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Oggetto : Snam: solid performance in an uncertain  
environment; guidance on 2022 net profit  
unchanged

*Testo del comunicato*

Vedi allegato.



## Snam: solid performance in an uncertain environment; guidance on 2022 net profit unchanged

### Main Highlights

- **Total revenues:** 2,400 million euros<sup>1</sup> (+10.3% on the first nine months of 2021)
- **Adjusted EBITDA:** 1,706 million euros (-0.6%), as a result mainly of the revision of the regulatory cost of the infrastructure business (**WACC equal to 95 million euros**) partially offset by additional revenues and efficiency measures as well as the contribution from energy transition businesses of 19 million euros
- **Group adjusted net profit:**<sup>2</sup> 932 million euros (-0.6%); in line with expectations, reflecting the soundness of the gas infrastructure business and the good performance of associates
- **Capital expenditure:** 883 million euros (+2% on 2021). The 2022 investment plan has been confirmed
- **Net financial debt:** 12,945 million euros (14,021 million euros at December 31<sup>st</sup>, 2021), with the decline mainly reflecting a temporary variation in working capital associated with gas balancing activities
- **Guidance on 2022 net profit:** still projected to amount to at least 1.13 billion euros
- **Regasification vessels:** authorisation granted for the installation of the FSRUs at Piombino and Ravenna
- **Biomethane:** 9 new plants acquisition recently completed, thereby bringing the company's portfolio to a total capacity of 32MW among operational and under construction plants
- **2022 interim dividend:** 0.1100 euros per share

San Donato Milanese (Milan), November 10<sup>th</sup>, 2022 - The Board of Directors of Snam, meeting yesterday under the chairmanship of Monica de Virgiliis, unanimously approved and expressed its own satisfaction on the consolidated accounts for the first nine months of 2022 (not audited). The Board, having received an opinion from the audit firm,<sup>3</sup> also approved the distribution of an interim dividend for 2022 of 0.1100 euros per share, with payment as from January 25<sup>th</sup>, 2023.

**Stefano Venier, Snam CEO,** commented: *“Performance in the first nine months of 2022 confirms the soundness of the Group’s action even in an environment clouded by uncertainty. The strong performance of our entire Italian business despite the reduction in regulated rates in the gas*

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<sup>1</sup> Net of fees covering energy costs (cost of gas needed for network operation).

<sup>2</sup> Excluding non-controlling interests.

<sup>3</sup> On November 9<sup>th</sup>, 2022 the audit firm Deloitte & Touche S.p.A. issued the favourable opinion referred to Article 2433-bis of the Italian Civil Code. The financial statements and the report on the basis of which the Board of Directors of Snam S.p.A. approved the distribution of the interim dividend and the associated opinion of the audit firm are filed at the company offices.



segment, the contribution of our foreign associates and the new businesses connected with the energy transition have contributed to the stability of our profits and enable us to confirm the Group's guidance on net profit for 2022 as a whole.

Moreover, with receipt of authorisation to begin operation of our regasification vessels, we take the first step in the remodelling of our national energy security, which will soon have to be accompanied by the expansion of transport and storage infrastructure and an acceleration of initiatives for the transition, in which Snam expects to play a leading role. This is the only way we can transform the current crisis into an opportunity for the construction of our future energy paradigm".

## Summary of performance in the first nine months of 2022

### Performance highlights

(millions of euros)	First nine months		Change	% change
	2021	2022		
<b>Total revenues (a)</b>	<b>2,176</b>	<b>2,400</b>	224	10.3
<b>Gas infrastructure business revenues (a)</b>	<b>1,931</b>	<b>1,936</b>	5	0.3
<b>- of which regulated revenues (a)</b>	<b>1,911</b>	<b>1,871</b>	(40)	(2.1)
<b>Energy transition business revenues</b>	<b>245</b>	<b>464</b>	219	89.4
<b>EBITDA (*)</b>	<b>1,716</b>	<b>1,706</b>	(10)	(0.6)
<b>EBIT (*)</b>	<b>1,115</b>	<b>1,065</b>	(50)	(4.5)
<b>Net profit (*) (b)</b>	<b>938</b>	<b>932</b>	(6)	(0.6)
Special items (c)	279	40	(239)	(85.7)
<b>Reported net profit (b)</b>	<b>1,217</b>	<b>972</b>	(245)	(20.1)

(\*) Adjusted values.

(a) Net of fees covering energy costs (148 million euros in the first nine months of 2022).

(b) Attributable to Snam shareholders.

(c) An analysis of special items is given on page 9 of this press release. For a definition, please see "Methodological note - Non-GAAP measures".

### Total revenues

Total revenues net of energy costs amounted to 2,400 million euros, an increase of 224 million euros (+10.3%) on the first nine months of 2021. Revenues from the energy transition businesses increased (+219 million euros; +89.4%), mainly reflecting the development of energy efficiency activities, especially among residential customers. Revenues from the gas infrastructure business increased by 5 million euros, attributable to the positive contribution of the implementation of planned investments and the delivery of output-based services, as well as positive one-off effects, despite the reduction of the WACC (95 million euros, of which -76 million concerning transport).

Regulated revenues net of energy costs amounted to 1,871 million euros, a decrease of 40 million euros (-2.1%) on the first nine months of 2021. The reduction in the WACC noted above was partially offset: (i) by an increase in revenues connected with the RAB (+34 million euros, including the effect of lower input-based incentives); (ii) an increase in volumes of gas transported (+23 million euros) due to the temporary positive performance of redeliveries, the growth in exports and the filling of storage facilities; and (iii) an increase in revenues from output-based services (+14 million euros



connected with transport and storage, for flexibility services offered in short-term auctions). In addition, the first nine months of 2021 had benefitted from the release of prior-period balance sheet items in the amount of 17 million euros.

#### **Adjusted EBITDA**

Adjusted EBITDA for the first nine months of 2022 amounted to 1,706 million euros, substantially in line (-0.6%) with the corresponding aggregate in the first nine months of 2021. The expansion of the energy transition businesses (+19 million euros), connected with the positive contribution of energy efficiency activities (+14 million euros), as well as in biomethane activities (+7 million euros) was offset by the reduction recognised by the gas infrastructure business (-29 million euros), which was associated in part with provisions for risks and charges released in the first nine months of 2021 for disputes that have been resolved and with an increase in costs for utilities.

#### **Adjusted EBIT**

Adjusted EBIT in the first nine months of 2022 amounted to 1,065 million euros, a decrease of 50 million euros (-4.5%) on the first nine months of 2021. This reflected the developments in EBITDA discussed above and an increase in amortisation, depreciation and impairment losses (-40 million euros, or 6.7%), mainly attributable to the entry of new assets into service.

#### **Net financial expense**

Net financial expense in the first nine months of 2022 amounted to 89 million euros, an increase of 13 million euros on the first nine months of 2021. The increase in the average cost of gross debt, which went to about 1.1% in the first nine months of 2022, from about 0.8% in the first nine months of 2021 was partially offset by one-off income from the partial repayment of the Shareholders Loan by OLT (a repayment of about 197 million euros in nominal value), which involved the redetermination of future cash flows.

#### **Net income from equity investments**

Net income from equity investments amounted to 250 million euros, an increase of 38 million euros (+17.9%) compared with the first nine months of 2021, as already posted in the first half of 2022. Among the associates, Interconnector Limited (+19 million euros) benefitted from an increase in available export capacity fostered by current market conditions and, in particular, the abundant supply of liquefied natural gas in the United Kingdom, with a consequent increase in price competitiveness. The rise in income from equity investments also reflected the increase registered by the associates Terèga (+6 million euros), mainly attributable to an increase in exported gas volumes, and De Nora, owing to the strong performance of the electrolysis business.

#### **Adjusted net profit**

The Group's adjusted net profit for the first nine months of 2022 amounted to 932 million euros, broadly in line (-0.6%) with the same period of 2021 (938 million euros), reflecting the good performance of associates.

#### **Capital expenditure**

Capital expenditure amounted to 883 million euros in the first nine months of 2022, up 17 million euros (+2.0%). Investments essentially regarded natural gas transport (682 million euros; 697 million euros in the first nine months of 2021) and natural gas storage (114 million euros; 104 million euros



in the first nine months of 2021); investments in energy transition business registered 59 million euros. The 2022 investment plan has been confirmed.

### **Cash flow**

The positive net cash flow from operating activities mainly attributable to gas balancing operations (2,547 million euros), together with receipts deriving from the repayment of the financial receivable by OLT, and from the disposal of an interest in Industrie De Nora, made it possible to generate free cash flow of 1,627 million euros. Net financial debt, including the equity cash flow (845 million euros) connected with the distribution of the 2021 dividend<sup>4</sup> to shareholders and non-monetary changes mainly relating to the extinguishment of the convertible bond through the assignment of Snam treasury shares, decreased by 1,076 million euros compared with December 31<sup>st</sup>, 2021 to 12,945 million euros (14,021 million euros at December 31<sup>st</sup>, 2021).

### **Interim dividend**

Based on results for the first nine months and the forecasts for 2022 as a whole, the Board of Directors of Snam approved the distribution to the shareholders of an interim dividend for 2022 of 0.1100 euros per share, with payment starting from January 25<sup>th</sup>, 2023, with an ex-dividend date of January 23<sup>rd</sup> and a record date of January 24<sup>th</sup>.

### **Outlook**

The most recent projections for the evolution of natural gas demand in Italy this year point to a decline compared with 2021, due in particular to the effect of the increase in energy prices in the industrial sector and forecasts for warmer temperatures so far, as well as the measures envisaged in the “National Natural Gas Consumption Containment Plan.”

TAG (joint control) and GCA (associate) are the foreign investees with the greatest exposure to Russian gas supplies through transport contracts. However, despite the reduction in imported Russian gas flows to Italy experienced in particular in the third quarter of 2022, the overall performance of these companies is not expected to be impacted significantly this year.

The current European gas market is affected by uncertainty on the supply side, this has engendered substantial volatility at the European hubs in past months, with sharp price differentials in markets with greater regasification capacity. Although prices are currently subsiding after the records posted in August in reflection of the high level of gas in storage facilities and the European demand containment plan, forward prices for the coming winter months remain strong and above 100 euros MWh pending the arrival of colder weather.

With regard to the agreement announced on November 27<sup>th</sup>, 2021 concerning the sale to Snam of 49.9% of the investments held by Eni in the companies that manage the two groups of international gas pipelines connecting Algeria to Italy, TTPC and TMPC, the closing of the transaction has been postponed to the end of the year, pending the completion of the authorisation process.

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<sup>4</sup> The total dividend from 2021 net profit amounts to 872 million euros, of which 345 million paid as an interim dividend and 527 million as the balance. Amounts still to be paid at September 30<sup>th</sup>, 2022 are attributable to a request from a number of shareholders to defer payment.



With regard to the operational management of ordinary activities and the implementation of the 2022 investment programme, we can confirm that the announced level of expenditure will continue, with particular regard to regulated businesses. In the energy transition businesses, a positive contribution is expected from a biomethane activities decree published on October 26<sup>th</sup> which, in any case, will unveil most of its benefits starting with 2023. Incentive programmes in energy efficiency will continue to implement according to expectations.

Current market conditions and the scenario for interest rates and credit spreads, while having significantly deteriorated, is expected to have a limited impact in the remainder of the year, thanks to our funding activities on the capital market and the liability management exercise completed at the beginning of 2022, as well as revolving credit lines obtained in the second and third quarters of 2022. These actions have made it possible to complete the funding envisaged in the 2022 plan, about 3 billion euros in the first half of 2022, and to raise some 2 billion euros in pre-funding activities for 2023, through flexible instruments to manage market volatility as well as optimize the recourse to capital market.

The guidance for 2022 net profit, is confirmed at least 1.13 billion euros.

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*At 2:30 p.m. CET today, November 10<sup>th</sup>, 2022, a conference call will be held to present the consolidated results for the first nine months of 2022 to financial analysts and investors. It will be possible to follow the event via conference call and all supporting documentation will be available at [www.snam.it](http://www.snam.it) in the Investor Relations section from the beginning of the call. The presentation can also be followed through a video webcast in the same section.*

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## Key operational highlights

		First nine months		Change	% change
		2021	2022		
<b>Natural injected into the National Gas Transportation Network (a) (b)</b>	(billions of m <sup>3</sup> )	<b>55.91</b>	<b>58.04</b>	2.13	3.8
<b>Gas demand (a) (b)</b>	(billions of m <sup>3</sup> )	<b>53.40</b>	<b>51.66</b>	(1.74)	(3.2)
<b>LNG regasification (a)</b>	(billions of m <sup>3</sup> )	<b>1.09</b>	<b>1.47</b>	0.38	34.9
<b>Available storage capacity (a) (c)</b>	(billions of m <sup>3</sup> )	<b>16.5</b>	<b>16.5</b>		
<b>Natural gas moved through storage system (a)</b>	(billions of m <sup>3</sup> )	<b>14.51</b>	<b>15.71</b>	1.20	8.3
<b>Employees in service at period end (d)</b>	(number)	<b>3,388</b>	<b>3,568</b>	180	5.3

- (a) For the first nine months of 2021, gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of 38.1 MJ/SMC (10.573 kWh/SMC) for transport and regasification and 39.253 MJ/SMC (10.892 kWh/SMC) for natural gas storage for the 2022-2023 thermal year.
- (b) The figure for the first nine months of 2022 is updated to October 13<sup>th</sup>, 2022. The corresponding value for 2021 has been definitively updated.
- (c) Of which 4.5 billion cubic metres of strategic gas and 12.0 billion cubic metres of working gas available for modulation, mineral and balance services. Available storage capacity for the 2022-2023 thermal year was about 84% filled at September 30<sup>th</sup>, 2022 (95.2% at the date of this press release).
- (d) Companies consolidated line-by-line. The change reflects the entry of new personnel due to the change in the scope of consolidation (91 employees) and to the strengthening the new businesses connected with the energy transition.

### Natural gas injected into the National Gas Transportation Network

Demand for gas in the first nine months of 2022, which was equal to 51.66 billion cubic metres, declined compared with the corresponding period of 2021 (-1.74 billion cubic metres, or -3.2%), reflecting the contraction in consumption in the residential and service sectors (-0.95 billion cubic metres, or -4.9%), mainly due to generally milder temperatures compared with 2021, as well as a decline in consumption in the industrial sector (-0.91 billion of cubic metres, or -9.0%), due to high commodity prices and supply difficulties. These effects were partly offset by growth in consumption in the thermal generation sector (+0.64 billion cubic metres, or +2.9%), reflecting the contraction in hydroelectric generation caused by the extreme drought, partly offset by a decline in the use of natural gas in generation due to rising prices.

Net of climate effects, gas demand was equal to 50.85 billion cubic metres, a decrease of 1.47 billion cubic metres (-2.8%) compared with the first nine months of 2021 (52.32 billion cubic metres), in line with the expansion of energy efficiency measures.

In the first nine months of 2022, 58.04 billion cubic metres of natural gas were injected into the national gas transportation network, an increase compared with the first nine months of 2021 (+2.13 billion cubic metres, or +3.8%) that reflected an increase in gas injected for export, notably at the Tarvisio entry point.

### Regasification of Liquefied Natural Gas (LNG)

In the first nine months of 2022, the LNG terminal of Panigaglia (La Spezia) regasified 1.47 billion cubic metres of LNG (1.09 billion cubic metres in the first nine months of 2021, or +34.9%) and 38 LNG carriers were unloaded (25 carriers unloaded in the first nine months of 2021, compared with 30 allocated). In April 2022, volumes regasified by GNL Italia began to increase, accompanied by a



consequent increase in vessel unloading compared with the early months of 2022, a period impacted by price dynamics and, in particular, an increase in liquefied Algerian gas flows to France and Spain.

### **Natural gas storage**

The total storage capacity managed by the Snam Group at September 30<sup>th</sup>, 2022, including strategic storage, was 16.5 billion cubic metres, the largest in Europe in this period of supply difficulties. As of the date of this press release, the filling level of storage facilities had reached 95.2% of total capacity, exceeding the filling target of at least 90% established with Law 34 of April 27<sup>th</sup>, 2022. This result was achieved in part thanks to the contribution of Snam, which in its role as purchaser of last resort to support the filling of storage facilities, purchased and injected into storage some 1.3 billion cubic metres of gas, of which about 0.7 billion for the operation of infrastructure. Under the applicable regulatory framework, the last resort service has no financial impact on Snam.

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This press release on consolidated results for the first nine months of 2022, which have not been audited, has been prepared on a voluntary basis in accordance with the procedures set out in Article 82-ter "Additional periodic financial information" of Consob Issuers' Regulation No. 11971 of March 14<sup>th</sup>, 1999 as amended, in continuity with the quarterly disclosures provided by Snam in the past and consistent with the minimum content and timing provided for in the Group Financial Calendar.

*The officer responsible for the preparation of the Company's financial reports, Luca Oglialoro, hereby certifies, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.*

### **Disclaimer**

*This press release contains forward-looking statements concerning, in particular: the evolution of natural gas demand, investment plans and future operating performance. Such statements are by their very nature exposed to risk and uncertainty as they depend on the occurrence of future events and developments. Actual results could therefore differ from those announced due to various factors, including: developments in natural gas demand, supply and prices, general macroeconomic conditions, the impact of energy and environmental legislation, success in the development and implementation of new technologies, changes in stakeholder expectations and other changes in business conditions.*





## RECLASSIFIED INCOME STATEMENT

(millions of euros)	First nine months 2021		First nine months 2022		2022 adjusted vs 2021 adjusted	
	Reported	Adjusted (a)	Reported	Adjusted (a)	Change	% change
<b>Gas infrastructure business revenues</b>	<b>2,089</b>	<b>2,089</b>	<b>2,084</b>	<b>2,084</b>	<b>(5)</b>	<b>(0.2)</b>
<b>Regulated revenues</b>	<b>2,069</b>	<b>2,069</b>	<b>2,019</b>	<b>2,019</b>	<b>(50)</b>	<b>(2.4)</b>
- Transport	1,657	1,657	1,617	1,617	(40)	(2.4)
- Storage	397	397	379	379	(18)	(4.5)
- Regasification	15	15	23	23	8	53.3
<b>Non-regulated revenues</b>	<b>20</b>	<b>20</b>	<b>65</b>	<b>65</b>	<b>45</b>	
<b>Energy transition business revenues</b>	<b>245</b>	<b>245</b>	<b>464</b>	<b>464</b>	<b>219</b>	<b>89.4</b>
<b>Total revenues</b>	<b>2,334</b>	<b>2,334</b>	<b>2,548</b>	<b>2,548</b>	<b>214</b>	<b>9.2</b>
<b>Gas infrastructure business costs</b>	<b>(379)</b>	<b>(373)</b>	<b>(406)</b>	<b>(397)</b>	<b>(24)</b>	<b>6.4</b>
Fixed costs	(207)	(207)	(224)	(224)	(17)	8.2
Variable costs	(94)	(94)	(106)	(106)	(12)	12.8
Other costs	(78)	(72)	(76)	(67)	5	(6.9)
<b>Energy transition business costs</b>	<b>(245)</b>	<b>(245)</b>	<b>(453)</b>	<b>(445)</b>	<b>(200)</b>	<b>81.6</b>
<b>Total operating costs</b>	<b>(624)</b>	<b>(618)</b>	<b>(859)</b>	<b>(842)</b>	<b>(224)</b>	<b>36.2</b>
<b>EBITDA</b>	<b>1,710</b>	<b>1,716</b>	<b>1,689</b>	<b>1,706</b>	<b>(10)</b>	<b>(0.6)</b>
Amortization, depreciation and impairment losses	(601)	(601)	(646)	(641)	(40)	6.7
<b>EBIT</b>	<b>1,109</b>	<b>1,115</b>	<b>1,043</b>	<b>1,065</b>	<b>(50)</b>	<b>(4.5)</b>
Net financial expenses	(76)	(76)	(106)	(89)	(13)	17.1
Share of profit (loss) of equity-accounted investments	212	212	323	250	38	17.9
<b>Profit before tax</b>	<b>1,245</b>	<b>1,251</b>	<b>1,260</b>	<b>1,226</b>	<b>(25)</b>	<b>(2.0)</b>
Income tax	(26)	(311)	(285)	(291)	20	(6.4)
<b>Net profit</b>	<b>1,219</b>	<b>940</b>	<b>975</b>	<b>935</b>	<b>(5)</b>	<b>(0.5)</b>
- Attributable to Snam's shareholders	1,217	938	972	932	(6)	(0.6)
- Non-controlling interests	2	2	3	3	1	50.0

(a) Excluding special items.



## Special item detail

(millions of euros)	First nine months		Change	% change
	2021	2022		
<b>EBIT special items</b>	<b>6</b>	<b>22</b>	<b>16</b>	
- COVID -19 expenses	6	3	(3)	(50.0)
- Severance indemnity		6	6	
- Writedown of current and non-current assets		13	13	
<b>Net financial expenses</b>		<b>17</b>	<b>17</b>	
- Liability management financial expenses		17	17	
<b>Net income from equity investments</b>		<b>(73)</b>	<b>(73)</b>	
- Gain on sale of share of equity investments		(73)	(73)	
<b>Income taxes</b>	<b>(285)</b>	<b>(6)</b>	<b>279</b>	<b>(97.9)</b>
- Tax realignment pursuant to Law-Decree 104/2020	(292)		292	(100.0)
- Tax effect on reorganisation operations	9		(9)	(100.0)
- Income taxes on special items	(2)	(6)	(4)	
<b>Net profit special items</b>	<b>(279)</b>	<b>(40)</b>	<b>239</b>	<b>(85.7)</b>

## Reclassified statement of financial position

(millions of euros)	31.12.2021	30.09.2022	Change
<b>Non-current assets</b>	<b>21,296</b>	<b>21,660</b>	<b>364</b>
Property, plant and equipment	17,204	17,573	369
- of which right-of-use leased assets	20	25	5
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,167	1,254	87
Equity-accounted investments	2,560	2,649	89
Other financial assets	403	175	(228)
Net payables relating to investment activities	(401)	(354)	47
<b>Net working capital</b>	<b>1</b>	<b>(609)</b>	<b>(610)</b>
<b>Liabilities due to employee benefits</b>	<b>(36)</b>	<b>(39)</b>	<b>(3)</b>
<b>NET INVESTED CAPITAL</b>	<b>21,261</b>	<b>21,012</b>	<b>(249)</b>
<b>Equity</b>	<b>7,240</b>	<b>8,067</b>	<b>827</b>
- Attributable to Snam's shareholders	7,203	8,012	809
- Non-controlling interests	37	55	18
<b>Net financial debt</b>	<b>14,021</b>	<b>12,945</b>	<b>(1,076)</b>
- of which financial liabilities on leased assets (*)	20	25	5
<b>COVERAGE</b>	<b>21,261</b>	<b>21,012</b>	<b>(249)</b>

(\*) Including non-current lease liabilities (16 million euros) and the current portion of non-current lease liabilities (6 million euros).



## RECLASSIFIED STATEMENT OF CASH FLOWS

(millions of euros)	First nine months	
	2021	2022
<b>Net profit</b>	<b>1,219</b>	<b>975</b>
<i>Adjusted for:</i>		
- Amortization and depreciation and other non-cash components	394	326
- Net losses (gains) on asset sales and write-offs	5	6
- Dividends, interest and income taxes	84	375
Change in net working capital	(462)	1,087
Dividends, interest and income taxes collected (paid)	(59)	(222)
<b>Cash flows from operating activities</b>	<b>1,181</b>	<b>2,547</b>
Capital expenditure	(835)	(850)
Disposals	1	2
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired		(363)
Net investments in associates	(432)	152
Change in long-term financial assets	18	187
Other changes relating to investment activities	(67)	(48)
<b>Free cash flow</b>	<b>(134)</b>	<b>1,627</b>
Repayment of financial liabilities for leased assets	(6)	(6)
Change in short- and long-term financial liabilities	(218)	(1,348)
Equity cash flow	(771)	(845)
<b>Net cash flow for the period</b>	<b>(1,129)</b>	<b>(572)</b>

## CHANGE IN NET FINANCIAL DEBT

(millions of euros)	First nine months	
	2021	2022
<b>Free cash flow</b>	<b>(134)</b>	<b>1,627</b>
Convertible Bond		381
Equity cash flow (a)	(771)	(845)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation		(65)
Change in financial liabilities for leased assets	(6)	(11)
Other changes	(3)	(11)
<b>Change in net financial debt</b>	<b>(914)</b>	<b>1,076</b>



### Methodological note

The information on performance and financial position was prepared in accordance with the assessment and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19<sup>th</sup>, 2002. The recognition and measurement criteria adopted in preparing the results for the first nine months of 2022 are unchanged with respect to those adopted in the preparation of the Annual Report 2021 and the 2022 Half-Year Report, which readers are invited to consult for more information.

The changes in the scope of consolidation of the Snam Group at September 30<sup>th</sup>, 2022 compared with that at September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2021, regarded: (i) the acquisition, on February 28<sup>th</sup>, 2022, of 85% of Renerwaste Cupello S.r.l., a company involved in the development and subsequent operation of a plant for the production of biomethane from OFMSW; (ii) the acquisition, on March 3<sup>rd</sup>, 2022, of 100% of three companies, namely Biowaste CH4 Foligno S.r.l. and Biowaste CH4 Anzio S.r.l., which own two plants for the production of biomethane from OFMSW, and Biowaste CH4 Group S.r.l., a company providing plant services. On July 13<sup>th</sup>, 2022, Snam also acquired 100% of biowaste CH4 Genova S.r.l., owner of the Genoa plant; (iii) the inclusion, on April 11<sup>th</sup>, 2022, of Iniziativa Biometano S.p.A., the interest in which increased from 50% to 51% of share capital following the exercise of a call option provided for in the contractual agreements between the shareholders, resulting in the acquisition of sole control in place of joint control; and (iv) the acquisition on May 31<sup>st</sup>, 2022, of 100% of Golar LNG NB 13 Corporation, which owns the "Golar Tundra" floating storage and regasification (FSRU) vessel as its sole asset.

In preparing the results at September 30<sup>th</sup>, 2022, Snam and the Group companies have considered the impacts associated with the current economic environment, characterised by the effects of the persistence of the COVID-19 pandemic and the Russia-Ukraine conflict, the related accounting implications connected with the measurement of assets and liabilities, the disclosure and assessment of going-concern issues.

### Non-GAAP measures

In addition to the financial measures required under the IFRS, Snam uses certain measures in its report on operations that are derived from the latter although they are not required under the IFRS or by other standard setters (non-GAAP measures).

Snam's management team believes that these measures facilitate the analysis of the Group's performance and business segments, improving the comparability of performance over time.

Non-GAAP financial information must be considered complementary and does not replace the disclosure prepared in accordance with the IFRS.

In accordance with Consob Communication DEM/6064293 of July 28<sup>th</sup>, 2006, as amended (most recently on May 5<sup>th</sup>, 2021 to transpose the new recommendations contained in ESMA 32-232-1138 of March 4<sup>th</sup>, 2021), the following sections provide information on the composition of the main alternative performance measures used in this document, which cannot be directly derived from reclassifications or algebraic summing of defined measures<sup>5</sup> compliant with international accounting standards.

#### *EBITDA, EBIT and adjusted net profit*

EBITDA, EBIT and adjusted net profit are obtained by excluding special items from reported EBIT and net profit (as reported in the statutory income statement format), gross and net of the related taxation respectively. The income components classified as special items in the first nine months of 2022 regard: (i) the capital gain on the sale of shares of Industrie De Nora S.p.A. as part of the listing of the company on the stock exchange and other income related to capital increases at that

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<sup>5</sup> Defined measures include all information reported in audited IFRS financial statements, either on the face of the balance sheet, income statement, statement of changes in equity, cash flow statement or in the notes.



company not subscribed by Snam (a total of 72 million euros, net of ancillary charges and related taxes), after which Snam holds 25.79% of that company's share capital (35.63% before IPO); (ii) the financial expense connected with the repurchase of outstanding bonds as part of the liability management operations completed in January 2022 (17 million euros; 13 million euros net of the related tax effects).; (iii) the writedown of current and non-current assets (a total of 13 million euros); (iv) the severance indemnity paid to the outgoing CEO, following the end of his of relationship as CEO and General Manager of Snam S.p.A. (6 million euros; 4 million euros net of related taxes); and (v) costs incurred following the protracted state of emergency connected with the COVID-19 pandemic, mainly relating to the purchase of personal protective equipment for internal use and costs for sanitisation and cleaning services, for a total of 2 million euros net of related taxes.

#### *Special items*

Income components are classified under special items, if material, when they: (i) derive from events or transactions whose occurrence is non-recurring or such transactions or events that are not repeated frequently in the normal course of business; (ii) derive from events or transactions that are not representative of normal business operations. The tax effects associated with the components excluded from the calculation of adjusted net profit are determined on the basis of the nature of each excluded income component. The income components deriving from non-recurring transactions pursuant to Consob Resolution no. 15519 of July 27<sup>th</sup>, 2006, where present, are also reported separately in IFRS financial reporting.

#### *Net financial debt*

Snam calculates net financial debt as the sum of short-term and long-term financial debt, including lease liabilities pursuant to IFRS 16, net of cash and cash equivalents and current financial assets, such as securities held for trading, that are not cash and cash equivalents, or derivatives used for hedging purposes.

In accordance with Consob Communication DEM/6064293 of 2006, as last amended on May 5<sup>th</sup>, 2021, other current financial assets that do not constitute liquidity (for example short-term financial receivables falling due at more than 90 days) are excluded from the calculation of net financial debt.

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