees in April-June 2022, against Acea's share dividends for 2019 and 2020.

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	30/09/2022	31/12/2021	Change
	A)	B)	A) - B)
Utility receivables	47.8	30.4	17.4
Provisions for impairment	(1.7)	(1.7)	(0.0)
Total receivables from users	46.0	28.7	17.4
Receivables for water works and services	3.8	2.3	1.5
Receivables for water works and services to be invoiced	0.7	2.0	(1.3)

Receivables due from Roma Capitale	30/09/2022	31/12/2021	Change
Contributions	0.0	0.0	0.0
Provisions for impairment	(2.2)	(2.2)	0.0
Receivables for electrical works and services	4.2	4.0	0.2
Receivables works and services - to be billed	0.2	0.0	0.2
Provisions for impairment	(0.3)	(0.3)	0.0
Total receivables for works	6.4	5.8	0.6
Total trade receivables	52.4	34.5	18.0
Financial receivables for Public Lighting services billed	113.9	117.1	(3.3)
Provisions for impairment	(30.2)	(30.2)	0.0
Financial receivables for Public Lighting services to be billed	59.4	49.0	10.4
Provisions for impairment	(32.3)	(28.3)	(4.0)
M/L term financial receivables for Public Lighting services	5.7	8.3	(2.6)
Total Public Lighting receivables	116.5	115.9	0.5
Total Receivables	168.9	150.4	18.5
Payables due to Roma Capitale	30/09/2022	31/12/2021	
Electricity surtax payable	(13.2)	(13.2)	0.0
Concession fees payable	(41.2)	(37.5)	(3.7)
Other payables	(10.3)	(13.5)	3.2
Payables for dividends	(127.0)	(118.4)	(8.5)
Total payables	(191.6)	(182.6)	(9.0)
Net balance receivables payables	(22.7)	(32.2)	9.5

We can note that on 11 August 2022, the City Executive Committee with resolution no. 312 entitled “Public and artistic-monumental public lighting service on the entire municipal territory – Concessionaire: ACEA S.p.A.- Recognition of the perimeter of the payable situation and launch of the consequent procedures” recognised the perimeter of the Administration’s payables to Acea/areti in relation to the Public Lighting service as of 31 December 2021. This resolution was published on the institutional website of Roma Capitale on 30 August 2022.

Current payables rose due to the increase in the stock of trade payables (€ 135.2 million). This effect was recorded in particular with reference to payables of Acea Energia (- € 125.6 million) in part deriving from the higher prices for energy procurement, of ACEA Ato2 (+ € 11.5 million) and of Acquedotto del Fiora (+ € 6.1 million) partially offset by the reduction of areti (- € 12.3 million).

Other Current Assets and Liabilities recorded an increase of € 186.4 million and € 124.5 million respectively compared to the previous year. In detail other assets increased as a result of: **(i)** the increase in current tax assets (€ 41.3 million); **(ii)** the increase in value of derivative instrument assets on commodities (+ € 53.3 million) as a result of both the change in fair value at the end of the period in question and the change in the quantities hedged; **(iii)** the increase in receivables from Cassa Conguaglio (+ € 59.7 million) attributable mainly to ACEA Energia and deriving in part from the effect of the electric Social Bonus and in part from the equalisation effect; we can note also higher accrued income and prepaid expenses (+ € 18.9 million) related mainly to ACEA Ato2 (+€ 5.9 million), Acea Solar (+ € 5.9 million), the Parent Company (+ € 2.3 million) and areti (+€ 1.0 million).

The increase in other current liabilities refers, instead: **i)** to the increase in liabilities on “Derivative instrument liabilities on commodities” that show an increase of € 119.5 million related to both the change in the measurement at fair value at the end of the period in question and the change in the quantities hedged; **ii)** to the payables recognised for the extraordinary solidarity contribution pursuant to art. 37 of Italian Law Decree 21/2022 for € 14.2 million; **iii)** to higher tax payables for € 10.1 million referable mostly to Acea Produzione (€ 9.7 million) and **iv)** to higher payables to employees for € 7.6 million partially offset by lower payables to the equalisation fund for € 28.6 million mainly attributable to areti (- € 50.2 million) and due in in part to the effect of the electric Social Bonus, provided for and regulated by the Authority, offset in part by the higher payables to CSEA of Acea Energia (+ € 16.8 million) as a result of the hedging of the imbalances of the equalisation system for the costs of purchasing and dispatching electricity destined to the greater protection service.

Shareholders' equity

The shareholders' equity amounted to € 2,184.9 million. The changes, amounting to € 60.9 million, are detailed in the relevant table and are basically due to the distribution of dividends, the accrual of profits of the first nine months of 2022, and the change in the cash flow hedge reserves and those formed by actuarial gains and losses as well as the change in the consolidation scope.

Net financial debt

Group **debt** recorded an overall increase of € 404.5 million, going from € 3,988.4 million at the end of 2021 to € 4,393.0 million at 30 September 2022.

€ million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
A) Cash	659.4	680.8	(21.4)	(3.1%)	746.5	(87.1)	(11.7%)
B) Cash equivalents	0.0	0.0	0.0	n.s.	0.0	0.0	n.s.
C) Other current financial assets	409.5	407.9	1.5	0.4 %	432.1	(22.6)	(5.2%)
D) Liquidity (A + B + C)	1,068.9	1,088.8	(19.9)	(1.8%)	1,178.6	(109.8)	(9.3%)
E) Current financial debt	(332.4)	(173.6)	(158.8)	91.5 %	(238.6)	(93.8)	39.3 %
F) Current portion of non-current financial debt	(423.2)	(111.6)	(311.5)	n.s.	(112.7)	(310.5)	n.s.
G) Current financial debt (E + F)	(755.6)	(285.2)	(470.4)	164.9 %	(351.3)	(404.3)	115.1 %
H) Net current financial debt (G + D)	313.2	803.5	(490.3)	(61.0%)	827.3	(514.1)	(62.1%)
I) Non-current financial debt	(4,706.2)	(4,792.0)	85.8	(1.8%)	(4,844.1)	137.9	(2.8%)
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)	(4,706.2)	(4,792.0)	85.8	(1.8%)	(4,844.1)	137.9	(2.8%)
Total financial debt (H + L)	(4,393.0)	(3,988.4)	(404.5)	10.1 %	(4,016.8)	(376.2)	9.4 %

Non-current financial debt decreased by € 85.8 million compared with the end of the 2021 financial year. This change derives from a decrease in bond loans of € 307.7 million offset in part by an increase in payables for medium/long-term loans of € 193.1 million, as shown in the following table:

€ million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Bonds	3,834.2	4,142.0	(307.7)	(7.4%)	4,143.6	(309.4)	(7.5%)
Medium/long-term borrowings	803.4	610.3	193.1	31.6 %	648.8	154.5	23.8 %
IFRS 16 financial payables	68.7	39.7	28.9	72.8 %	51.7	17.0	32.9 %
Non-current financial debt	4,706.2	4,792.0	(85.8)	97.0 %	4,844.1	(137.9)	49.2 %

Bonds of € 3,834.2 million at 30 September 2022 decreased by a total of € 307.7 million, mainly due to the reclassification into the short-term position of the 5-year bond issued by ACEA on the Euro Medium Term Notes (EMTN) programme on 1 February 2018.

Medium/long-term loans of € 803.4 million recorded a total increase of € 193.1 million due mainly due to the Parent Company (+ € 227.0 million) for the disbursement in two tranches of € 250.0 million of the EIB loan signed in 2020. 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 30/09/2023	From 30/09/2023 to 30/09/2027	After 30/09/2027
fixed rate	302.2	34.5	137.2	130.5
floating rate	444.9	66.0	160.6	218.3
floating rate cash flow hedge	169.2	12.5	80.9	75.8
Total	916.4	113.0	378.8	424.6

The **fair value** of Gori hedging derivatives was a positive € 6.0 million (it was a negative € 0.1 million at 31 December 2021); the fair value of Acquedotto del Fiora hedging derivatives was a positive € 4.7 million (at 31 December 2021 it was a negative € 1.9 million), and that of SII was a positive € 1.5 million.

The **short-term** component was a positive € 313.2 million and, compared to the end of 2021, shows a decrease of € 490.3 million, generated for € 521.8 million by the Parent Company, offset by Acea Energia for € 26.6 million and by Acea Produzione for € 18.8 million. The change in the parent company is generated mainly by the reclassification into the short-term position of the 5-year bond issued by ACEA on the Euro Medium Term Notes (EMTN) programme on 1 February 2018, by higher short-term loans for € 143.0 million and for € 60.0 million by lower short-term deposits.

Note that financial debt includes € 202.3 million in payables to Roma Capitale for dividends resolved to be distributed and does not include other payables of € 60.6 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. The increase in prices on the energy market produced an amplification of the time delay between collections from customers and payments to energy suppliers thus determining a higher absorption of working capital and generating a worsening effect on the Group's financial debt of approximately € 180.0 million which represents the net balance of the negative effects recorded mainly on Acea Energia and the positive ones recorded by Acea Produzione and Acea Ambiente.

At 30 September 2022 the Parent Company had unused committed credit lines of € 700.0 million and uncommitted lines of € 395.0 million, of which € 164.2 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:

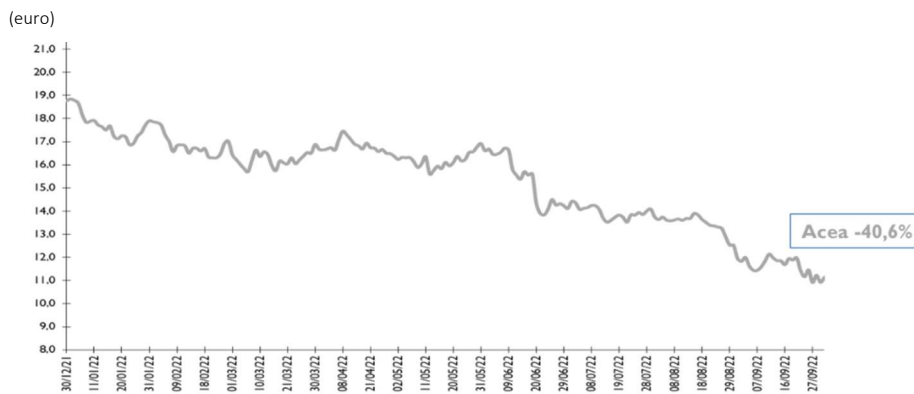
- 🕒 Fitch "BBB+";
- 🕒 Moody's "Baa2"

Reference context

Performance of the equity markets and the ACEA stock

In the first nine months of 2022, the global stock markets recorded an overall negative performance. The period was characterised by the strong rebound of demand in the period following the lock-down due to Covid which generated problems in the raw material procurement chains and led to a gradual increase in inflation. The conflict in Ukraine, starting from February, added further pressure to the rising prices, above all of energy, leading to a weakening of GDP growth at the global level. The strong inflationary pressures led the main Central Banks to adopt restrictive monetary policies in order to combat the increase in prices.

In the first nine months of 2022, Acea showed a slightly better performance than that of the local utilities, recording a drop of 40.6%. The closing price at 30 September 2022 was € 11.14 (capitalisation: € 2,372 million). The maximum value of € 18.84 was reached on 3 January, while the minimum value of € 10.91 was reached on 27 September. During the period under analysis, the daily average volumes were approximately 125,000 (in line with the same period in 2021).



(Source: Bloomberg)

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



(grafico normalizzato ai valori di Acea – Fonte Bloomberg)

	Change % at 30/09/2022 (compared to 31/12/2021)
Acea	-40.6 %
FTSE Italia All Share	-25.0 %
FTSE MIB	-24.5 %
FTSE Italia Mid Cap	-30.3 %

Approximately 92 studies/reports on Acea shares were published in the first nine months of 2022.

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.



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.

€ million 30/09/2022	Environ ment	Commercial and Trading	Overs eas	Water	Generation	Areti	IP	Adjust ments	Total	Engineer ing and Services	Corporate	Consolidati on adjustments	Consolidated Total
Revenues	254	2,347	70	1,026	141	414	38	0	452	84	108	(632)	3,850
Costs	171	2,289	45	510	62	150	38	0	188	76	138	(632)	2,848
EBITDA	83	58	25	516	79	264	0	0	264	8	(30)	0	1,002
Depreciation/a mortisation and impairment losses	31	49	10	280	14	101	2	0	102	6	24	0	518
Operating profit/(loss)	52	8	15	236	65	163	(2)	0	162	1	(55)	0	485
Capex	28	31	3	411	26	191	1	0	192	3	22	0	715

The revenues in the above table include the condensed result of equity investments (of a non-financial nature) consolidated using the equity method; the Water Segment also includes the equity investments in the gas distribution segment in Abruzzo.

€ million 30/09/2021	Environ ment	Commercial and Trading	Overs eas	Water	Generation	Areti	IP	Adjust ments	Total	Engineer ing and Services	Corporate	Consolidati on adjustment s	Consolidate d Total
Revenues	167	1,346	57	925	83	437	29	0	465	83	97	(440)	2,782
Costs	118	1,289	37	435	29	159	31	0	191	71	122	(440)	1,852
EBITDA	49	56	21	490	54	277	(3)	0	275	12	(25)	0	930
Depreciation/a mortisation and impairment losses	21	52	9	240	21	105	1	0	106	4	18	0	470
Operating profit/(loss)	28	5	12	250	33	172	(4)	0	169	8	(44)	0	460
Capex	23	34	4	373	30	193	3	0	197	6	17	0	684

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
WTE conferment	KTon	290.2	316.1	(25.9)	(8.2%)
Landfilled waste	KTon	40.6	30.4	10.2	33.7 %
Conferments to composting plants	KTon	143.5	154.2	(10.8)	(7.0%)
Conferments to Selection Plants	KTon	155.9	181.3	(25.4)	(14.0%)
Intermediated waste	KTon	122.7	117.2	5.5	4.7 %
Liquids treated at Plants	KTon	241.5	324.1	(82.6)	(25.5%)
M&A conferments	KTon	271.9	0.0	271.9	n.s.
Net Electricity sold	GWh	242.8	249.3	(6.5)	(2.6%)
Waste produced	KTon	333.7	144.6	189.1	130.8 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	254.1	166.8	87.4	52.4 %
Costs	170.9	117.8	53.2	45.1 %
EBITDA	83.2	49.0	34.2	69.8 %
Operating profit/(loss)	51.9	27.6	24.3	88.0 %
Average Workforce	781	593	188	31.8 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	27.5	36.1	(8.6)	(23.8%)	23.2	4.3	18.4 %
Net Financial Position	345.2	320.1	25.1	7.8 %	270.3	75.0	27.7 %

EBITDA € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Environment Segment	83.2	49.0	34.2	69.8 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	8.3 %	5.3 %	3.0 p.p.	

Environment ended the first nine months of 2022 with a level of EBITDA of € 83.2 million, up by € 34.2 million (+ 69.8 %) compared to the same period of the previous fiscal year. The increase recorded is attributable in part to the change in the scope (+ € 10.7 million) owing mainly to consolidation of the **Deco** Group (+ € 8.6 million) and of **Meg** (+ € 1.6 million) acquired at the end of 2021 and in part to the increase recorded by **Acea Ambiente** (+ € 29.9 million) as a consequence of the higher margins generated by the sale of electricity deriving from the positive effect on the selling prices, mainly of the Terni (€ 6.3 million) and San Vittore (€ 18.3 million) plants, offset in part by lower volumes and higher costs (€ 6.5 million) and above all from the sale of CO2 rights following Resolution no. 66/22 with which the “National Committee for Management of Derivative 2003/87/EC and for support in the management of the project activities of the Kyoto Protocol”, resolved in relation to the UL1 Plant in Terni revocation of the authorisation to emit gas, all with retroactive effectiveness from 1 January 2021 with the consequence that the EUA quotas related to the year 2021 were sold for a total amount of € 11,1 million. Contributing to the change was also the reduction recorded by **Demap** for € 3.1 million due to the lower revenues generated by the reduced quantities input into the facility and the higher costs as a direct consequence of the effects generated by the fire that occurred at the end of 2021. Finally, we can note a lower margin of **Berg** (- € 1.4 million) on the treatment of liquids.

The average number of employees at 30 September 2022 was 781, an increase of 188 employees compared with 30 September 2021, due mainly to the change in the consolidation scope (+ 169 employees) and for the remainder to **Acea Ambiente** (+ 22 employees).

The investments of the Area came out at € 27.5 million (+ € 4.3 million compared to 30 September 2021) and refer mainly to the investments made by **Acea Ambiente** for system improvements carried out at the San Vittore and Aprilia plants, at the WtE plant in Terni and the one in Monterotondo Marittima. The investments made by **Cavallari** for € 2.7 million for the purchase of an industrial shed and a shredder and the change in scope for + € 5.8 million also contributed to the increase. These increases were partly offset by the lower investments recorded by **Berg** (- € 1.0 million) due to higher investments made during 2021 related to the construction of a concentrator and by **Ferrocant** (- € 0.7 million).

The net financial position amounted to € 345.2 million, up compared to 31 December 2021 by € 25.1 million and by € 75.0 million compared to 30 September 2021. The changes are mainly attributable to the dynamics of operating cash flow and compared to 30 September 2021, are affected by the M&A operations carried out by **Acea Ambiente**, which therefore recorded a worsening of the net

financial position for € 85.3 million, only partly offset by the positive effect deriving from the change in the scope (+ € 14.9 million) with particular reference to **Ecologica Sangro** which contributed positively for € 21.9 million.

Significant events in the first nine months of 2022 and subsequently

In February, Acea Ambiente acquired 70% of Serplast, a company operating in the plastic recycling business, a segment which is downstream with respect to that of post-consumption plastic selection in which Acea is already present with the companies Demap, Cavallari and Meg. The Company is located in Cellino Attanasio in the province of Teramo.

In June Acea Ambiente was awarded the business unit called "Polo Cirsu" (located in Località Casette di Grasciano Notaresco - Teramo), following participation in the competitive bidding process called with a notice of sale of the Court of Teramo. At the outcome of the same, Acea Ambiente was the highest bidder for an amount of € 19.1 million. The business unit consists of the landfill named "Grasciano1", completely depleted in authorised volumes, the new landfill named "Grasciano2" consisting of a first lot of 234,000 m³ and a second lot to be built, with an authorised volume of 246,000.00 m³, a recycling and composting plant and a platform for the valorisation of waste from separate waste collection and durable goods.

In October Acea Ambiente acquired 70% of the capital of Tecnoservizi 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. The Company acquired has an authorised treatment capacity of 210 thousand tonnes per year and operates in the province of Rome, performing activity of transport and disposal and recovery of urban, special hazardous non-hazardous waste, such as paper, plastic, wood, glass, metal etc. coming from the separate collection of Municipalities, Bodies and Industries.

Finally, in November, Acea Ambiente through its subsidiary Cavallari, completed the acquisition of the entire capital 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. The company is the owner of a plant in the area of North Ancona, with an authorised capacity of 13 thousand tonnes. The price paid for the acquisition was € 1.2 million.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Electrical Energy sold - Free	GWh	4,794.6	4,933.1	(138.6)	(2.8%)
Electrical Energy sold - Protected	GWh	1,101.0	1322.7	(221.7)	(16.8%)
Electricity - Free market customers (P.O.D.)	N/1000	513.4	480.5	33.0	6.9 %
Electrical Energy - No. Protected Market Customers (P.O.D.)	N/1000	656.3	703.9	(47.6)	(6.8%)
Gas Sold	MSmc	152.5	149.1	3.4	2.3 %
Gas - No. Free Market Customers	N/1000	236.0	228.4	7.6	3.3 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	2,347.0	1,345.5	1,001.5	74.4 %
Costs	2,289.0	1,289.3	999.7	77.5 %
EBITDA	58.0	56.2	1.7	3.1 %
Operating profit/(loss)	8.5	4.7	3.8	80.2 %
Average Workforce	442	426	16	3.7 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	31.0	49.4	(18.4)	(37.2%)	33.9	(2.9)	(8.5%)
Net Financial Position	(88.1)	(297.4)	209.3	(70.4%)	(59.8)	(28.3)	47.4 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Commercial and Trading Segment	58.0	56.2	1.7	3.1 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	5.8 %	6.0 %	(0.3 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, ended the first nine months of 2022 with an EBITDA of € 58.0 million, up compared to the same period of 2021 by € 1.7 million.

The increase is attributable mainly to **Acea Innovation** (+ € 4.2 million) due to the increase in the margin on energy efficiency activities and Umbria Energy (+ € 1.3 million); this increase was offset in part by **Acea Energia** (- € 3.6 million) as a result mainly of the reduction in energy and gas margins (- € 13.0 million) partially offset by higher revenues (+ € 6.4 million), mainly deriving from the increase in the margin of smart service activities (+ € 2.4 million) and from higher revenues for penalties, sanctions and contingent assets (+ € 2.8 million), and from lower external costs (- € 5.0 million) deriving mainly from the lower contingent liabilities as a result of the recognition, in the third quarter of the previous year, of a contingent liability (€ 4.6 million) generated by the redetermination by CSEA, in compliance with what was provided for by ARERA, of the calculations for settlement of the economic items related to electricity destined for the States included in the Italian territory.

With regard to the effects on the primary margin, the increase recorded by **Acea Energia** derives from opposing effects. In detail, the energy margin related to the **free market** recorded a worsening of € 26.9 million compared to 30 September 2021 which reflects a sharp drop in margins in both market segments, *Retail* (- 43%) and *e-Business* (- 56%). The performance of the Business segment was also affected by a reduction of consumption (- 6%), despite the increase in the number of customers (+ 4%).

The energy margin relating to the **protected market** fell by € 1.1 million compared to 30 September 2021 due to the natural churn of customers (approximately - 8%) who choose to take up offers on the Free Market.

The **gas market** generated a reduction in margins of € 8.4 million compared to 30 September 2021, as a result of the reduction in the unit margin in the Retail sector (- 32%), which was affected also by lower consumption in general (- 4%) despite the growth of the Customer Base (+ 3%).

The energy margin concerning the energy flow **optimisation activity** was positive and amounted to € 26,5 million (€ 2.8 million at 30 September 2021), up thanks to a context of extraordinarily high prices and characterised by strong volatility (10 times higher than the historical level recorded by the market before the energy crisis) which also affected a number of operations in hedging derivatives closed in advance to enable better optimisation of the flows. This margin also includes activities of buying, selling, exchanging and trading electricity, heat, natural gas, methane and other fuels and energy carriers, from any source produced or acquired, for own use or for third parties.

The operating profit recorded an increase of € 3.8 million affected not only by the higher margins achieved but also by lower provisions set aside for € 2.7 million, in detail lower provisions for isopensions (early retirement) (- € 1.8 million) and SCV (- € 0.9 million) and lower write-downs for € 3.2 million, including also the reallocation of the costs related to the process of objecting to the limitation period disputed by customers during the half-year, net of the reimbursement received from the distributor made by **Acea Energia**; these effects were offset in part by higher depreciation and amortisation for € 3.9 million mainly deriving from the costs of acquiring customers (+ € 3.3 million).

With reference to the workforce, the average number at 30 September 2022 stood at 442 employees, slightly up compared to 30 September 2021 by 16 employees. This change is primarily attributable to **Acea Energia** (+ 8 units) and to **Acea Innovation** (+ 6 units).

The investments of the Segment came out at € 31,0 million, down by € 2.9 million compared to 30 September 2021, as a result of the lower investments of **Acea Energia** (- € 4.0 million) offset by the higher investments of **Umbria Energy** (+ € 1.1 million). The total investments of the Segment, mainly referring to **Acea Energia**, were mostly related to the cost of acquiring new customers under the terms of IFRS15 (€ 17.9 million) as well as the significant improvements to the support systems for the management of Contact Centre processes and the analysis and monitoring of customer margins (€ 8.2 million). The e-mobility projects (€ 3.6 million) developed by **Acea Innovation** also contributed to the investments of the Segment.

The net financial position at 30 September 2022 was a positive € 88.1 million and recorded a worsening of € 209.3 million compared to 31 December 2021 and an improvement of € 28.3 million compared to 30 September 2021. The change is mainly attributable to **Acea Energia** as a result of the trends in the operating cash flow. The balance includes the financial receivable of € 110.2 million deriving from the sale of the equity investment of Acea Produzione to Acea SpA at the end of financial year 2021.

Significant events in the first nine months of 2022 and subsequently

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

Examination of the financial items relating to electricity destined for the States enclaved in the Italian State:

with Resolution no. 576/2021, ARERA amended the regulation concerning the financial items relating to electricity destined for the Included States, with the aim of bringing it into line with the principles of national regulation. In particular, the Authority intervened on transmission and transport fees, on dispatching and on the regulation of imbalances.

Lastly, we can note that on 27 July 2022, with Resolution 354/2022/S/eel "Approval of the proposal of commitments submitted by Acea Energia S.p.A. and closure of the related sanctioning procedure", ARERA accepted the commitments proposed by Acea Energia the fulfilment of which therefore becomes obligatory by 31 October 2022.

Proceeding PS10958 of the Antitrust Authority (AGCM): on 3 March 2022, the Company received a communication with which the AGCM stated that, at its meeting on 1 March 2022, it would close the application for intervention, the Company having ceased any incorrect commercial conduct reported in the communication of 18 October 2021 and related to the representation of all amounts due by customers for the supply of electricity and gas.

Proceeding PS12263 of the Antitrust Authority (AGCM): On 7 April 2022 the AGCM sent a request for information about the use of advertising statements intended to suggest, infer or evoke a lower social or environmental impact, or which attributed a positive environmental or social impact to the products and services advertised by the Company, or to its economic activities.

In its request information, the AGCM indicated that such advertising statements are increasingly coming to influence consumers' purchasing decisions and that therefore, they must be specific and unambiguous, scientifically verifiable and communicated correctly. In consideration of the above, on 6 May 2022 the Company replied to the AGCM's request, indicating the activities and arguments justifying the use of each advertising statement.

Specifically, Acea Energia informed the AGCM that it drafted all sales contracts and business communications in strict accordance with the requirements of ARERA. The advertising statements used by Acea Energia and mentioned by the Authority in its request for information thus conform to the regulatory framework, the scope of application outlined by ARERA and most importantly with the actions taken in practice by the Company, as the volumes of electricity for all the energy supply contracts defined as "renewable" for commercial purposes are proven by the guarantees of origin acquired by Acea Energia and cancelled by the GSE.

The Company provides the evidence that the volumes of energy for all the "renewable" energy supply contracts are proven by the guarantees of origin acquired by Acea Energia both when the offer is advertised and also in the terms and conditions contained in each offer, as published on the Company's website.

With regard to natural gas, the Company has indicated that even in the absence of a specific instruction from ARERA, the statements mentioned by that Authority in its request for information are borne out by the fact that from the second half of 2021 onwards (when the Company started retailing offers with the wording "Gas with offsetting of CO2 emissions", the CO2 emissions produced by the customers' energy consumption were offset by the purchase of certified carbon credits (VER: Verified Emission Reduction). This meets some of the UN Sustainable Development Goals by subsidising eco sustainability projects across the globe; the projects chosen by the Company are the 300MW Hydropower in India, and the REDD+ Tambopata National Reserve in Peru.

Finally, the Company also indicated that for natural gas, it provides evidence both when the offer is advertised and also in the terms and conditions forming part of each offer, as published on its website (where the Company states that: "For the supply of natural gas,

Acea Energia offsets the emission of CO₂ generated from the use of natural gas with the purchase of certified carbon credits (VER: Verified Emission Reduction). These certificates subsidise international projects aimed at reducing the atmospheric emissions of greenhouse gases and at reaching various UN Sustainable Development Goals), as evidence that the CO₂ emissions produced from the customers' energy consumption are offset with the purchase of certified carbon credits.

In general, the Company has shown that its advertising statements are written in a way that excludes any misleading element (as might be the case if the guarantees of origin only referred to part of the energy supplied by the Company in these offers), and they allow the consumer the opportunity to take an informed decision.

At the same time, thanks to the information published on its website, the Company also avoids the possibility of a consumer being attracted by vague or unspecific statements. As mentioned, the Company does not make generic use of the word "green". Instead, it specifies the reasons why it makes certain environmental statements and gives specific references to the offsetting mechanisms.

Additionally, by operating in full accordance with the regulatory framework, the Company objectively ensures that the consumer's decision to take up Acea Energia's 100% Eco offer will contribute to incentivising the production of renewable energy in the electricity network as a whole. In this regard, the Company highlighted that, as has emerged from the recent proposed amendment to Directive 2005/29/EC, *"It was considered that introducing mandatory information requirements on environmental characteristics would best be done by sectoral legislation, as the characteristics in question differ significantly according to product category"*. In this case, as there is a sector regulation that applies specifically to the way in which statements about environmental benefits are to be crafted, it is possible to demonstrate the existence of such benefits using a standard methodology - defined by the regulator itself - which allows an assessment of the environmental impact.

In conclusion, the Company has given a specific response to the requests for information made by AGCM relative to the various sources of supply, both renewable and non, and relative to the volumes of energy delivered in 2021, by providing the additional information requested about the energy delivered in 2021 for which the guarantees of origin were acquired jointly, and the volumes for which the guarantees of origin were acquired separately.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Water Volumes	Mm3	31.4	30.3	1.1	3.8 %
Volumes fed into the grid	Mm3	57.1	57.9	(0.8)	(1.2%)
Number of customers (user accounts served)	Number	123,156	121,868	1,288	1.1 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	70.0	57.5	12.6	21.9 %
Costs	44.8	36.8	8.0	21.8 %
EBITDA	25.2	20.6	4.6	22.0 %
Operating profit/(loss)	15.0	11.6	3.5	30.1 %
Average Workforce	2,434	2,267	167	7.4 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	3.2	4.6	(1.4)	(30.0%)	3.8	(0.6)	(16.4%)
Net Financial Position	(26.2)	(18.9)	(7.3)	38.5 %	(16.0)	(10.2)	64.0 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Overseas Segment	25.2	20.6	4.6	22.0 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	2.5 %	2.2 %	0.3 p.p.	

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

- Aguas de San Pedro (Honduras), 60.65% owned by the Group as of October 2016, when it was consolidated using the line-by-line method. The Company serves its customers in San Pedro Sula;
- Acea Dominicana (Dominican Republic), wholly owned by the Group, provides the service to the local Municipality known as CAASD (Corporation Aqueducto Alcantariado Santo Domingo);
- AguaAzul 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 ended the first nine months of 2022 with EBITDA of € 25.2 million, up by € 4.6 million compared to 30 September 2021. This increase derives in part from the positive exchange-rate effect (€ 2.5 million) and for the remainder mainly from the higher margins of Agua de San Pedro as a result of the tariff updates linked to the trend of inflation.

The average number of staff at 30 September 2022 was 2,434, an increase of 167 people compared to 30 September 2021 mainly deriving from the opposite effects of the increase due to the consolidation of **Consortio Acea Lima Sur** (+ 215 employees) which is offset in part by the reduction of **Consortio Servicio Sur** (- 135 employees) as a consequence of the end of the management activity of the water and sewerage network of the Sur di Lima Directorate of Services.



Investments in the period amounted to € 3.2 million, slightly down (- € 0.6 million) compared to the same period in the previous year.

Net financial position at 30 September 2022 was positive, amounting to € 26.2 million, an improvement of € 7.3 million compared to 31 December 2021 and of € 10.2 million compared to 30 September 2021. These changes mainly relate to **Aguas de San Pedro** and **Consortio Agua Azul**.

Significant events in the first nine months of 2022 and subsequently

No significant events occurred in the period.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Water volumes	Mm3	389.4	400.3	(11.0)	(2.7%)
Energy consumed	GWh	573.9	539.2	34.7	6.4 %
Sludge disposed of	KTon	147.4	154.0	(6.6)	(4.3%)

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	1,025.5	924.5	101.0	10.9 %
Costs	509.7	435.0	74.8	17.2 %
EBITDA	515.8	489.6	26.3	5.4 %
Operating profit/(loss)	236.1	249.9	(13.8)	(5.5%)
Average Workforce	3,504	3,475	29	0.8 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	410.9	522.1	(111.2)	(21.3%)	373.1	37.8	10.1 %
Net Financial Position	1,751.5	1,681.4	70.1	4.2 %	1,666.3	85.2	5.1 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Water Segment	515.8	489.6	26.3	5.4 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	51.5 %	52.6 %	(1.2 p.p.)	

The EBITDA for the Segment stood at € 515.8 million at 30 September 2022, an increase of € 26.3 million compared to 30 September 2021 (+ 5.4 %). Most of this increase is attributable to **ACEA Ato2** (+ € 26.5 million) and **ACEA Ato5** (+ € 1.3 million) and was impacted mainly by the recognition of technical quality bonuses for the years 2018-2019 (Deliberation 183/2022/R/idr of 26 April 2022) totalling € 26.9 million for the fully-consolidated companies; this increase was offset by **Gori** (- € 6.4 million) due to non-recognition of the tariff proposal (€ 3.3 million), the increased cost of sludge disposal (€ 2.5 million) and higher costs for materials and maintenance (€ 1.2 million).

The water companies' contribution to EBITDA, measured at equity, amounting to € 19.2 million, rose by € 6.1 million mainly due to the increases posted by **Publiacqua** (+ € 2.8 million) and by **Gruppo Acque** (+ € 1.8 million), as a result of the lower costs associated with concession fees offset in part by higher depreciation and amortisation. The contribution to EBITDA of the companies valued at shareholders' equity is detailed below:

€ million	30/09/2022	30/09/2021	Change	% Change
Publiacqua	6.1	3.3	2.8	84.0 %
Acque Group	9.3	7.5	1.8	24.1 %
Umbra Acque	1.9	1.5	0.4	30.4 %
Nuove Acque and Intesa Aretina	0.5	0.5	(0.1)	(14.7%)
Geal	1.2	0.3	0.8	n.s.
Romeo Gas	0.3	0.0	0.3	n.s.
Total	19.2	13.1	6.1	46.2 %

The quantification of revenues for the period deriving from the integrated water service is valued in line with the new MTI-3 method. The tariff components of the GRC were valued on the basis of the current EFPs in force in accordance with the provisions of resolution 580/2019/R/idr, art.7.2, without the incorporation of the new features introduced by resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - financial charges, tax charges, deflators, inflation), also in view of the fact that the current state of contact with Area Governing Bodies (EGAs) does not allow for a different forecast of the revenues of the IWS. The following two tables in this section summarise on the one hand the status of the procedures for approving tariff proposals and on the other revenues from SII, broken down by company and component, as well as the considerations underlying the determination of revenues for the period.

The operating profit was affected by the increase in depreciation and amortisation (+ € 27.8 million) mainly attributable to **ACEA Ato2** (+ € 18.3 million), **GORI** (+ € 3.0 million) and **Acquedotto del Fiora** (+ € 2.7 million) due principally to the investments made during 2021

and 2022 and to the entry into operation of investments previously in progress, as well as higher write-downs (+€ 12.2 million) attributable mostly to **ACEA Ato2** (+ € 4.8 million) and **GORI** (+ € 8.5 million).

The average workforce at 30 September 2022 was 3,504 and was slightly up compared to 30 September 2021 (+ 29 employees).

Investments by the Segment amounted to € 410.9 million, an increase of € 37.8 million compared to the same period of the previous year. The increase is attributable to higher investments recorded by **ACEA Ato2** (+ € 30.5 million), **Acquedotto del Fiora** (+ € 3.0 million), **SII** (+ € 2.2 million), **Adistribuzione Gas** (+ € 1.4 million) and **ACEA Ato5** (+ € 1.2 million) partially offset by the lower investments of **Gori** (- € 1.2 million). The investments of the Segment 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 net financial position of the Segment amounted to € 1,751.5 million at 30 September 2022, a worsening of € 85.2 million compared to 30 September 2021 and a worsening of € 70.1 million compared to 31 December 2021. These changes are mainly attributable to the increase recorded by **ACEA Ato2** and is associated with the investments in the period, and the trends of the operating cash flow.

Significant events in the first nine months of 2022 and subsequently

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 and the two-year update 2022 – 2023 which ended only for GEAL with approval by the AGB (Area Governing Body).

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, the AGB approved the tariff inclusive of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/IDR. <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/idr. On 10 December 2018, the Conference of Mayors adopted the provisions of the ARERA Resolution.	On 27 November 2020, the AGB approved the tariff for the 2020-2023 regulatory period with Resolution no. 6/2020 ARERA approved the 2020-2023 tariffs on 12 May 2021 with resolution 197/2021/R/IDR	On 18 October 2022 the AGB received a warning from ARERA for the approval of the two-year update within 30 days of the same (17 November 2022). The AGB is completing the activities of the enquiry procedure related to the tariff update in question.
ACEA Ato5	Tariff proposal submitted by the Operator on 30 May 2016, with request for recognition of the Opex _{qc} . ARERA warned the AGB on 16 November 2016 and the EGA approved the tariff proposal on 13 December 2016, rejecting, among others, the request for recognition of the Opex _{qc} . Approval by 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.	
GORI	On 1 September 2016, the Extraordinary Commissioner of the AGB approved the tariff with Opex _{qc} 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 tariff 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 _{qc} . Approved by ARERA on 9 October 2018 (as part of the approval of the 2018-2019 update).	On 22 June 2018 the AIT Executive Council approved the 2018-2019 tariff update and, at the same time, the request to extend the duration of the 5-year contract, that is until 31 December 2031. With Resolution 502 of 9 October	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/idr of 28 September 2021.	Approval by the AIT is expected by 24 October and subsequently that of the Executive Council

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
		2018, ARERA approved the 2018-2019 tariff update.		
Publicacqua	On 5 October 2016, the AIT approved the tariff with recognition of the bonus as per art. 32.1, subsection a) of Resolution 664/2015/R/idr. <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.	Approval by the AIT is expected by the end of November and subsequently that of the Executive Council
Acquedotto del Fiora	On 5 October 2016, the AIT approved the tariff with recognition of the Opex _{qc} . <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>	The AIT Board of Directors approved the 2018-2019 tariff update in the session of 27 July 2018. Pending approval by ARERA, the AIT Board of Directors also approved the application to extend the concession to 31 December 2031, submitted by the Company in April 2019 and approved by the AIT Executive Council on 1 July 2019. The updated tariff proposal was then presented to extend it to 2031, which in any case confirmed the tariff increase (theta) and the Guaranteed Revenue Constraint (GRC) for the years 2018 and 2019, already approved by the AIT with its Resolution of July 2018. ARERA approved the two-yearly update (with a small correction of the recognised Opex _{QC}) and the extension of the concession with Resolution no. 465 of 12 November 2019.	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	Approval by the AIT is expected by the end of November and subsequently that of the Executive Council
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.
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.	
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.	Approval by the CWA is expected by the end of November
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.	Approval by the AIT is expected by the end of November and subsequently that of the Executive Council

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
Umbra Acque	On 30 June 2016, the AGB approved the tariff with recognition of the Opex _{gc} . The ARERA then approved them in Resolution 764/2016/R/idr dated 15 December 2016.	In its session of 27 July 2018, the AURI Assembly approved the 2018-2019 tariff update. The ARERA approved the 2018-2019 tariffs with Resolution no. 489 of 27 September 2018	ARERA provided approval with resolution 220/2021/R/IDR of 25 May 2021 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 17 October 2022, the AURI approved the two-year update 2022-2023 while approval by the General Meeting is expected by 25 October 2022.
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 17 October 2022, the AURI approved the two-year update 2022-2023 while approval by the General Meeting is expected by 25 October 2022.

Revenue from the Integrated Water Service

The table below indicates for each Company in the Water Segment the amount of revenue in the first nine months of 2022 measured on the basis of the new MTI–3 Tariff Method. The data also include the adjustments of passing items and the Fo.NI component.

In terms of determining the GRC, the relevant tariff components were valued on the basis of the current EFP in force in accordance with the provisions of Resolution 580/2019/R/idr, Art.7.2, without the incorporation of the new features introduced by Resolution 639/2021/R/idr for the 2022-2023 two-year update (including the financial parameters - Ofin, Ofisc, deflators, inflation), also in view of the fact that the current state of contact with the Technical Secretariat of the EGA does not allow for a different forecast of the revenues of the IWS.

Company	Revenue from the IWS (pro quota values in € million)	FONI (pro quota values in € million)
ACEA Ato2	513.8	FNI = 36.7 AMMFoNI = 13.6
ACEA Ato5	81.8	FNI = 4.0 AMMFoNI = 5.8
GORI	199.7	-
Acque	53.7	FNI = 1.0 AMMFoNI = 3.6
Publiacqua	74.0	AMMFoNI = 12.1
AdF	86.1	AMMFoNI = 9.8
Gesesa	11.3	AMMFoNI = 0.1
Nuove Acque	6.6	AMMFoNI = 1.2
Geal	6.7	AMMFoNI = 1.0
Acea Molise	4.0	-
IWS	30.6	AMMFoNI = 1.0
Umbra Acque	23.9	FNI = 0.1 AMMFoNI = 0.9


Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Electricity distributed	GWh	7,141.8	6,830.8	311.1	4.6 %
No. of Customers	N/1000	1,648.9	1,637.8	11.1	0.7 %
Km of Grid (MV/LV)	Km	31,640.0	30,916.0	724.0	2.3 %
2G Metering Groups	Number	195,325.0	283,000.0	(87,675.0)	(31.0%)

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	452.4	465.1	(12.8)	(2.7%)
Costs	188.3	190.6	(2.4)	(1.2%)
EBITDA	264.1	274.5	(10.4)	(3.8%)
Operating profit/(loss)	161.8	168.6	(6.8)	(4.0%)
Average Workforce	1,257	1,279	(22)	(1.7%)

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	191.9	274.5	(82.6)	(30.1%)	196.9	(4.9)	(2.5%)
Net Financial Position	1,785.9	1,583.9	202.0	12.8 %	1,582.4	203.5	12.9 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Energy Infrastructure Segment	264.1	274.5	(10.4)	(3.8%)
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	26.4 %	29.5 %	(3.2 p.p.)	

The EBITDA for the Segment at 30 September 2022 was € 264.1 million, a decrease of € 10.4 million compared to 30 September 2021. The EBITDA of **areti** is down by € 11.4 million as a result of the opposing effects arising from energy balancing (- € 17.2 million) due in large part to the reduction of the WACC (from 5.9% to 5.2%), the lower margins deriving from the open fibre contract (€ 1.9 million), offset by the positive effects of the resilience plan (+€ 3.3 million), by the lower costs for personnel (-€ 2.1 million), by lower operating costs (-€ 0.4 million) and by higher connection fees and other revenues (+€ 1.7 million).

With reference to the energy balance, as at 30 September 2022, **areti** distributed 7,141.8 GWh to end customers, up by 4.6% on the same period in the previous year.

The EBITDA of **public lighting**, a negative € 0.2 million, recorded an improvement of € 2.4 million compared to 30 September 2021 due to lower personnel expenses and an increase in the fee charged to the Municipality of Rome.

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

The operating profit decreased by € 6.8 million compared to 30 September 2021 and was affected by lower write-downs in the period (- € 1.2 million) and lower depreciation and amortisation (- € 2.4 million) owing to the combined effect of lower amortisation of software due to the end of the useful life of the investments made in previous periods and higher depreciation related to the investments made on the distribution network and industrial and commercial equipment.

Investments amounted to € 191.9 million, a decrease of € 4.9 million compared to the same period of the previous year and refer mainly to the expansion and upgrading of the HV, MV and LV grids, the mass replacement of 2G metering groups, work on the primary substations, secondary substations and meters, and remote control equipment as part of the grid “Adequacy and Safety” and “Innovation and Digitalisation” projects. Intangible investments refer to projects for the re-engineering of information and commercial systems. The **public lighting** sector contributed for € 1.3 million, down by € 2.1 million compared to the first nine months of the previous year.

The net financial position stood at € 1,785.9 million as at 30 September 2022, showing an increase of € 202.0 million compared to 31 December 2021 and of € 203.5 million compared to 30 September 2021, primarily attributable to the operating cash flow dynamics.



Significant events in the first nine months of 2022 and subsequently

GALA

With Resolution 50/2018/R/eel of 1 February 2018, the Authority approved a mechanism for recognising charges otherwise not recoverable due to the failure to collect general system charges.

At 30 September 2022 the total receivables accrued by the Company amounted to € 68.9 million, including billed interest.

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

On 22 March 2022, Resolution no. 119/2022/R/eel was published, containing the provisions related to the unified mechanism to reimburse electricity distributors for receivables not collected and not otherwise recoverable in relation to general system charges (OGdS) and network charges (OdR). This Resolution, which repeals Resolution 50/2018/R/eel, sought to standardise the methods for requesting general system charges and network charges as part of a single application, the deadline for which is set for the first year of entry into force of such mechanism on 31 July 2022. Some of the most important developments introduced include the possibility to also request in the application receivables related to the specific tariff fee (CTS) from inadequate MV end users, since this is a fee pertaining to the transport service. The application related to this mechanism was presented by 31 July 2022. Thanks to this mechanism it will therefore be possible to recover an additional portion of the Gala receivable, the amount of which will be determined and paid by 30 November 2022.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Energy produced (<i>hydro+thermal</i>)	GWh	389.7	456.7	(67.0)	(14.7%)
<i>of which hydro</i>	GWh	257.4	335.8	(78.4)	(23.3%)
<i>of which thermal</i>	GWh	132.3	120.9	11.4	9.4 %
Energy Produced (<i>photovoltaic</i>)	GWh	77.4	58.7	18.7	31.9 %
Energy produced (<i>cogeneration</i>)	GWh	24.8	31.0	(6.2)	(20.0%)

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	140.8	83.0	57.8	69.6 %
Costs	62.3	29.3	33.0	112.6 %
EBITDA	78.5	53.7	24.8	46.2 %
Operating profit/(loss)	64.8	33.2	31.6	95.4 %
Average Workforce	91	88	3	3.4 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	26.0	39.4	(13.5)	(34.1%)	30.5	(4.5)	(14.7%)
Net Financial Position	150.8	237.0	(86.2)	(36.4%)	245.4	(94.6)	(38.5%)

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Generation Segment	78.5	53.7	24.8	46.2 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	7.8 %	5.8 %	2.1 p.p.	

The EBITDA at 30 September 2022 came out at € 78,5 million and recorded an increase of € 24.8 million compared to 30 September 2021; this increase is mainly attributable to **Acea Produzione** (+ € 31.5 million) due to the combined effect of: **i)** higher revenues made on hydroelectric production (+ € 58.0 million), as a consequence of the price increases on the energy markets (+ 153.43€/MWh) partially offset by lower volumes produced (- 78.4 GWh) compared to the same period of the previous year and on thermoelectric production (€ 3.5 million); **ii)** lower revenues for management of recognition of the electricity incentive (GRIN) (€ 10.3 million); **iii)** lower Energy Account Fee (€ 2.0 million), owing to lower margins of the PV plants following the contribution of a number of plants to Acea Green at the end of 2021; **iv)** lower revenues from cogeneration and EECs (€ 1.3 million); **v)** higher cost for procuring gas and CO₂ (€ 15.5 million).

The EBITDA of the **photovoltaic** segment recorded a decrease of € 6.8 million and was affected mainly by the change in the consolidation scope resulting from the acquisitions made at the end of 2021 and 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, 40% owned by Acea Produzione and 60% by Equitix.

The average workforce increased slightly (+ 3 units) compared to the same period in the previous year; note that the photovoltaic companies do not have employees.

Investments amounted to € 26.0 million and decreased by € 4.5 million compared to the same period of the previous year due to the combined effect of lower investments recorded by **Acea Produzione** (- € 6.7 million) offset in part by higher investments in the **photovoltaic** segment (+ € 2.6 million).

The investments by Acea Produzione refer mainly to the requalification work on the hydroelectric plants, the extension and restoration of the district heating grid in the Mezzocammino district in the south of Rome and the construction of photovoltaic parks (Monte Mario), while investments in the photovoltaic segment refer mainly to the investments made by Acea Solar for the construction of photovoltaic plants on both agricultural and industrial land and the investments by the newly acquired SF Island.

As at 30 September 2022, the net financial position stood at € 150.8 million and showed an improvement of € 86.2 million compared to 31 December 2021 and of € 94.6 million compared to 30 September 2021, mainly attributable to the aforementioned transaction to sell the majority stake in Acea Sun Capital.

Significant events in the first nine months of 2022 and subsequently

Energy Box transaction – Photovoltaic plants

As described in detail in the section on "*Assets held for sale*", at the end of 2021, Acea and Equitix signed an agreement to sell the company that holds the stakes in the companies that own the photovoltaic plants (Acea Sun Capital), to a newly created company to which Acea's photovoltaic assets already in operation or being connected to the grid in Italy have been transferred.

Piana di Santa Chiara Photovoltaic Plant

In June Acea, through the associate AE Sun Capital, inaugurated the largest photovoltaic plant in Basilicata in the "Piana di Santa Chiara" district in the Municipality of Ferrandina, in the province of Matera. The plant is developed on land with a total area of approximately 40 hectares and has an installed capacity of approximately 20 MW, for an annual production of approximately 36 GWh, equivalent to more than 1,830 equivalent hours/year, corresponding to 15 thousand tonnes of avoided CO2 emissions per year, and is capable of supplying enough energy to meet the annual needs of more than 10,000 households.

Ottana Industrial Area Photovoltaic Plant

In July Acea Solar obtained an "Environmental Impact Assessment" and "Single Authorisation" from the Sardinia Region for the construction of a photovoltaic plant in the industrial area of Ottana, in the municipality of Bolotana (NU). The plant will have an installed capacity of approximately 85 MW. It is scheduled to come into operation in the first half of 2024.

Acquisition of new photovoltaic companies

During the period the acquisitions of companies in the photovoltaic sector continued. Specifically, at the end of July, through the subsidiary Acea Solar, 17 companies of the Powertis Group were acquired; these companies have photovoltaic development projects for approximately 340 MW in Basilicata. These companies are consolidated using the equity method.

Operating figures, equity and financial results for the period

Operating data	U.M.	30/09/2022	30/09/2021	Change	% Change
Total number of analyses	Number	777,027	821,899	(44,872)	(5.5%)
Total number of samples	Number	26,529	28,037	(1,508)	(5.4%)
Number of projects	Number	58	67	(9)	(13.6%)
Number of EPC work sites	Number	29	72	(43)	(59.7%)

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	84.4	83.4	1.0	1.2 %
Costs	76.5	71.5	5.0	7.0 %
EBITDA	7.9	11.9	(4.0)	(33.7%)
Operating profit/(loss)	1.4	7.8	(6.4)	(81.8%)
Average Workforce	453	437	16	3.7 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	3.0	9.9	(6.8)	(69.1%)	5.5	(2.5)	(44.9%)
Net Financial Position	42.3	28.1	14.2	50.5 %	27.5	14.8	53.9 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Engineering and Services Segment	7.9	11.9	(4.0)	(33.7%)
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	0.8 %	1.3 %	(0.5 p.p.)	

The Segment ended the first nine months of 2022 with EBITDA of € 7.9 million, down on the same period of the previous year by € 4.0 million (- 33.7%). The change is attributable to **Acea Elabori** for € 1.2 million as a result of the reduction in activities and margin for tariff updating, **Ingegnerie Toscane** for € 1.9 million, **TWS** for € 0.5 million as a result of the tariff update, and for € 0.6 million to **SIMAM** for the lower margin on wastewater treatment.

The average workforce at 30 September 2022 stood at 453 and was slightly up compared to 30 September 2021 (437 employees).

Investments amounted to € 3.0 million, down by € 2.5 million, in relation to **Acea Elabori**, mainly due to fewer purchases of equipment and software.

The net financial position as of 30 September 2022 was € 42.3 million, up € 14.2 million compared to 31 December 2021 and up € 14.8 million compared to 30 September 2021. The change is due to the dynamics of operating cash flow.

Significant events in the first nine months of 2022 and subsequently

No significant events occurred in the period.

Operating figures, equity and financial results for the period

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
Revenues	107.9	96.8	11.2	11.5 %
Costs	138.4	122.2	16.2	13.3 %
EBITDA	(30.4)	(25.4)	(5.0)	19.9 %
Operating profit/(loss)	(54.8)	(43.7)	(11.2)	25.6 %
Average Workforce	715	705	10	1.4 %

Economic and financial results € million	30/09/2022	31/12/2021	Change	% Change	30/09/2021	Change	% Change
Capex	21.5	34.4	(12.9)	(37.4%)	17.4	4.1	23.8 %
Net Financial Position	422.9	443.1	(20.2)	(4.6%)	282.2	140.7	49.9 %

Economic and financial results € million	30/09/2022	30/09/2021	Change	% Change
EBITDA – Corporate Segment	(30.4)	(25.4)	(5.0)	19.9 %
EBITDA – Group	1,002.3	930.2	72.1	7.8 %
Percentage	(3.0%)	(2.7%)	(0.3 p.p.)	

Corporate closed at 30 September 2022 with a negative level of EBITDA of € 30.4 million, worse than in the same period of 2021 by € 5.0 million. The change can be attributed to the combined effect of higher costs, which mainly include IT costs, electricity and gas consumption due to the increase in tariffs, security expenses and advertising expenses, offset only in part by higher reversals to Group companies. Strategic consulting and higher personnel expenses contributed to the increase in costs; the latter are due essentially to the trend in numbers and contractual adjustments offset in part by higher capitalised costs. We can note compared to the previous year a reduction in costs incurred for the Covid-19 emergency.

There was an operating loss of € 54.8 million, € 11.2 million worse than in the same period in the previous year as a result not only of the reduction in EBITDA described above but also of higher amortisation and depreciation relating to IT projects that came into operation in the last months of last year and in the first months of the current year, as well as higher provisions for redundancies and mobility. Notable among the largest IT investments are those related to developments of existing applications.

The average workforce at 30 September 2022 stood at 715, an increase of 10 compared to the same period of 2021 (there were 705 employees).

The investments amounted to € 21.5 million as of 30 September 2022 and relate mainly to software licences, IT and hardware developments, as well as investments in the offices used for business activities. The increase of € 4.1 million is mainly attributable to more software licences and IT developments, followed by higher investments in offices and offset in part by the purchase from ATAC SpA of the land adjacent to the headquarters used as a car park in the first half of 2021.

The net financial position at 30 September 2022 was € 422.9 million and recorded a decrease compared to the end of financial year 2021 of € 20.2 million, which derived from the cash needs of the Group companies and the Corporate Segment and a worsening compared to 30 September 2021 of € 140.7 million. This last was affected mainly by the purchase of shares of Acea Produzione, previously held by Acea Energia, made in the context of the project to reorganise the Group's strategic equity investments (purchase price of the equity investment € 129 million).

Significant events in the first nine months of 2022 and subsequently

No significant events are reported during the period observed.

Significant events during the period and afterwards

[Acea Gaia Rating confirms Acea's growth on the sustainability indicators](#)

Gaia Rating gave ACEA a score of 82 out of 100 in its overall assessment of ESG performance. ACEA recorded a score increase for the fourth consecutive year, confirming its position among the best-performing companies in terms of sustainability.

[Acea improves its position in the Bloomberg Gender-Equality Index \(GEI\) 2022](#)

In 2022, Acea also confirms its presence in the "Bloomberg Gender-Equality Index" (GEI), an international index that measures companies' performance on gender equality through five criteria: female leadership, equal pay, inclusive culture, policies against sexual harassment, brand positioning as a pro-women company.

The Group, included in the index for the third consecutive time, obtained a score of 80.67 (on a scale of 0-100) this year, placing it well above the averages for the utility sector (71.21) and the sample analysed (71.11), with a significant improvement of 10.18 points compared to the 2021 result.

[Acea finalises the closing of the operation for the sale to Equitix of a majority stake in the newco that will manage the photovoltaic assets](#)

On 22 March, Acea finalised the agreement with the British investment fund Equitix for the sale of a majority stake in a photovoltaic holding company (Acea Sun Capital) of the Acea Group, in which the photovoltaic assets of Acea already in operation or being connected to the network in Italy were transferred. The agreement for the transfer of the assets had already been 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.

[Acea signs final agreements for the design and marketing of the digital metering systems of the water service](#)

Following on from the information disclosed to the market on 6 December 2021, on 29 March 2022, Acea and Suez signed the final contractual agreements for the creation of a joint venture for the design of an advanced smart metering system for the water service and its subsequent production and marketing in Italy and abroad on the basis of a specific commercial partnership.

[Acea finalises the acquisition by the consortium, formed of Ascopiave, Acea and Iren, of a number of A2A concessions in the context of gas distribution](#)

On 1 April, the consortium formed of Ascopiave (58%), Acea (28%) and Iren (14%) finalised the agreement with the A2A Group for the acquisition of a number of assets in the natural gas distribution service. The scope of activities covered by the transaction includes approximately 157 thousand users, distributed in 8 Italian Regions, belonging to 24 ATEMs, for about 2,800 km of network. Acea's perimeter of interest consists of concessions in 5 ATEMs, including 2 in Abruzzo, 2 in Molise and 1 in Campania, for a total of approximately 30,700 grid points. The Enterprise Value is € 35.8 million.

[Arera publishes the first Technical Quality analysis of the water service in Italy: Years 2018-2019](#)

For the first time in Italy, the water service was measured and judged, attributing rewards and penalties to managers, for results achieved and consolidated in 2018 and 2019. The ranking was published by ARERA with resolution 183/2022/R/idr and concludes the first two years of application of the incentive mechanism.

Water losses, service interruptions, quality of the water supplied, adequacy of the sewer system, quality of treated water and disposal of sludge are the 6 macro-indicators based on which each of the water service operators were analysed and ranked (for the first two-year period, interruptions were excluded from the incentive mechanism).

The complex data analysis system – launched in 2018 by ARERA with the resolution on the Technical Quality Regulation for the integrated water system (RQTI) – made it possible to codify the results achieved during these years by 203 operators, covering 84% of the nation's population. By analysing the data received up to 17 July 2020, the Authority was able to assign a bonus to those that reached, maintained and improved the pre-established objectives and a penalty to others.

For the Acea Group, the net amount came to around € 29 million.

The Shareholders' Meeting approves the Financial Statements as at 31 December 2021 and approves the payment of a dividend of € 0.85 per share

On 27 April, the Acea S.p.A. Shareholders' Meeting approved the Financial Statements and presented the Consolidated Financial Statements at 31 December 2021, which showed a net profit, following allocations to third parties, of € 313.3 million. The Consolidated Non-Financial Statement pursuant to Italian Legislative Decree 254/2016 was also presented to the Shareholders (2021 Sustainability Report).

The Meeting also approved the allocation of profit for the year as proposed by the Board of Directors and the distribution of the dividend. The total dividend (coupon no. 23) of € 180,665,720.95, equal to € 0.85 per share, will be paid starting from 22 June 2022 with coupon detachment on 20 June and record date 21 June.

The Shareholders' Meeting appointed the new Board of Statutory Auditors that will remain in office for three years and until the approval of the 2024 Financial Statements. The members of the supervisory body were elected through list voting, according to the methods established under articles 15 and 22 of the Articles of Association. In the new Board of Statutory Auditors, Maurizio Lauri (Chairperson), Claudia Capuano and Leonardo Quagliata were elected as standing auditors; Rosina Cichello and Vito Di Battista as alternate auditors.

Pursuant to art. 15.4 of the Articles of Association, the Shareholders' Meeting, at the proposal submitted by shareholder Suez International SAS, also appointed Francesca Menabuoni as Director, who will remain in office until the expiry of the current Board of Directors, i.e. with the approval of the Financial Statements as at 31 December 2022.

Acea publishes the first Green Bond Report

On 13 May, the first Green Bond Allocation & Impact Report for the years 2019 and 2020 was published, concerning the green format bond loan for a total amount of € 900 million under the € 5 billion EMTN program, and divided into two series, one of which is for the amount of € 300 million, with an interest rate of 0% and maturity in 2025, and another for the amount of € 600 million, with an interest rate of 0.25% and maturity in 2030, issued as part of the Acea Group's Green Financing Framework for financing projects related to water resource protection, energy efficiency, development of the circular economy, and increased energy production from renewable sources.

Acea and NTT DATA introduce the Waidy® Management System

On 15 June, Acea and NTT DATA Italy introduced the Waidy® Management System (WMS), the native cloud solution for water resource protection, designed to optimise water management in networks, at the launch event for the two Italian Google Cloud regions.

Resignation of board member Giovanni Giani and appointment by co-optation of a new board member

On 27 June, Acea received the resignation, with immediate effect, from the position of board member of Giovanni Giani, appointed on the list presented by the shareholder Suez during the Shareholders' Meeting of 29 May 2020. The decision to resign is motivated by other professional commitments. On 18 July, Acea's Board of Directors co-opted Massimiliano Pellegrini as a new non-executive Director.

Acea inaugurates the largest photovoltaic plant in Basilicata

On 27 June, Acea inaugurated the largest photovoltaic plant in Basilicata at "Piana di Santa Chiara" in the municipality of Ferrandina, in the province of Matera, built by Acea Solar and now owned by AE Sun Capital (60% Equitix and 40% Acea Produzione). The plant is developed on land with a total area of approximately 40 hectares and has an installed capacity of approximately 20 MW, for an annual production of approximately 36 GWh, equivalent to more than 1,830 equivalent hours/year, corresponding to 15 thousand tonnes of avoided CO2 emissions per year, and is capable of supplying enough energy to meet the annual needs of more than 10,000 households. The plant sells the energy produced directly to the market and was awarded the tender issued by Terna in relation to the "Capacity Market," with a total "committed capacity" of 3 MW for which it will receive a fixed annual fee for the next 15 years.

Acea grows waste treatment and storage business in Abruzzo with acquisition of "Polo Cirsu"

On 30 June, Acea was awarded, through its subsidiary Acea Ambiente, the business unit called "Polo Cirsu" (located in Località Casette di Grasciano Notaresco - Teramo), following participation in the competitive bidding process called by the notice of sale of the Court of Teramo - Bankruptcy CIRSU S.p.A. Reg. Bankruptcy No. 91/2015. At the outcome of the same, Acea Ambiente was the highest bidder for an amount of € 19,100,000. The business unit consists of the landfill named "Grasciano1", completely depleted in authorised volumes, the new landfill named "Grasciano2" consisting of a first lot of 234,000 m³ and a second lot to be built, with an authorised volume of 246,000.00 m³, a recycling and composting plant and a platform for the valorisation of waste from separate waste collection and durable goods.

Standard Ethics improves outlook from "stable" to "positive"

On 5 July, Standard Ethics upgraded Acea's outlook from "stable" to "positive" and confirmed the "Corporate Rating" at "EE".

Fitch Ratings confirms ACEA's "BBB+" rating and "stable" outlook

On 6 July, Fitch Ratings confirmed its Long-Term Issuer Default Rating (IDR) for ACEA of "BBB+" with "Stable" outlook, and the Short-Term IDR of "F2". The Long-Term Senior Unsecured Rating of "BBB+" was also confirmed. The rating reflects Acea's strategic focus in regulated activities, along with prudent management of energy hedges and the solid level of available liquidity.

Acea: Appointment by co-optation of the director Massimiliano Pellegrini

On 18 July the 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, Massimiliano Pellegrini as a new non-executive Director of the Company, replacing Giovanni Giani who resigned on 27 June 2022.

Acea: Sardinia's largest photovoltaic plant authorised with a capacity of 85 MW

On 19 July, Acea Solar, a wholly owned subsidiary of Acea Produzione, obtained an "Environmental Impact Assessment" and "Single Authorisation" from the Region of Sardinia for the construction of a photovoltaic plant in the industrial area of Ottana, in the municipality of Bolotana (NU). The plant will have an installed capacity of approximately 85 MW. It is scheduled to come into operation in the first half of 2024. The site, the largest in Sardinia and among the largest in Italy, covering approximately 140 hectares, will be connected to the high-voltage grid at Terna's new power station called "Ottana 2," built within the same industrial area. Furthermore, the project includes the implementation of a 10 MWh energy storage system that will deliver electricity during the phases of the day when generation from renewable sources is reduced. The system as a whole will contribute to the stability of the grid and the supply of 170 GWh/year of electricity, equivalent to the annual needs of approximately 50,000 households and corresponding to more than 70 thousand/ton of CO2 avoided per year, compared with equivalent production from fossil fuels.

Acea: new "Sustainability Rating Linked" credit line agreed

Acea agreed with Cassa Depositi e Prestiti a new revolving "Sustainability Rating Linked" credit line of € 200 million with a duration of 3 years, connected to two sustainability rating targets in the Environment Social and Governance (ESG) area. The pricing of the new credit line is, in fact, linked to the objectives of the ratings that will be assigned by Standard Ethics and by EticaNews. In 2022 the independent agency Standard Ethics confirmed the Group's corporate rating at "EE" (investment grade) and raised Acea's Outlook from "Stable" to "Positive". Again in 2022 Acea obtained from EticaNews the "Integrated Governance Index" (IGI) score of 60.45 (scale 0-100), coming 16th out of the total of 86 candidates and being included in the "Leader ESG Identity" category.

Moody's confirms Acea's rating at "Baa2" and changes the outlook from "stable" to negative following the change in the outlook of the sovereign rating assigned to Italy

On 9 August, following the declarations on the outlook of the rating assigned to Italian sovereign debt of Friday 5 August 2022, Moody's communicated that ACEA's outlook had been changed to "negative" from "stable". At the same time, Moody's confirmed the long-term issuer rating and the senior unsecured rating at the level "Baa2", the Baseline Credit Assessment at the level "baa2", and also the "(P)Baa2" level assigned to the EMTN programme. According to the Rating Agency, the change in the outlook of a set of Italian companies, including ACEA, reflects these companies' exposure to the drop in the quality of the sovereign creditworthiness. However, ACEA's ratings remain a notch above those of the Italian government, in virtue of the quality of the diversified business portfolio and the Group's strategic focus on regulated activities.

Acea: Communications of the shareholder Roma Capitale and launch of the statutory and corporate procedures for replacement of the Chief Executive Officer

On 23 September, the Board of Directors of Acea acknowledged (a) the communication of the shareholder Roma Capitale of 20 September 2022, with which the latter formulated a request for replacement of the company head and (b) the subsequent communication of the shareholder Roma Capitale, regarding the indication of Mr Fabrizio Palermo as candidate for the position of member of the Board of Directors and next Chief Executive Officer of Acea.

The Board also acknowledged the launch of the enquiry activities by the Company's competent structures regarding the consensual termination of the relationship with Mr Giuseppe Gola and the entry of the candidate, Mr Fabrizio Palermo, under the terms of art. 2386 of the Italian Civil Code, observing the current provisions of the laws and by-laws.

For the purposes of performing and defining the aforesaid enquiry activities and the consequent adoption of the decisions it is responsible for, the Board of Directors was therefore convened again for Monday 26 September.

Acea: Agreement for the consensual termination of the relationships between Mr Giuseppe Gola and the company Acea S.p.A. Fabrizio Palermo new Chief Executive Officer

On 26 September, the Board of Directors of Acea completed enquiry activities and approved the terms and conditions of the agreement for the consensual dissolution of the relationships in being with Mr Giuseppe Gola, which the latter accepted. On the basis of this Mr Gola renounced with immediate effect, the positions of Director, Chief Executive Officer and Strategies, Production and Foreign Manager, and all delegations and powers conferred on him and all other positions held on behalf of the Company and/or the Group.

The termination agreement, in accordance with what is indicated in the policy on the subject of remuneration approved by the Company's Shareholders' Meeting this past 27 April (The "Remuneration Policy"), provides for the payment to Mr Gola of the maximum amounts provided for in the "Executive Exodus Management" Policy, approved by the Board of Directors of Acea with resolution no. 33 of 21 December 2011, which makes reference to the national collective bargaining agreement for Executives of Public Utility Service Companies.

On the same date the Board of Directors also appointed by co-optation, under the terms of Art. 2386 of the Italian Civil Code and Art. 15 of the By-Laws, on a proposal by the Appointments and Remuneration Committee and with a resolution approved by the Board of Statutory Auditors, Mr Fabrizio Palermo as a new Director of the Company. Mr Fabrizio Palermo was appointed by the Board of Directors the new Chief Executive Officer of Acea and, as such, he is without the requisites of independence provided for in the legislation and in the Corporate Governance Code. In line with the previous structure, Mr Fabrizio Palermo was given all the powers for the ordinary administration of the Company, with the exclusion, as well as those that cannot be delegated under the terms of the law and the by-laws, of specific attributions that the Board reserved for its own competence.

Acea Ambiente: the agreement for the acquisition of 70% of Tecnoservizi signed

On 4 October Acea Ambiente, a company fully controlled by Acea SpA, completed the acquisition of 70% of the capital of Tecnoservizi 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. The Company acquired has an authorised treatment capacity of 210 thousand tonnes per year and operates in the province of Rome, performing activity of transport and disposal and recovery of urban, special hazardous non-hazardous waste, such as paper, plastic, wood, glass, metal etc. coming from the separate collection of Municipalities, Bodies and Industries.

The economic value of the transaction, in terms of Enterprise Value for 100% of the company is about € 21 million. The price paid for the acquisition was € 5.2 million and a further portion for the balance of the price, of € 1.6 million, will be paid in the second half of 2025. The EBITDA expected in full operation on an annual basis is approximately € 4 million.

Acea Ambiente: the agreement for the acquisition of 100% of Italmacero signed

On 3 November, Acea Ambiente, a company fully controlled by Acea SpA, through its subsidiary Cavallari, completed the acquisition of the entire capital 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. The company is the owner of a plant in the area of North Ancona, with an authorised capacity of 13 thousand tonnes. The price paid for the acquisition was € 1.2 million.

areti: New high-voltage electricity line in south Rome, the 150 kv grid upgraded

The Acea Group, through areti, the company that operates the electricity distribution grids in Rome, has created a new high-voltage electricity line serving the areas of Selvotta, Castel Romano, Laurentina and Vitinia. The infrastructure, which replaces the old plants of the south-west quadrant of the Capital, upgrades the grid in the zone, which goes from a voltage level of 60 KV to 150 KV.

Business outlook

The results achieved by the ACEA Group at 30 September 2022 are better than the forecasts and make it possible to:

- confirm the guidance already communicated to the market as regards the increase in EBITDA (+4%/+6% compared to 2021);
- confirm the substantial alignment of the investments with 2021 net of the effects of Italian Law Decree 50/22;
- modify the guidance in relation to net financial debt in an interval between € 4.4 billion and € 4.5 billion (previous guidance between € 4.2 billion and € 4.3 billion); the change reflects the market context and is subject to highly variable phenomena that could have a direct impact on the cash flow and the financial debt.

Acea confirms its strategy aimed at making major investments in infrastructure, with a positive impact on the Group's operating and economic performance, while maintaining a solid financial structure.

The Group's financial structure is solid for the years to come. At 30 September 2022, 84% of debt is at fixed rate in order to ensure protection against any increases in interest rates as well as any financial or credit volatility. At 30 September 2022 the average duration of medium/long-term debt stood at 4.6 years. We can note the reduction of the average cost, which went from 1.42% at 31 December 2021 to 1.41% at 30 September 2022.

The conflict between Russia and Ukraine has generated serious repercussions not only at the humanitarian level, but also at the economic level, with a considerable impact on the global financial markets. The consequent sanctions imposed by governments all over the world on the Russian economy and the countermeasures adopted by Russia contributed to the strong raise in raw material prices (with particular reference to energy, metals and agricultural products), as well as the significant difficulties in trade activities at the international level.

The increases in prices and therefore in expected inflation create the conditions for a generic increase in volatility and therefore in the uncertainty linked to all the areas of the business and of the market in general. Gas prices have already been showing high volatility from as early as the latter part of 2021, not only because of uncertainty about the possible dynamics of gas flows from Russia, but also because of decisions made by several countries in relation to their energy systems.

The Group's sales companies are those most impacted by the macroeconomic scenario resulting from the Russia-Ukraine conflict. With reference to the said companies, we can note that the direct price and volume risk of commodities has been managed in accordance with the related policies. However, it is not excluded that the continuation of the current crisis scenario may cause further tensions on the electricity market with effects of rising energy prices. On this point and despite the improvement of collections compared to 2021, it was considered opportune to introduce a stress factor on the impairment of receivables for invoices to be issued and on receivables from "industrial and large" customers adjusting upwards the write-down percentages to anticipate potential impairment of the ability to collect. The measurement on outstanding receivables will be the subject of specific analyses also during the fourth quarter of the year with the objective, if necessary, of revising promptly the unpaid rates used. It must be added also that, to manage the volatility and price risk on the final markets, from the beginning of 2022 the commercial companies of the Acea Group have in their portfolio only products of the indexed type for the retail segment. It is also specified that despite the positive collection performance recorded in the period, the current reference scenario suggests growing difficulty, in the absence of structural aid aimed at limiting the impacts of the energy crunch, on the part of households and businesses in fulfilling their obligations accrued for electricity and gas supplies. In order to prevent, limit and detect promptly the impacts of this potential impairment, two lines of action have been defined; these involve limiting credit risk (through prevention and management of the customer portfolio) and the evolution of the current model for determining provisions for the impairment of receivables.

With reference to the indirect risks connected with the possible embargo on gas flows coming from Russia, as investigated by the Ministry of the Economy and Finance in the DEF, this would cause a scenario of lower volumes of gas injected into the national infrastructure and, despite the storage levels being more than 95%, with a consequent physical shortage of gas between 7% and 15% of national demand. The Acea Group, therefore, could find itself in the conditions of undergoing the implementation of the Emergency Plan of the Italian natural gas system (Annex 2 to the Ministerial Decree of 18 December 2019 as amended and supplemented) with negative consequences on volumes sold linked to the limits set on national consumption.

Form and Structure

General information

The Interim Report on Operations at 30 September 2022 of the ACEA Group was approved by Board of Directors' resolution on 9 November 2022, 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".

Basis of presentation

This 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.

This Interim Report on Operations is presented in Euros and all amounts are rounded off to the nearest thousand Euros unless otherwise indicated.

The figures in these Interim Management Report are comparable to those in the previous year.

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*.

Use of estimates and assumptions

Drafting of this 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 original estimates and assumptions are periodically reviewed and the impact of each change is immediately recorded in the Income Statement.

The estimates also took into account assumptions based on the parameters and market and regulatory information available at the time the financial statements were drafted. Current facts and circumstances influencing the assumptions on future development and events may change due to the effect, for example, of changes in market trends or the applicable regulations that are beyond the control of the Company. These changes in assumptions are also reflected in the financial statements when they occur.

In addition, it should be noted that certain estimation processes, particularly the more complex such as the calculation of any impairment of non-current assets, are generally performed in full only when drafting the annual financial statements, unless there are signs of impairment that call for immediate impairment testing.

Effects of the seasonality of transactions

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

Risks connected to the “Covid-19” emergency and the conflict in Ukraine

Please see the Report on Operations in the Financial Statements as at 31 December 2021 for a description on the main impacts the Covid-19 emergency had on the Group’s activities. Note that at present these impacts have not had significant effects on the income statement, nor has it created uncertainties that would reflect negatively on the presumption of the business as a going concern.

As regards the consequences of the conflict in Ukraine please see what is illustrated in the Business outlook section of this document on the recoverability of receivables.

Consolidation policies, procedures and scope

Consolidation policies

Subsidiaries

The scope of consolidation includes the Parent Company ACEA and the companies over which it directly or indirectly exercises control or when the Group is exposed or entitled to variable returns deriving from the relationship with the investee and has the capacity to influence its returns through the exercise of its power over the investee. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and are de-consolidated from the date on which control is transferred out of the Group.

According to accounting standard IFRS 10, control is obtained when the Group is exposed or has the right to variable performance deriving from relations with the subsidiary and is able, through exercising power over the subsidiary, to influence its performance. Power is defined as the capacity to manage the significant activities of the subsidiary by virtue of existing substantial rights.

The existence of control does not depend exclusively on possession of the majority of the voting rights, but on the substantial rights of the investor over the investee. Consequently, the opinion of the management team is required to assess specific situations leading to substantial rights attributing to the Group the power to manage the significant activities of the subsidiary so as to influence its performance.

In order to assess the requirement of control, the management team analyses all facts and circumstances, including agreements with other investors, the rights deriving from other contracts and potential voting rights (call option, warrant, put option assigned to minority stakeholders, etc.). These other facts and circumstances may be particularly significant in the assessment, especially if the Group holds less than the majority of the voting rights or similar rights in the subsidiary.

The Group reviews the existence of control over a subsidiary when the facts and circumstances indicate that there has been a change in one or more elements considered in verifying its existence. Lastly, it must be noted that in assessing the existence of the control requirements, no situations of de facto control were encountered. Changes in the possession quota of equity investments in subsidiaries that do not imply the loss of control are recorded as capital transactions adjusting the quota attributable to the stakeholders of the Parent Company and that of third parties to reflect the change in the quota owned. The eventual difference between the amount received or paid and the corresponding fraction of the shareholders' equity acquired or sold is recorded directly in the consolidated shareholders' equity. When the Group loses control, any residual equity investment in the company previously controlled is re-measured at fair value (with counterpart in the income statement) on the date on which control is lost. Also, the quota of the OCI of the subsidiary over which control is lost is dealt with in the accounts as if the Group has directly disposed of the relevant assets or liabilities. Where there is loss of control of a consolidated company, the Consolidated Financial Statements include the results for the part of the reporting period in which the ACEA Group had control.

Joint ventures

A joint venture is a contractual arrangement in which the Group and other parties jointly undertake a business activity, i.e. a contractually agreed sharing of control whereby the strategic, financial and operating policy decisions can only be adopted with unanimous consent of the parties sharing control. The Consolidated Financial Statements include the Group's share of the income and expenses of jointly controlled entities, accounted for using the equity method.

According to IFRS 11, a joint venture is an arrangement over which one or more parties have joint control. Joint control is held when unanimous consent or that of at least two of the parties to the arrangement is required for decisions concerning the significant activities of the joint venture. A joint agreement can either be a joint venture or a joint operation. A joint venture is a joint control arrangement in which the parties holding joint control have all the rights over the net assets of the arrangement. On the other hand, a joint operation is a joint control arrangement in which the parties holding joint control have rights to the assets and obligations for the liabilities in the arrangement. To determine the existence of joint control and the type of joint arrangement, the opinion of the management team is required, which must assess the rights and obligations deriving from the arrangement. To this end, the management team considers the structure and legal form of the arrangements, the terms agreed between the parties in the contractual agreement and, if significant, other facts and circumstances. The Group reviews the existence of joint control when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of joint control and the type of joint control.

Associates

An associate is a company over which the Group exercises significant influence, but not control or joint control, through its power to participate in the financial and operating policy decisions of the associate. The Consolidated Financial Statements include the Group's share of the results of associates at Net equity, unless they are classified as held for sale, from the date it begins to exert significant influence until the date it ceases to exert such influence.

In determining the existence of significant influence, the opinion of the management team is required, which must assess all facts and circumstances.

The Group reviews the existence of significant influence when facts and circumstances indicate that there has been a change in one or more elements previously considered in verifying the existence of significant influence.

When the Group's share of an associate's losses exceeds the carrying amount of the investment, the interest is reduced to zero and any additional losses must be covered by provisions to the extent that the Group has legal or implicit loss cover obligations to the

associate or in any event to make payments on its behalf. Any excess of the cost of the acquisition over the Group's interest in the fair value of the associate's identifiable assets, liabilities and contingent liabilities at the date of the acquisition is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subject to impairment test together with the value of the investment.

Consolidation procedures

General procedure

The financial statements of the Group's subsidiaries, associates and joint ventures are prepared for the same accounting period and using the same accounting standards as those adopted by the Parent Company. Consolidation adjustments are made to align any dissimilar accounting policies applied.

All Intragroup balances and transactions, including any unrealised profits on Intragroup transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be subsequently recovered.

The carrying amount of investments in subsidiaries is eliminated against the corresponding share of the shareholders' equity of each subsidiary, including any adjustments to reflect fair values at the acquisition date. Any positive difference is treated as "goodwill", while any negative difference is recognized through profit or loss at the acquisition date.

The minority interest in the net assets of consolidated subsidiaries is shown separately from shareholders' equity attributable to the Group. This interest is calculated on the basis of the percentage interest held in the fair value of assets and liabilities recognised at the original date of acquisition and in any changes in shareholders' equity after that date. Losses attributable to the minority interest in excess of their portion of shareholders' equity are subsequently attributed to shareholders' equity attributable to the Group, unless the minority has a binding obligation to cover losses and is able to invest further in the company to cover the losses.

Business combinations

Acquisitions of subsidiaries are accounted for under the acquisition method. The cost of the acquisition is determined as the sum of the fair value, at the date of exchange, of the assets acquired, the liabilities incurred or acquired, and the financial instruments issued by the Group in exchange for control of the acquired company.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 are accounted for at fair value on the date of acquisition, with the exception of non-current assets (or disposal groups), which are classified as held for sale under IFRS 5 and accounted for at fair value net of costs to sell.

If the business combination is achieved in stages, the fair value of the investment previously held has to be re-measured and any resulting gain or loss is recognised in profit or loss.

The purchaser has to recognise any contingent consideration at fair value, on the date of acquisition. The change in fair value of the contingent consideration classified as asset or liability is recognised according to the provisions included in IFRS9, in the income statement or among the other components of the comprehensive income statement.

The costs directly attributable to the acquisition are included in the income statement.

The purchase cost is allocated by recording the identifiable assets, liabilities and contingent liabilities of the acquisition at fair value on the date of acquisition. Any positive excess between the payment transferred, valued at fair value on the date of acquisition, and the amount of any minority interest, with respect to the net value of the amounts of the identifiable assets and liabilities of the acquisition valued at fair value is recorded as goodwill or, if negative, in the Income Statement.

For every business combination, the purchaser must value any minority stake in the acquired entity at fair value or in proportion to the share of the minority interest in net identifiable assets of the acquired entity.

It is specified that the price allocation process is provisionally allocated to assets and liabilities and definitively accounted for within 12 months from the date of acquisition as required by IFRS 3.

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

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

Consolidation of foreign companies

The financial statements of investee companies operating in currencies other than the Euro, which is the functional currency of the Parent Company ACEA, are converted into 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

This 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 30 September 2021 the following changes occurred in the consolidation scope:

- on 6 October 2021, the Consorzio Acea Lima Sur was established by Acea Perù (99%) and ACEA Ato2 (1%) for the management of the water and sewer network in the Lima South zone, with a three-year contract;
- on 14 October 2021 Acea Ambiente acquired 60% of Meg, an operator active in Italy offering professional consultancy for the construction of municipal solid waste packaging treatment plants;
- on 30 November 2021 Acea Ambiente acquired 65% of DECO, a waste management company whose activities also include the construction and operation of relevant plants. The company also holds a 21.8% investment in Picena Ambiente and owns 100% of Ecologica Sangro, a company active in the integrated management of solid urban waste in the Frentano and Sangro Aventino district area. The company itself holds a 75% stake in the Ecofrentano consortium;
- on 22 December 2021 Acea Ambiente acquired 90% of AS Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting).

The changes in the consolidation scope compared to 31 December 2021 are presented below:

- on 19 January 2022, the company AE Sun Capital was formed through the subscription of 40% of the shares by Acea Produzione until the conclusion of the agreement with the British fund Equitix Investment Management for the sale of photovoltaic assets already in operation as described below;
- on 20 January 2022, Acea Solar acquired 100% of the shares of the company SF ISLAND with registered office in Acquapendente (Viterbo, Italy);
- on 8 February 2022, Acea Ambiente signed the deed of purchase for 70% of the shares of Serplast, a company operating in the recycling of plastic waste;
- 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.
- 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;
- 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%.
- on 29 July 2022 Acea Solar signed for the purchase of 17 vehicle companies in the Basilicata region, each the holder of development projects for monoaxial ground-mounted photovoltaic plants. The total power is estimated at 338 MWp, with annexed storage systems for 170 MWp of power.

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:

Denominazione	Sede	Capitale Sociale (in €)	Quota di partecipazione	Quota Consolidata di Gruppo	Metodo di Consolidamento
Area Ambiente					
Acea Ambiente S.r.l.	P.le Ostiense, 2 - Roma	2.224.992	100,00%	100,00%	Integrale
Aquaser S.r.l.	P.le Ostiense, 2 - Roma	3.900.000	97,86%	100,00%	Integrale
Iseco S.p.A.	Loc. Surpian n. 10 - 11020 Saint-Marcel (AO)	110.000	80,00%	100,00%	Integrale
Berg S.p.A.	Via delle Industrie, 38 - Frosinone (FR)	844.000	60,00%	100,00%	Integrale
Demap S.r.l.	Via Giotto, 13 - Beinasco (TO)	119.015	100,00%	100,00%	Integrale
Acque Industriali S.r.l.	Via Bellatalla, 1 - Ospedaletto (Pisa)	100.000	73,05%	100,00%	Integrale
Deco	Via Vomano, 14 - Spoltore (PE)	1.404.000	100,00%	100,00%	Integrale
AS Recycling	Via dei Trasporti, 14 - Carpi (MO)	1.000.000	90,00%	100,00%	Integrale
Ecologica Sangro	Strada Provinciale Pedemontana Km 10 Frazione Contrada Cerratina - Lanciano (CH)	100.000	100,00%	100,00%	Integrale
S.E.R. Plast S.r.l.	Contrada Stampalone, Cellino Attanasio (TE)	70.000	70,00%	70,00%	Integrale
Consorzio Servizi Ecologici del Frentano	Strada Provinciale Pedemontana Km 10 - 66034 Frazione Cerratina - Lanciano (CH)	10.329	75,00%	100,00%	Integrale
Meg	Via 11 Settembre, 8 - San Giovanni Illarione (VR)	10.000	60,00%	100,00%	Integrale
Ferrocarr S.r.l.	Via Vanzetti, 34 - Terni	80.000	60,00%	100,00%	Integrale
Cavallari S.r.l.	Via dell'Industria, 6 - Ostra (AN)	100.000	80,00%	100,00%	Integrale
Area Commerciale e Trading					
Acea Energia S.p.A.	P.le Ostiense, 2 - Roma	10.000.000	100,00%	100,00%	Integrale
Cesap Vendita Gas S.r.l.	Via del Teatro, 9 - Bastia Umbra (PG)	10.000	100,00%	100,00%	Integrale
Umbria Energy S.p.A.	Via B. Capponi, 100 - Terni	1.000.000	50,00%	100,00%	Integrale
Acea Energy Management S.r.l.	P.le Ostiense, 2 - Roma	50.000	100,00%	100,00%	Integrale
ACEA Innovation S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Estero					
Acea Dominicana S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo	644.937	100,00%	100,00%	Integrale
Aguas de San Pedro S.A.	Las Palmas, 3 Avenida, 20y 27 calle - 21104 San Pedro, Honduras	6.457.345	60,65%	100,00%	Integrale
Acea International S.A.	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - 11501 Santo Domingo	9.089.661	100,00%	100,00%	Integrale
Acea Peru S.A.C.	Cal. Amador Merino Reyna, 307 MIRAFLORES - LIMA	177.582	100,00%	100,00%	Integrale
Consorzio ACEA-ACEA Dominicana	Av. Las Americas - Esq. Mazoneria - Ens. Ozama	67.253	100,00%	100,00%	Integrale
Consorzio Servicios Sur	Calle Amador Merino Reyna - San Isidro	33.834	51,00%	100,00%	Integrale
Consorzio Agua Azul S.A.	Calle Amador Merino Reyna 307 - Lima - Perù	16.000.912	44,00%	100,00%	Integrale
Consorzio ACEA	Calle Amador Merino Reyna 307 - Lima - Perù	225.093	100,00%	100,00%	Integrale
Consorzio ACEA Lima Sur	Calle Amador Merino Reyna 307 - Lima - Perù	77.223	100,00%	100,00%	Integrale
Consorzio ACEA Lima Norte	Calle Amador Merino Reyna 307 - Lima - Perù	221.273	100,00%	100,00%	Integrale
Area Idrico					
ACEA Ato2 S.p.A.	P.le Ostiense, 2 - Roma	362.834.320	96,46%	100,00%	Integrale
ACEA Ato5 S.p.A.	Viale Roma snc - Frosinone	10.330.000	98,45%	100,00%	Integrale
Acque Blu Arno Basso S.p.A.	P.le Ostiense, 2 - Roma	8.000.000	76,67%	100,00%	Integrale
Acque Blu Fiorentina S.p.A.	P.le Ostiense, 2 - Roma	15.153.400	75,01%	100,00%	Integrale
Acea Molise S.r.l.	P.le Ostiense, 2 - Roma	100.000	100,00%	100,00%	Integrale
Acquedotto del Fiora S.p.A.	Via Mamei, 10 Grosseto	1.730.520	40,00%	100,00%	Integrale
Gesesa S.p.A.	Corso Garibaldi, 8 - Benevento	534.991	57,93%	100,00%	Integrale
GORI S.p.A.	Via Trentola, 211 - Ercolano (NA)	44.999.971	37,05%	100,00%	Integrale
Ombrone S.p.A.	P.le Ostiense, 2 - Roma	6.500.000	99,51%	100,00%	Integrale
Sarnese Vesuviano S.r.l.	P.le Ostiense, 2 - Roma	100.000	99,16%	100,00%	Integrale
Umbriadeue Servizi Idrici S.c.a.r.l.	Via Aldo Bartocci n. 29 - 05100 Terni	100.000	99,40%	100,00%	Integrale
Adistribuzionegas S.r.l.	Via L. Galvani, 17/A - 47122 Forlì	5.953.644	51,00%	100,00%	Integrale
Servizi idrici Integrati ScPA	Via I Maggio, 65 Terni	19.536.000	40,00%	100,00%	Integrale
Agle Academy S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Notaresco Gas S.r.l.	Via Padre Frasca, s.n., frazione Chieti Scalo Centro Dama	100.000	55,00%	100,00%	Integrale
Area Infrastrutture Energetiche					
areti S.p.A.	P.le Ostiense, 2 - Roma	345.000.000	100,00%	100,00%	Integrale
Area Generazione					
Acea Produzione S.p.A.	P.le Ostiense, 2 - Roma	5.000.000	100,00%	100,00%	Integrale
Acea Liquidation and Litigation S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Ecogena S.r.l.	P.le Ostiense, 2 - Roma	1.669.457	100,00%	100,00%	Integrale
SF ISLAND S.r.l.	Via Cantorriovo, 44/C - Acquapendente (VT)	10.000	100,00%	100,00%	Integrale
Acea Solar S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Acea Renewable S.r.l.	P.le Ostiense, 2 - Roma	10.000	100,00%	100,00%	Integrale
Area Ingegneria e Servizi					
ACEA Elabiori S.p.A.	Via Vitorchiano - Roma	2.444.000	100,00%	100,00%	Integrale
SIMAM S.p.A.	Via Cimabue, 11/2 - 60019 Senigallia (AN)	600.000	70,00%	100,00%	Integrale
Technologies For Water Services S.p.A.	Via Ticino, 9 - 25015 Desenzano Del Garda (BS)	11.164.000	100,00%	100,00%	Integrale

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

Denominazione	Sede	Capitale Sociale (in €)	Quota di partecipazione	Quota Consolidato di Gruppo	Metodo di Consolidamento
Area Ambiente					
Picambiente S.p.A.	Contrada Monte Renzo, 25 - 63074 San Benedetto del Tronto (AP)	5.500.000	21,80%	21,80%	Patrimonio Netto
Ecomed S.r.l.	P.le Ostiense, 2 - Roma	10.000	50,00%	50,00%	Patrimonio Netto
Area Idrico					
Acque S.p.A.	Via Garigliano, 1 - Empoli	9.953.116	45,00%	45,00%	Patrimonio Netto
Acque Servizi S.r.l.	Via Bellatalla, 1 - Ospedaletto (Pisa)	400.000	100,00%	45,00%	Patrimonio Netto
Geal S.p.A.	Viale Luporini, 1348 - Lucca	1.450.000	48,00%	48,00%	Patrimonio Netto
Intesa Aretina S.c.a.r.l.	Via B. Crespi, 57 - Milano	18.112.000	35,00%	35,00%	Patrimonio Netto
Nuove Acque S.p.A.	Patrignone Loc. Cuculo - Arezzo	34.450.389	46,16%	16,16%	Patrimonio Netto
Publiacqua S.p.A.	Via Villamagna - Firenze	150.280.057	40,00%	40,00%	Patrimonio Netto
Umbra Acque S.p.A.	Via G. Benucci, 162 - Ponte San Giovanni (PG)	15.549.889	40,00%	40,00%	Patrimonio Netto
Romeo Gas S.p.A.	Corso di Porta Vittoria, 4 - Milano	n.d.	30,13%	30,13%	Patrimonio Netto
Area Generazione					
AE Sun Capital	Piazzale Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Ambra Solare 16 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 17 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 20 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 25 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 28 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 29 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 30 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 31 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 33 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 34 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 35 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 39 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 40 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Ambra Solare 44 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Marmaria Solare 8 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Marmaria Solare 9 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
Marmaria Solare 10 S.r.l.	Via Tevere, 41 - Roma	10.000	51,00%	51,00%	Patrimonio Netto
KT 4 S.r.l.	Viale SS Pietro e Paolo, 50 - Roma	250.000	40,00%	40,00%	Patrimonio Netto
Solaria Real Estate srl	P.le Ostiense, 2 - Roma	176.085	40,00%	40,00%	Patrimonio Netto
Acea Sun Capital S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Trinovolt S.r.l.	Viale Tommaso Columbo, 31/D - Bari (BA)	10.000	40,00%	40,00%	Patrimonio Netto
Marche Solar S.r.l.	Via Achille Grandi 39 - Concordia sulla Secchia (MO)	10.000	40,00%	40,00%	Patrimonio Netto
Fergas Solar S.r.l.	Via Pietro Piffetti, 19 - 10143 Torino	10.000	40,00%	40,00%	Patrimonio Netto
Euroline 3 S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
IFV Energy S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
PF Power of Future S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
JB Solar S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
M2D S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
PSL S.r.l.	Via Ruillo, 18/20 - Catania	15.000	40,00%	40,00%	Patrimonio Netto
Solarplant S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Acea Green S.r.l.	P.le Ostiense, 2 - Roma	10.000	40,00%	40,00%	Patrimonio Netto
Belaria S.r.l.	Via Luciano Manara, 15 - Milano	10.000	49,00%	19,60%	Patrimonio Netto
Energia S.p.A.	Via Barberini, 28 - 00187 Roma	239.520	49,90%	49,90%	Patrimonio Netto
Area Ingegneria e Servizi					
Ingegnerie Toscane S.r.l.	Via Francesco de Sanctis, 49 - Firenze	100.000	98,90%	44,10%	Patrimonio Netto
Visano S.c.a.r.l.	Via Lamarmora, 230 - 25124 Brescia	25.000	40,00%	40,00%	Patrimonio Netto

The following companies are also consolidated using the equity method:

Denominazione	Sede	Capitale Sociale (in €)	Quota di partecipazione	Quota Consolidato di Gruppo	Metodo di Consolidamento
Area Ambiente					
Amea S.p.A.	Via San Francesco d'Assisi 15C - Pallano (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 Bogotá S.A.	Calle 82 n. 19°-34 - Bogotá- 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	15,00%	15,00%	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 30 September 2022 are those adopted to draft the 2021 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 2022

“Amendment to IFRS 3 Business Combinations”

Issued on 14 May 2020, it updates the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing changes to the provisions of the standard.

“Amendment to IAS 16 Property, Plant and Equipment”

Issued on 14 May 2020, it does not allow deducting the amount received from the sale of goods produced before the asset was ready for use from the cost of the fixed asset. These sales revenues and related costs are recognised in the income statement. Amendments to IAS 16 are effective from the financial years beginning on or after 1 January 2022.

“Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets”

Issued on 14 May 2020, it clarifies which cost items must be considered to assess whether a contract will result in a loss. In this regard, the “cost needed to fulfil” the contract includes the costs related directly to the latter, comprising: a) the incremental costs needed to fulfil said contract (for example, labour and direct raw materials) and b) the breakdown of the other costs directly related to fulfilling the contract (for example, the breakdown of the amortisation/depreciation rate for fixed assets, plants and machinery used to fulfil said contract and others).

“Annual Improvements 2018-2020”

Issued on 14 May 2020, it includes amendments to:

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

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

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.

“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. Early application is permitted.

“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 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. Earlier application is permitted.

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

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 Consolidated Financial Statements for the ACEA Group at 31 December 2021 recognised the assets and liabilities inherent to the agreement as a Disposal Group, measured and recorded in the Balance Sheet according to the provisions under the international IFRS standard.

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 and Acea Renewable and are included in this Interim Report on Operations in line with the provisions of IFRS 5 and in line with what was reported in the 2021 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 intragroup 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 30 September 2022 is presented below:

ASSETS (€ million)	Effect of application of IFRS 5
NON-CURRENT ASSETS	18.3
CURRENT ASSETS	0.6
Non-current assets destined for sale	18.9

LIABILITIES (€ million)	Effect of application of IFRS 5
NON-CURRENT LIABILITIES	0.0
CURRENT LIABILITIES	1.7
Liabilities closely associated with assets held for sale	1.7

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 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. The transaction was recognised considering the entire scope of the sale, with a sales price of € 196.7 million, recognising a net capital gain in the income statement for the entire transaction (limited to the minority interest portion) for € 18.8 million.

Consolidated Income Statement

€ thousand	30/09/2022	Of which related party transactions	30/09/2021	Of which related party transactions	Change
Revenue from sales and services	3,677,828		2,675,782		1,002,046
Other revenue and proceeds	115,979		90,002		25,977
Consolidated Net Revenue	3,793,807	92,339	2,765,784	77,450	1,028,023
Staff costs	224,184		208,724		15,460
Costs of materials and overhead	2,623,693		1,643,378		980,315
Consolidated Operating Costs	2,847,877	54,445	1,852,102	40,162	995,774
Net Income/(Expense) from commodity risk management	34,547		0		34,547
Profit / (loss) from non-financial equity investments	21,833		16,494		5,338
EBITDA	1,002,310		930,176		72,134
Net write-downs (write-backs) of trade receivables	73,854		66,402		7,452
Depreciation, amortisation and provisions	443,776		404,085		39,691
Operating profit/(loss)	484,680	37,894	459,689	37,288	24,991
Financial income	20,530	777	7,985	111	12,545
Financial charges	(78,982)	(65)	(70,758)	0	(8,224)
Profit/(Loss) on equity investments	19,574		2,380		17,193
Profit/(loss) before tax	445,802	38,607	399,296	37,398	46,506
Income tax	162,080		118,990		43,090
Net profit/(loss)	283,722	38,607	280,306	37,398	3,416
Net profit/(loss) from discontinued operations					
Net profit/(loss)	283,722	38,607	280,306	37,398	3,416
Profit/(loss) due to third parties	26,325		31,748		(5,423)
Net profit/(loss) attributable to the Group	257,397	38,607	248,558	37,398	8,839
Earnings (loss) per share attributable to Parent Company's shareholders					
<i>Base</i>	<i>1.20864</i>		<i>1.16713</i>		<i>0.04150</i>
<i>Diluted</i>	<i>1.20864</i>		<i>1.16713</i>		<i>0.04150</i>
Profit (loss) per share attributable to the shareholders of the Parent Company net of Treasury Shares					
<i>Base</i>	<i>1.21101</i>		<i>1.16942</i>		<i>0.04159</i>
<i>Diluted</i>	<i>1.21101</i>		<i>1.16942</i>		<i>0.04159</i>

Quarterly Consolidated Income Statement

€ thousand	Q3 2022	Q3 2021	Change
Revenue from sales and services	1,421,010	915,994	505,016
Other revenue and proceeds	25,132	25,524	(392)
Consolidated Net Revenue	1,446,143	941,518	504,625
Staff costs	71,497	64,970	6,527
Costs of materials and overhead	1,095,182	570,537	524,645
Consolidated Operating Costs	1,166,679	635,508	531,172
Net Income/(Expense) from commodity risk management	34,547	0	34,547
Profit / (loss) from non-financial equity investments	5,813	5,381	432
EBITDA	319,824	311,391	8,433
Net write-downs (write-backs) of trade receivables	30,914	20,561	10,353
Depreciation, amortisation and provisions	152,533	140,908	11,625
Operating profit/(loss)	136,377	149,922	(13,545)
Financial income	14,426	4,114	10,312
Financial charges	(29,150)	(23,528)	(5,622)
Profit/(Loss) on equity investments	452	(362)	814
Profit/(loss) before tax	122,105	130,146	(8,041)
Income tax	36,425	38,787	(2,363)
Net profit/(loss)	85,681	91,359	(5,678)
Net profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	85,681	91,359	(5,678)
Profit/(Loss) due to third parties	11,306	8,589	2,717
Net profit/(loss) attributable to the Group	74,375	82,769	(8,395)

Consolidated Statement of Comprehensive Income

€ thousand	30/09/2022	30/09/2021	Change
Net profit/(loss) for the period	283,722	280,306	3,416
Gains/losses from the conversion of financial statements in foreign currency	14,445	(315)	14,760
Provision for exchange rate difference	11,824	3,321	8,504
Tax on exchange rate difference	(2,838)	(797)	(2,041)
Gains/losses from exchange rate difference	8,986	2,524	6,463
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	(47,347)	31,069	(78,416)
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	16,299	(8,778)	25,077
Profit/(loss) from the effective portion on hedging instruments, net of tax	(31,048)	22,291	(53,339)
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	4,258	3,805	453
Tax effect on the other actuarial profit/(loss) on staff benefits	(2,007)	(1,086)	(921)
Actuarial profit/(loss) on defined benefit pension plans, net of tax	2,251	2,719	(468)
Total of the comprehensive income components, net of tax	(5,366)	27,218	(32,584)
Total comprehensive profit/(loss)	278,356	307,525	(29,169)
Total comprehensive income (loss) attributable to:			
Group	244,409	274,478	(30,069)
<i>Third parties</i>	<i>33,947</i>	<i>33,047</i>	<i>900</i>

Quarterly Consolidated Statement of Comprehensive Income

€ thousand	Q3 2022	Q3 2021	Change
Net profit/(loss) for the period	85,681	91,359	(5,678)
Gains/losses from the conversion of financial statements in foreign currency	4,309	(482)	4,791
Provision for exchange rate difference	(377)	(3,380)	3,004
Tax on exchange rate difference	90	811	(721)
Gains/losses from exchange rate difference	(286)	(2,569)	2,283
Effective portion of gains/(losses) on hedging instruments ("cash flow hedges")	(55,937)	26,359	(82,296)
Tax effect of other gains/(losses) on hedging instruments ("cash flow hedges")	18,301	(7,331)	25,631
Profit/(loss) from the effective portion on hedging instruments, net of tax	(37,637)	19,028	(56,665)
Actuarial profit/(loss) on staff benefits included in the Shareholders' Equity	644	694	(50)
Tax effect on the other actuarial profit/(loss) on staff benefits	(985)	(184)	(801)
Actuarial profit/(loss) on defined benefit pension plans, net of tax	(341)	510	(852)
Total of the comprehensive income components, net of tax	(33,955)	16,488	(50,443)
Total comprehensive profit/(loss)	51,725	107,847	(56,121)
Total comprehensive income (loss) attributable to:			
<i>Group</i>	<i>38,107</i>	<i>99,026</i>	<i>(60,919)</i>
<i>Third parties</i>	<i>13,618</i>	<i>8,820</i>	<i>4,797</i>

Consolidated Statement of Financial Position

€ thousand	30/09/2022	<i>of which with related parties</i>	31/12/2021	<i>of which with related parties</i>	Change
Tangible fixed assets	3,061,524		2,938,530		122,994
Real estate investments	2,270		2,314		(44)
Goodwill	260,057		251,477		8,579
Concessions and rights on infrastructure	3,238,452		3,048,190		190,262
Intangible fixed assets	405,924		411,607		(5,682)
Copyright	84,820		53,096		31,725
Equity investments in unconsolidated subsidiaries and associates	375,082		292,239		82,843
Other equity investments	3,012		2,980		32
Deferred tax assets	222,825		202,606		20,219
Financial assets	17,755	5,716	22,549	8,319	(4,793)
Other non-current assets	627,251		576,065		51,186
Non-current assets	8,298,973	5,716	7,801,652	8,319	497,321
Inventories	108,036		86,406		21,630
Trade receivables	1,334,769	87,524	1,071,644	51,601	263,126
Other current assets	532,911		387,813		145,098
Current tax assets	65,443		24,183		41,260
Current financial assets	409,468	127,170	407,944	113,981	1,524
Cash and cash equivalents	659,383		680,820		(21,437)
Current assets	3,110,010	214,694	2,658,809	165,582	451,201
Non-current assets destined for sale	18,890		168,425		(149,535)
TOTAL ASSETS	11,427,873	220,410	10,628,886	173,901	798,987

€ thousand	30/09/2022	<i>of which with related parties</i>	31/12/2021	<i>of which with related parties</i>	Change
Share capital	1,098,899		1,098,899		0
Legal reserve	147,501		138,649		8,852
Other reserves	(51,080)		(123,433)		72,353
Retained earnings/(losses)	732,168		696,547		35,621
Profit (loss) for the year	257,397		313,309		(55,912)
Total Shareholders' Equity for the Group	2,184,885		2,123,971		60,914
Third parties Shareholders' Equity	416,521		392,449		24,072
Total Shareholders' Equity	2,601,407		2,516,420		84,986
Staff termination benefits and other defined benefit plans	112,466		120,150		(7,684)
Provisions for risks and charges	305,089		193,318		111,771
Borrowings and financial liabilities	4,706,226		4,791,979		(85,753)
Other non-current liabilities	414,595		409,064		5,531
Non-current liabilities	5,538,377		5,514,512		23,866
Borrowings	755,608	129,495	285,222	120,137	470,387
Payables to suppliers	1,824,450	62,487	1,683,563	51,965	140,887
Tax payables	29,126		18,962		10,164
Other current liabilities	677,178		562,806		114,372
Current liabilities	3,286,362	191,983	2,550,553	172,102	735,809
Liabilities closely associated with assets held for sale	1,728		47,402		(45,674)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,427,873	191,983	10,628,886	172,102	798,987

Consolidated Cash Flow Statement

€ thousand	30/09/2022	Related parties	30/09/2021	Related parties	Change
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	445,802		399,296		46,506
Depreciation/amortisation and impairment losses	435,879		395,151		40,728
Revaluations/Impairment charges	32,448		47,528		(15,080)
Increase/(decrease) in provisions for liabilities	(10,021)		(22,306)		12,285
Net change in the provision for employee benefits	(11,997)		(7,185)		(4,812)
Net financial interest	58,452		62,773		(4,321)
Income taxes paid	(72,243)		(84,062)		11,819
Cash flow generated by operating activities before changes in working capital	878,320	0	791,196	0	87,124
Increase/Decrease in receivables included in current assets	(336,198)	(35,924)	(149,926)	(14,707)	(186,272)
Increase/Decrease in payables included in the working capital	131,079	10,522	(145,034)	58,974	276,113
Increase/Decrease in inventories	(21,154)		(1,879)		(19,274)
Change in working capital	(226,273)	(25,401)	(296,839)	44,267	70,566
Change in other assets/liabilities during the period	(33,247)		7,724		(40,970)
<i>Cash flow from operations of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	618,800	(25,401)	502,080	44,267	116,720
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase/sale of tangible fixed assets	(304,779)		(118,564)		(186,214)
Purchase/sale of intangible fixed assets	(409,562)		(565,768)		156,206
Equity investments	124,477		(20,702)		145,178
Collections/payments deriving from other financial investments	3,237	(10,586)	(44,098)	(100)	47,335
Dividends received	3,381	3,381	6,915	6,915	(3,533)
Interest income received	22,953		10,364		12,589
<i>Cash flow from investments of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES	(560,293)	(7,205)	(731,854)	6,815	171,561
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of mortgages and medium/long-term borrowings	(36,483)		(192,884)		156,401
Provision of mortgages/other medium/long-term loans	250,000		902,500		(652,500)
Decrease/Increase in other financial debts	(74,268)	9,359	(171,381)	259,963	97,113
Interest expense paid	(80,735)		(73,289)		(7,446)
Dividends paid	(139,461)	(139,461)	(131,833)	(131,833)	(7,628)
<i>Cash flow from loans of Disposal Groups/Assets held for sale</i>	0		0		0
TOTAL CASH FLOW FROM FINANCING ACTIVITIES	(80,947)	(130,102)	333,112	128,130	(414,059)
CASH FLOW FOR THE PERIOD	(22,440)	(162,708)	103,338	179,212	(125,779)
Net opening balance of cash and cash equivalents	680,820		642,209		38,611
Cash availability from acquisition	1,004		972		32
NET CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	659,383		746,519		(87,136)
Cash and cash equivalents at the end of the year					
<i>Disposal Groups/Assets held for sale</i>	606		0		606
Cash and cash equivalents at the end of the year					
<i>Continuing Operations</i>	658,777		746,519		(87,743)

Consolidated Statement of Changes in Shareholders' equity

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1 January 2022	1,098,899	138,649	573,114	313,309	2,123,971	392,449	2,516,420
Income statement profit	0	0	0	257,397	257,397	26,325	283,722
Other comprehensive income (loss)	0	0	(12,988)	0	(12,988)	7,622	(5,366)
Total comprehensive income (loss)	0	0	(12,988)	257,397	244,409	33,947	278,356
Allocation of result for 2021	0	8,852	304,457	(313,309)	0	0	0
Distribution of dividends	0	0	(180,666)	0	(180,666)	(11,000)	(191,665)
Change in consolidation scope	0	0	(1,450)	0	(1,450)	1,041	(410)
Other changes	0	0	(1,379)	0	(1,379)	85	(1,295)
Balance at 30 September 2022	1,098,899	147,501	681,088	257,397	2,184,885	416,521	2,601,407

€ thousand	Share capital	Legal reserve	Other reserves	Profit for the period	Total	Third parties Shareholders' Equity	Total Shareholders' Equity
Balance at 1 January 2021	1,098,899	129,761	453,724	282,446	1,964,829	358,429	2,323,258
Income statement profit	0	0	0	248,558	248,558	31,748	280,306
Other comprehensive income (loss)	0	0	25,920	0	25,920	1,299	27,218
Total comprehensive income (loss)	0	0	25,920	248,558	274,478	33,047	307,525
Allocation of result for 2020	0	8,888	273,558	(282,446)	0	0	0
Distribution of dividends	0	0	(170,038)	0	(170,038)	(10,194)	(180,232)
Change in consolidation scope	0	0	0	0	0	(8,096)	(8,096)
Other changes	0	0	(1,402)	0	(1,402)	8,532	7,130
Balance at 30 September 2021	1,098,899	138,649	581,761	248,558	2,067,867	381,718	2,449,585
Income statement profit	0	0	0	64,751	64,751	7,282	72,033
Other comprehensive income (loss)	0	0	3,636	0	3,636	782	4,418
Total comprehensive income (loss)	0	0	3,636	64,751	68,387	8,065	76,452
Allocation of result for 2020	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	(3,412)	(3,412)
Change in consolidation scope	0	0	0	0	0	(930)	(930)
Other changes	0	0	(12,283)	0	(12,283)	7,009	(5,273)
Balance as at 31 December 2021	1,098,899	138,649	573,114	313,309	2,123,971	392,449	2,516,420

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 at 30 September 2022, corresponds to results of the documents, books and accounting entries.