A2A, RESULTS AT JUNE 30, 2023

SIGNIFICANT IMPROVEMENT IN ECONOMIC AND FINANCIAL INDICATORS

UPWARD REVISION TO 2023 GUIDANCE FOR EBITDA AND ORDINARY NET PROFIT

CONFIRMATION OF COMMITMENT TO THE REALIZATION OF STRATEGIC INFRASTRUCTURE FOR THE ENERGY TRANSITION

INCREASE IN SOLAR AND WIND ENERGY PRODUCTION

- **Capex of 494 million euro:** +7% compared to the same period last year, for the development of green energy production plants, and for the upgrading and streamlining of networks.

- **Revenues at 7,989 million euro:** -18% compared to the same period of 2022 mainly following the contraction in electricity and gas prices on the markets.

- **EBITDA totals 880 million euro:** +26% compared to H1 2022 (699 million euro).

- **Ordinary net profit at 257 million euro:** +32% compared to H1 2022 (195 million euro).

- **Net Financial Position at 4,372 million euro** (4,258 million euro as at December 31, 2022). Net of changes in the scope of consolidation of the period of -21 million euro, the NFP increased by 135 million euro, after capex for 494 million euro and dividends for 283 million euro. The rolling NFP/EBITDA ratio is 2.6x, down from December 31, 2022 (2.8x).

- **Upward revision to guidance**: The Group will target an **EBITDA of between 1.74 and 1.78 billion euro and a Group Net Ordinary Profit of between 450 and 470 million euro** in 2023 on the basis of the good H1 results.

Energy Transition

- Entry into the capital of VGE 05, a company that will develop a 59MW solar plant in Friuli Venezia Giulia.
- Inauguration of the first series of City Plug columns, boosting the development of private electric mobility in urban contexts with an increasingly capillary and innovative recharging network, accessible also to electric cars with small batteries and plug-in hybrids.

Sustainability

- +63% of green energy, produced by solar and wind sources in H1 2023 (389 GWh in June 2023; 238 GWh in H1 2022).

The Group's commitment to sustainable finance continues: in 2023, A2A successfully placed a new 500 million euro Green Bond with an 11-year term, receiving orders for approximately 2.2 billion euro (around four times the amount offered) to strengthen the Group's liquidity position and support its investment plan.
Following this transaction, the portion of sustainable debt to the Group's total gross debt as at June 30, 2023

reached 66% (55% as at June 30, 2022).

The Board of Directors of A2A S.p.A. has examined and approved the Half Year Financial Report at June 30, 2023

***

Milan, July 28, 2023 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Marco Patuano, the Board examined and approved the Half-Year Financial Report at June 30, 2023.

"*A2A is growing again, consolidating its role as a leading player in the country's energy transition*" - comments **Renato Mazzoncini**, CEO of A2A - "*The results achieved in H1 2023 confirm extremely positive Group performance. This growth was made possible, in particular, by the diversification of businesses, the strict financial discipline adopted, and the acceleration of investments and M&A transactions carried out in recent years in renewables. The 30 MW Matarocco wind farm in Sicily was also completed during the H1. These important targets achieved allowed us to revise our 2023 forecasts upwards, with an expected EBITDA of between 1.74 billion and 1.78 billion euro*".

In H1 2023, A2A achieved excellent economic-financial results, thanks to the excellent performance of the Generation & Trading and Market Business Units.

The first six months of 2023 saw an easing of the strong tensions in the energy markets that had characterised 2022, with wholesale electricity and gas prices falling significantly: the PUN (National Single Price) decreased by 45% (from 248.6 euro/MWh in the first half of 2022 to 136.6 euro/MWh in the corresponding period of 2023) and the average cost of gas at the PSV by 51.5% (from 97.8 euro/MWh to 47.4 euro/MWh). Against a backdrop of falling energy prices, the A2A Group adopted effective hedging strategies, diversified its production sources and consolidated and expanded its customer base, achieving significant increases in operating margins.

The following are the main economic indicators:

Millions of euro	**6M 2023**	**6M 2022 Restated**	**Δ**	**Δ%**
Revenues	**7,989**	**9,778**	-1,789	-18.3%
Gross Operating Margin – EBITDA	**880**	**699**	181	+25.9%
Net Operating Income – EBIT	**447**	**328**	119	36.3%
Net Profit	**280**	**328**	-48	-14.6%
Ordinary Net Profit	**257**	**195**	62	31.8%

In H1 2023, the **Revenues** of the Group amounted to **7,989 million euro,** down 18% compared to the same period of the previous year (9,778 million euro). The change is attributable to the reduction in revenues in the wholesale energy markets both due to the lower unit prices and the lower volumes sold and traded of commodities, partially offset by the higher quantities sold of electricity and gas in the retail markets and by the contribution of the consolidation of A2A Airport, a company acquired in September 2022.

The downward trend of the energy markets led, like the trend in revenues, to a significant contraction in **operating costs**, which amounted to **6,708 million euro**, down by 23% compared to the same period of the previous year.
Labour costs increased by about **20 million euro** (+5%), to 401 million euro: the change was mainly due to the higher number of FTEs in the first half of 2023 compared to the previous year (+472 FTEs, +4%) as a result of recruitment in the second half of 2022 and in the first six months of this year to strengthen certain structures and business areas, in line with the Group's development needs and objectives.

EBITDA equalled **880 million euro**, an increase of 26%, +181 million compared to H1 2022 (699 million euro). Net of non-recurring items (+12 million in the first half of 2023, +17 million euro in the corresponding period of 2022), the **EBITDA amounted to 868 million euro,** an increase of 27% compared to the first half of 2022 (682 million euro) thanks to the excellent performance of the Generation & Trading Business Unit and the progressive recovery of the Market Business Unit after the exceptional drop of the previous year.

EBIT amounted to **447 million euro**, up by 36% compared to 2022. This change is attributable to the increase in EBITDA, and to the:

- higher net provisions of 30 million euro as a result of higher risk provisions of about 39 million euro for lower releases (2022 had been characterized by releases of 41 million euro due to increased discount rates) and lower provisions for bad debts of 9 million euro;
- increase in depreciation and amortization, 32 million euro, mainly related to investments made by the Group in the period July 2022-June 2023 and the contribution of newly consolidated companies in the field of renewables.

Ordinary Group Net Profit came in at **257 million euro**, up 32% on H1 2022. The change is attributable to the increase in Net Operating Result, partly offset by higher financial expenses for bonds issued and new financing, as well as higher taxes due to the increase in the Group's tax base and tax rate (from 29% in H1 2022 to 30% in 2023).

Group Net Profit amounted to 280 million euro, down 15% compared to the same period of the previous year (328 million euro), considering the extraordinary items that involved:

- the current year for 23 million euro, relating to the effect of the release of the higher tax values of part of the goodwill of the renewable companies;
- the previous year for a total of 133 million euro relating to the gain, net of taxation, on the sale of certain assets (sale of properties and ATEM deemed non-strategic) and the impacts of the so-called "Decree Taglia Prezzi".

Capex in the first half of 2023 amounted to **494 million euro** (+7%, compared to the first six months of the previous year), with development work accounting for 57% of the total. The main investments were aimed at contributing to the flexibility of the thermoelectric generation plants, the adequacy and security of the national electricity grid, the growth of wind and solar plants, the energy and material recovery, the improvement and upgrading of distribution networks, as well as the construction of new purification plants and the digitalization of the Group.

M&A transactions amounted to **17 million euro,** mainly related to the acquisition of a majority stake in VGE05, which will develop a solar plant in Friuli Venezia Giulia with an installed capacity of 59MW.

Moreover, on May 31, 2023, the ASVT S.p.A business branch related to the Integrated Water Service was sold to Acque Bresciane s.r.l. for a total cash-in of 38 million euro.

The **overall impact** of these changes was positive and amounted to **21 million euro**.

The **Net Financial Position** at June 30, 2023 amounted to **4,372 million euro** (4,258 million euro as at December 31, 2022). Excluding changes in scope that took place during the period under review, amounting to -21 million euro, NFP came to **4,393 million euro**, recording net cash absorption of 135 million euro. This change is mainly attributable to the increase in the A2A Energia customer base and the payment of one-off tax components. The NFP as at June 30, 2023 is almost unchanged compared to March 31, 2023 (4,373 million euro) despite the payment of the dividend for the fiscal year 2022 (283 million euro) fully covered by the operating cash flow of the period.

***

A2A Group – Results by Business Unit

The following table shows the composition of EBITDA by Business Unit:

Millions of euro	**06.30.2023**	**06.30.2022**	**Change**	**Change %**
Generation & Trading	307	221	86	38.9%
Market	122	8	114	*n.s.*
Waste	203	207	-4	-1.9%
Smart Infrastructures	270	276	-6	-2.2%
Corporate	-22	-13	-9	*n.s.*
Total	**880**	**699**	**181**	**25.9%**

Generation & Trading Business Unit

Revenues for the first half of 2023 amounted to 6,162 million euro, down by 1,728 million euro (-21.9%) compared to the first six months of the previous year, both due to lower unit prices and lower volumes of electricity sold and traded.

EBITDA of the Generation and Trading Business Unit amounted to 307 million euro, an increase of 86 million euro compared to H1 2022 (+39%). Net of the non-recurring items recorded in the two comparison periods (5 million euro in the first half of 2023, zero effect in the same period of 2022), the Ordinary EBITDA increased by 81 million euro.
The positive change is mainly attributable to:

- hedging strategies, mainly on thermoelectric sources (CCGT and Coal), which made it possible to offset the reduction in the energy scenario;
- higher output of the Monfalcone coal plant;
- contribution of newly acquired solar and wind power plants;

The positive impacts were partly offset by a decrease in margins on the ancillary services markets (MSD) due to lower requests from Terna and by the lower contribution of CCGT production due to the contraction in contestable demand.

Capex in the period under review amounted to approximately 97 million euro and included extraordinary maintenance work of about 27 million euro, of which 17 million euro at thermoelectric plants and 8 million euro at the Group's hydroelectric plants.
Development interventions were also carried out for a total of 69 million euro, of which 31 million euro related to solar and wind plants (mainly the Matarocco plant) aimed at accelerating the growth of the Group's renewable sources and 37 million euro for interventions on thermoelectric plants aimed at guaranteeing flexibility, coverage of demand peaks and balancing the energy needs of the electricity grid.

Market Business Unit

Revenues amounted to 3,836 million euro (3,822 million euro at June 30, 2022). The change is mainly attributable to the increase in gas and electricity volumes sold, partly offset by the decrease in electricity unit prices.

EBITDA of the Market Business Unit equalled 122 million euro (8 million euro at June 30, 2022).
Net of non-recurring items (-1 million euro in the first half of 2023 and +1 million euro in the same period of 2022), the Ordinary EBITDA increased by 116 million euro.
The growth in margins for H1 2023 compared to the same period of last year was attributable to:

- positive unit margins that fully recover the contraction recorded in H1 2022 mainly due to the different time distribution of margins on fixed-price sales, confirming the assumptions of an overall contractual margin on an annual or two-year basis;
- positive contribution of the large customer segment, in particular gas;
- higher volumes of electricity sold to safeguarded customers;
- increased mass-market customer base. With reference to points of delivery, there was a +35.9% increase in the number of POD related to the electricity market, thanks to the award of the Gradual Protection Service for micro-enterprises from April 2023. In general, thanks also to the commercial development actions undertaken, the number of electricity and gas supply points served reached a total of 3.5 million units (+17% compared to 2022), of which 1.9 million related to the electricity market and 1.6 million to the gas market.

In general, the comparison with the previous year benefits from a progressive return to normality of the energy markets compared to the exceptional nature recorded in 2022, with a recovery in profitability that exceeds the levels achieved in the first half of 2021.

Capex in H1 2023 amounted to 42 million euro. These investments concerned:

- the energy retail sector with 38 million euro for capitalized charges for the acquisition of new customers, for evolutionary maintenance and development of the Hardware and Software platforms, aimed at supporting billing and customer management activities and for digital innovation projects relating to the full-digital Group company NEN;
- the Energy Solution segment with 4 million euro for energy efficiency projects.

Waste Business Unit

In the first six months of 2023, the Waste Business Unit recorded revenue of 720 million euro, which was substantially in line with the first six months of 2022 (714 million euro as at June 30, 2022): the increase in revenue from the sale of electricity offset the decrease in revenue from paper disposal as a result of the price drop recorded in the first half of 2023 compared to the corresponding period of 2022.

EBITDA of the Waste Business Unit amounted to 203 million euro (207 million euro at June 30, 2022), a decrease of 4 million euro compared to the same period of the previous year.
Net of the non-recurring items recorded in the two comparison periods (+2 million euro in 2023 and +2 million euro in 2022), the Ordinary EBITDA amounted to 201 million euro (205 million euro at June 30, 2022).

This result was determined by:

- +3 million euro related to the Collection segment mainly due to lower costs for disposal of the organic fraction of waste;
- -6 million euro related to Urban Waste Treatment Plants mainly due to the lower availability of plants, in particular the Acerra, Parona and Brescia waste-to-energy plants, higher biomass costs partially offset by the positive energy scenario effect, and an increase in the price of glass;
- -1 million euro related to the Industrial Waste Treatment Plants segment, for lower disposal at Corteolona landfill.

Capex for H1 2023 amounted to 76 million euro and regarded:

- development works for 39 million euro, of which 25 million euro related to waste-to-energy plants (including the construction of line 3 of the Parona waste-to-energy plant and the fume purification line of the Brescia waste-to-energy plant), 5 million euro to material recovery plants, 4 million euro to OFMSW plants (Lacchiarella, Cavaglià and Castelleone) and 4 million euro to other treatment plants.
- 37 million in maintenance work on waste-to-energy plants (17 million euro), treatment plants (7 million euro) and the collection sector (13 million euro).

Smart Infrastructures Business Unit

The Smart Infrastructures Business Unit's revenue for the period amounted to 790 million euro (776 million euro at December 30). The higher revenues from gas and electricity distribution due to the increase in investments and inflation, the contribution of A2A Airport Energy acquired in September 2022 and the increases related to the activities aimed at obtaining energy savings (Superbonus) were partially offset by lower revenues from the heat segment due to lower volumes sold and the dynamics of unit prices and lower revenues from the Public Lighting segment.

EBITDA of the Smart Infrastructures Business Unit in H1 2023 was 270 million euro (276 million euro at June 30, 2022).
Net of non-recurring items (+7 million euro in H1 2023; +16 million euro in the same period of the previous year), the Ordinary EBITDA of the Business Unit reached 263 million euro, up 3 million euro with respect to the first six months of 2022.

The change in margins was mainly driven by:

- +7 million euro related to the electricity distribution network due to an increase in revenue allowed for regulatory purposes as a result of increased investments and inflation, revenue from loss equalization and higher connection contributions;
- +7 million euro related to the gas distribution network due to an increase in the regulatory allowed revenues and lower energy costs;
- -10 million related to the district heating segment, due to lower heat volumes sold and lower unit margins. This contraction in margins was partly neutralized by the benefits of the tax credits for non-energy and non-gas-consuming companies under the Decreto Aiuti, and by the contribution of the new company A2A Airport.

Capex in the period in question amounted to 256 million euro and regarded:

- 93 million euro in the electricity distribution segment, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary substations, the extension of remote control, the refurbishment of the medium and low voltage network, the maintenance and upgrading of primary substations and capex in the launch of the 2G smart meter project;
- 66 million euro in the gas distribution segment, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters;
- 48 million euro in the integrated water cycle segment, maintenance and development work carried out on the water transport and distribution network and work and refurbishment of the sewerage networks and purification plants;
- 37 million euro in the district heating and heat management segment: development and maintenance of plants and networks;
- 5 million euro in public lighting for new projects;
- 3 million euro in the Smart City segment, mainly laying fibre optics, radio frequencies and data centres;
- 4 million euro in the e-mobility sector for the installation of new electric energy recharging stations.

***

Balance sheet

It is noted that the consolidation scope as of June 30, 2023 changed compared to December 31, 2022 for to the following operations:

- acquisition and line-by-line consolidation by AEB S.p.A. of 90% of VGE 05 S.r.l., a company operating in the solar sector;
- acquisition and line-by-line consolidation by A2A Calore & Servizi S.r.l. of 100% of Termica Cologno S.r.l.;
- incorporation and line-by-line consolidation of the company A2A Servizi S.r.l. by A2A S.p.A., which owns 100% of it.

Millions of euro	**06.30.2023**	**12.31.2022**	**Change**
CAPITAL EMPLOYED			
<u>Net fixed assets</u>	**<u>8,919</u>**	**<u>8,849</u>**	**70**
- Tangible assets	6,241	6,162	79
- Intangible assets	3,456	3,515	(59)
- Shareholdings and other non-current financial assets (*)	82	82	-
- Other non-current assets/liabilities (*)	(307)	(296)	(11)
- Deferred tax assets/liabilities	430	363	67
- Provisions for risks, charges and liabilities for landfills	(747)	(729)	(18)
- Employee benefits	(236)	(248)	12
of which with counter-entry to equity	*(102)*	*(112)*	
<u>Net Working Capital and Other current assets/liabilities</u>	**<u>(147)</u>**	**<u>(124)</u>**	**(23)**
Net Working Capital:	***5***	***(308)***	***313***
- Inventories	290	536	(246)
- Trade receivables	2,696	4,680	(1,984)
- Trade payables	(2,981)	(5,524)	2,543
Other current assets/liabilities:	***(152)***	***184***	***(336)***
- Other current assets/liabilities (*)	19	283	(264)
- Current tax assets/tax liabilities	(171)	(99)	(72)
of which with counter-entry to equity	*3*	*27*	
Assets/liabilities held for sale (*)	**43**	**-**	**43**
of which with counter-entry to equity	-	-	
TOTAL CAPITAL EMPLOYED	**8,815**	**8,725**	**90**
SOURCES OF FUNDS			
Shareholders' equity	**4,443**	**4,467**	**(24)**
Total financial position after one year	5,500	5,834	(334)
Total financial position within one year	(1,128)	(1,576)	448
Total Net Financial Position	**4,372**	**4,258**	**114**
of which with counter-entry to equity	*(11)*	*(10)*	
TOTAL SOURCES	**8,815**	**8,725**	**90**

(*) Excluding balances included in the Net Financial Position

Net Fixed Assets

"Net fixed Assets" amounted to 8,919 million euro, up 70 million euro compared to December 31, 2022.

Changes are detailed below:

- Tangible assets increased by 79 million euro due to:
  - capex made for 309 million euro due to interventions on waste treatment and waste-to-energy plants, on thermoelectric and hydroelectric plants and on renewable source energy plants for 150 million euro, to the development and maintenance of electricity distribution plants, the expansion and reconstruction of the medium and low voltage network, and the installation of new electronic meters for 84 million euro, the development of district heating networks for 37 million euro, the purchase of movable means to collect waste and other equipment for 15 million euro, works on the fiber optic and gas transport network for 6 million euro, investments aimed at developing the energy efficiency plan for 4 million euro, 3 million euro for the efficiency plan with new LED technology light sources and 3 million euro for investments in the electric vehicle charging network as well as work on buildings for 6 million euro and the implementation of telecommunications equipment for 1 million euro;
  - net increase for other changes of 25 million euro due to the increase of 22 million euro in usage rights in accordance with IFRS 16, an increase of 10 million euro in the provision for decommissioning and landfill closure and post closure expenses, a decrease of 3 million euro due to the recognition of grants on investments from previous years, a decrease of 2 million euro due to reclassifications to other balance sheet items, and a decrease of 2 million euro due to the reclassification of certain renewable energy assets to assets held for sale;
  - decrease of 4 million euro arising from disposals in the period, net of accumulated depreciation;
  - a decrease of 251 million euro for the depreciation charge for the period;

- Intangible fixed assets decreased by 59 million euro with respect to December 31, 2022, due to:

  - capex made amounting to 185 million euro, due to development and maintenance of gas distribution systems and the replacement of underground medium and low pressure pipes for 63 million euro, the implementation of information systems for 56 million euro, works on the water transport and distribution network, sewage networks and treatment plants for 47 million euro; 19 million euro for costs incurred for new acquisitions and maintenance of the customer portfolio;
  - first-time consolidation of period acquisitions, accounting for a 17 million euro increase;
  - a decrease of 81 million euro following the sale of the ASVT S.p.A. integrated water service assets to Acque Bresciane;
  - a net decrease of 47 million euro for other changes, due to the reclassification to assets held for sale of certain assets pertaining to the integrated water service in the amount of 32 million euro, a decrease of 13 million euro in environmental certificates for the industrial portfolio, and a decrease of 2 million euro due to the recognition of grants on investments from previous years;
  - decrease of 3 million euro arising from disposals in the period, net of accumulated depreciation;
  - a decrease of 130 million euro for the depreciation charge for the period;

- Shareholdings and other non-current financial assets amount to 82 million euro and show no changes compared to the previous year. This item includes investments accounted for using the equity method, investments in Corporate Venture Capital and other non-current financial assets not included in the Net Financial Position;

- other non-current Assets and Liabilities show a net increase of 11 million euro due to an increase in security deposits from customers of 25 million euro, a decrease in receivables for past due items related to water service revenues of 3 million euro, partially offset by an increase in receivables from Ecobonus of 14 million euro, and other decreases in non-current liabilities of 3 million euro;

- deferred tax assets amounted to 430 million euro (363 million euro at December 31, 2022) and showed a net increase of 67 million euro due mainly to the recognition of 56 million euro in deferred tax assets in the financial statements of the subsidiary A2A Rinnovabili S.p.A.. It should be noted that in the period under review, was exercised the possibility, pursuant to Article 15, paragraphs 10 et seq. of Legislative Decree No. 185/2008, to release the higher tax values of controlling interests arising from the Purchase Price Allocation (PPA) process and recognized in the consolidated financial statements as goodwill and other intangible assets. Against the payment of the substitute tax of 33 million euro, the derogatory release resulted in the recognition of deferred tax assets of 56 million euro, relating to off-balance-sheet deductions of the higher released values. These deferred tax assets will be released pro rata in connection with off-balance-sheet deductions starting in 2025;

- as at June 30, 2023, provision for risks, charges and liabilities for landfills amounted to 747 million euro and showed an increase of 18 million euro. The change for the period was due to net accruals for the period of 15 million euro, mainly related to accruals for hydroelectric derivation surcharges, the contribution of first-time consolidations of 2 million euro, other increases of 19 million euro due to the updating of certain appraisals of 15 million euro, and other changes of 4 million euro. These increases are partly offset by uses in the period for 18 million euro, of which 11 million euro relating to the incurrence of decommissioning and landfill costs and 7 million euro to the conclusion of some disputes;

- Employee benefits decreased by 12 million euro, due to disbursements during the half-year and payments to pension funds and actuarial valuations, net of allocations during the period.

Net Working Capital and Other Current Assets/Liabilities

The **"Net Working Capital"**, defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to 5 million euro, up 313 million euro compared to December 31, 2022. Comments on the main items are given below:

Inventories

(milions of euro)	Balance at 12.31.2022	First-time consolidation effect acquisitions 2023	Changes in the the period	Balance at 06.30.2023
- Materials	115		5	120
- Material obsolescence provision	(23)		(1)	(24)
- Fuel	435		(252)	183
- Others	7		(2)	5
Raw and ancillary materials and consumables	**534**	**-**	**(250)**	**284**
Third-party fuel	**2**	**-**	**4**	**6**
Total inventories	**536**	**-**	**(246)**	**290**

"Inventories" amounted to 290 million euro (536 million euro as at December 31, 2022), net of the related obsolescence provision for 24 million euro, down 246 million euro compared to December 31, 2022. The decrease is attributable to the lower inventories of fuels for the production of electricity and gas inventories for sales and storage for 252 million euro, due to the reduction in market prices, an increase in inventories of materials for 3 million euro, higher inventories of fuels with third parties for 4 million euro and other decreases for 1 million euro.

Trade receivables

(milions of euro)	Balance at 12.31.2022	First-time consolidation effect acquisitions 2023	Changes in the the period	Balance at 06.30.2023
Trade receivables – invoices issued	1,404		(21)	1,383
Trade receivables – invoices to be issued	3,468		(1,937)	1,531
(Bad debts provision)	(192)		(26)	(218)
Total trade receivables	**4,680**	**-**	**(1,984)**	**2,696**

As at June 30, 2023, Trade receivables amounted to 2,696 million euro (4,680 million euro at December 31, 2022), with a decrease of 1,984 million euro. The change in trade receivables is mainly attributable to the reduction in tariffs for the sale of electricity and gas that took place during the half year as well as to the seasonal nature of the business.

The "Bad debt provision", calculated in compliance with IFRS 9, of 218 million euro increased by a net 26 million euro with respect to December 31, 2022, due to net provisions for 37 million euro and period uses for 11 million euro.

Trade receivables ageing is detailed here below:

Millions of euro	**06.30.2023**	**12.31.2022**
Trade receivables of which:	**2,696**	**4,680**
Current	**819**	**978**
Past due of which:	**564**	**426**
Past due up to 30 days	*111*	*60*
Past due from 31 to 180 days	*237*	*198*
Past due from 181 to 365 days	*95*	*73*
Past due over 365 days	*121*	*95*
Invoices to be issued	**1,531**	**3,468**
Bad debts provision	**(218)**	**(192)**

Trade payables

(milions of euro)	**Balance at 12.31.2022**	**First-time consolidation effect acquisitions 2023**	**Changes in the the period**	**Balance at 06.30.2023**
Advances	43		(27)	16
Payables to suppliers	5,481		(2,516)	2,965
Total trade payables	**5,524**	**-**	**(2,543)**	**2,981**

"**Trade payables**" amounted to 2,981 million euro, a decrease of 2,543 million euro. This change is mainly attributable to seasonality dynamics, as well as energy commodity prices.

"**Other current assets/liabilities**" evidenced a net decrease of 336 million euro compared to December 31, 2022. This change is due to:

- a net decrease in derivative assets of 135 million euro, attributable to a reduction in fair value valuation due to a lower average difference between subscription prices and market prices;
- net decrease of 124 million euro in tax receivables for VAT, excise duties and other indirect taxes;
- net decrease in receivables from Cassa per i Servizi Energetici e Ambientali for 115 million euro;
- net decrease in current tax receivables of 72 million euro;
- increase in deferred assets of 56 million euro relating to portions of cost pertaining to future years;
- increase of 41 million euro in receivables related to the sale of the water branch by the subsidiary Azienda Servizi Valtrompia S.p.A;
- decrease in payables to personnel and social security institutions for 11 million euro;
- net increase in other current assets for 2 million euro.

"**Assets/liabilities held for sale**" amounted to 43 million euro and consisted of 34 million euro in assets pertaining to the integrated water service and 9 million euro for the construction of 2 substations (which will be sold to Terna) for the connection of new production plants as part of the development projects related to renewable sources.

Consolidated "**Invested capital** as at June 30, 2023 amounted to 8,815 million euro and was financed by Equity for 4,443 million euro and the Net Financial Position for 4,372 million euro.

"**Equity**" amounted to 4,443 million euro and shows a negative change for a total of 24 million euro.
The change was partly due to the period result for 293 million euro (280 million euro pertaining to the Group and 13 million euro to minorities), offset by dividends approved for 302 million euro (of which 283 million euro distributed by the parent company A2A S.p.A.).
Finally, we note a net negative change in cash flow hedge derivatives and IAS 19 reserves for a total of 13 million euro.

***

Financial position

	06.30.2023	06.30.2022
EBITDA	**880**	**699**
Change NWC, Other assets/liabilities, use of provisions	(108)	(193)
Taxes and net financial expenses	(130)	(46)
Operating cash flow	**642**	**460**
Capital Expenditure	(494)	(463)
Property disposals		221
Dividends	(283)	(283)
Net cash flow	**(135)**	**(65)**
Change in scope	21	(409)
Change in Net Financial Position	**(114)**	**(474)**

The Net Financial Position at June 30, 2023 amounted to 4,372 million euro (4,258 million euro as at end 2022).
The gross debt amounted to 6,838 million euro, up by 51 million euro compared to December 31, 2022.
Cash and cash equivalents amounted to 2,416 million euro, down by 168 million euro.
The other net financial assets/liabilities showed an active balance of 50 million euro with a net increase of 3 million euro as compared with December 31, 2022.

The fixed-rate and hedged portion of gross debt is equal to 86%. The duration is 5.7 years.

During the period, the net cash absorption amounted to 135 million euro, after investments of 494 million euro and the payment of dividends for 283 million euro, partly offset by the cash generated by operating activities and equal to 642 million euro. Changes in the scope of consolidation during the period were positive and amounted to 21 million euro.

Regarding net cash flow absorption:

- the change in Trade Receivables, Trade Payables, Inventories, Other Assets/Liabilities and Use of provisions resulted in a cash absorption of 108 million euro attributable to the increase in A2A Energia's customer base partially offset by the reduction in the energy scenario.
  It should be noted that the Group occasionally assigns receivables without recourse and has no revolving factoring programmes in place.
- the payment of net financial charges and taxes absorbed cash of 130 million euro.

***

Business outlook

The good results in the first half of the year allow for a positive revision of guidance for 2023.
It is expected that the Group will achieve:

- an EBITDA in the range of 1.74 to 1.78 billion euro (from the previous range of 1.64 to 1.68 billion euro)
- a Group Net Ordinary Profit of between 450 and 470 million euro (from the previous range of between 390 and 410 million euro).

High levels of volatility in the energy markets and new regulatory measures are risks that could generate impacts on the Group that are difficult to quantify to date.

The A2A Group constantly monitors the evolution of the context and, as done in other situations of volatility, promptly identifies possible mitigating actions, aimed at greater protection of the economic and financial position.

Alternative Indicators of Performance (AIP)

Certain alternative performance indicators (AIP) not envisaged by the International Financial Reporting Standards endorsed by the European Union (IFRS-EU) are presented in the press release to give a better view of the A2A Group’s performance. In accordance with the recommendations of the new ESMA Guidelines published in July 2020 and applicable from 5 May 2021, the meaning, content and calculation basis of these indicators are set out below:

- **EBITDA (Gross Operating Margin)**: an alternative indicator of operating *performance*, calculated as the sum of "Net operating income" plus "Depreciation, amortisation, provisions and impairment".
- **Ordinary EBITDA**: an alternative indicator of operating performance, calculated as the gross operating margin described above net of items, both positive and negative, arising from transactions or operations that have characteristics of non-repeatability in future years (e.g. adjustments relating to past years; costs for extraordinary mobility plans, etc.);
- **Ordinary Net Operating Result (Ordinary EBIT):** an alternative indicator of operating performance, calculated by excluding items arising from non-recurring transactions from the Net Operating Result;

- **Special Items:** non-recurring events that occurred during the period that produced an effect on the consolidated income statement;
- **"Ordinary" Net Result (Ordinary Net Profit):** alternative performance indicator, calculated by excluding the impact deriving from special items from each income statement item;
- **Net financial position** is an indicator of one's financial structure. This indicator is determined as the result of current and non-current financial payables, the non-current portion of trade payables and other non-interest-bearing payables that have a significant implicit financing component (payables due over 12 months); net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments);
- **Capex:** alternative indicator of performance used by the A2A Group as a financial target within the scope of intra-Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.
- **M&A:** alternative indicator of performance used by the A2A Group to represent the overall impact at capital level of growth operations by external line.

***

The executive responsible for drawing up A2A S.p.A.'s corporate accounting documents, Luca Moroni, states – in accordance with article 154-bis, sub-section 2 of the Financial Act (Legislative Decree 58/1998) – that the accounting information contained in this document corresponds to the documentary evidence, books and accounting records.

***

The A2A Group's financial schedules, extracted from the Half-Year Report at June 30, 2023, which is subject to audit, are annexed.

Contacts:

Giuseppe Mariano

Media Relations, Social Networking and Web Manager

Silvia Merlo - Silvia Onni

Press Office

ufficiostampa@a2a.eu

Tel. [+39] 02 7720.4583

Marco Porro

Investor Relations Manager

ir@a2a Tel. [+39] 02 7720.3974

Press release available at www.a2a.eu

CONSOLIDATED BALANCE SHEET	06.30.2023	12.31.2022
(millions of euro)		
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	6,241	6,162
Intangible assets	3,456	3,515
Shareholdings carried according to equity method	32	33
Other non-current financial assets	64	70
Deferred tax assets	430	363
Other non-current assets	87	86
TOTAL NON-CURRENT ASSETS	**10,310**	**10,229**
CURRENT ASSETS		
Inventories	290	536
Trade receivables	2,696	4,680
Other current assets	2,237	3,289
Current financial assets	32	14
Current tax assets	44	35
Cash and cash equivalents	2,416	2,584
TOTAL CURRENT ASSETS	**7,715**	**11,138**
NON-CURRENT ASSETS HELD FOR SALE	**43**	**-**
TOTAL ASSETS	**18,068**	**21,367**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
Reserves	1,972	1,869
Result of the year	-	401
Result of the period	280	-
Equity pertaining to the Group	**3,881**	**3,899**
Minority interests	562	568
Total equity	**4,443**	**4,467**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	5,516	5,867
Employee benefits	236	248
Provisions for risks, charges and liabilities for landfills	747	729
Other non-current liabilities	392	370
Total non-current liabilities	**6,891**	**7,214**
CURRENT LIABILITIES		
Trade payables	2,981	5,524
Other current liabilities	2,218	3,006
Current financial liabilities	1,320	1,022
Tax liabilities	215	134
Total current liabilities	**6,734**	**9,686**
Total liabilities	**13,625**	**16,900**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**18,068**	**21,367**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2023 06.30.2023	01.01.2022 06.30.2022 Restated (*)
Revenues		
Revenues from the sale of goods and services	7,904	9,683
Other operating income	85	95
Total Revenues	**7,989**	**9,778**
Operating expenses		
Expenses for raw materials and services	6,545	8,542
Other operating expenses	163	156
Total Operating expenses	**6,708**	**8,698**
Labour costs	**401**	**381**
Gross operating income - EBITDA	**880**	**699**
Depreciation, amortization, provisions and write-downs	**433**	**371**
Net operating income - EBIT	**447**	**328**
Result from non-recurring transactions	**-**	**157**
Financial balance		
Financial income	37	16
Financial expenses	106	48
Affiliates	1	2
Result from disposal of other shareholdings	-	-
Total financial balance	**(68)**	**(30)**
Result before taxes	**379**	**455**
Income taxes	**91**	**143**
Result after taxes from operating activities	**288**	**312**
Net result from discontinued operations	5	43
Net result	**293**	**355**
Minorities	**(13)**	**(27)**
Group result of the period	**280**	**328**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	06.30.2023	06.30.2022
Net result of the period (A)	**293**	**355**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	5	40
Tax effect of other actuarial gains/(losses)	(1)	(13)
Total actuarial gains/(losses) net of the tax effect (B)	**4**	**27**
Effective part of gains/(losses) on cash flow hedge	(23)	166
Tax effect of other gains/(losses)	6	(51)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(17)**	**115**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	**-**	**-**
Total comprehensive result (A)+(B)+(C)+(D)	**280**	**497**
Total comprehensive result attributable to:		
Shareholders of the parent company	**267**	**470**
Minority interests	**(13)**	**(27)**

With the exception of the actuarial effects on employee benefits recognized in equity, the other effects stated above will be reclassified to the Income Statement in subsequent years.

(*) The values as at 30 June 2022 have been restated to make them consistent with the values as at 30 June 2023 by reclassifying under the item "Net result from discontinued operations " revenues, operating costs and depreciation related to Water activities subject to sale .

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	06.30.2023	06.30.2022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,584**	**964**
Operating activities		
Net Result	293	355
Net income taxes	91	143
Net financial interests	69	32
Capital gains/expenses	(1)	(191)
Tangible assets depreciation	251	242
Intangible assets amortization	130	109
Fixed assets write-downs/disposals	3	2
Net provisions	52	22
Result from affiliates	(1)	(2)
Net financial interests paid	(51)	(34)
Net taxes paid	(79)	(12)
Dividends paid	(295)	(295)
Change in trade receivables	1,947	(134)
Change in trade payable	(2,543)	429
Change in inventories	246	(228)
Other changes in net working capital	280	(250)
Cash flow from operating activities	**392**	**188**
Investment activities		
Investments in tangible assets	(309)	(304)
Investments in intangible assets and goodwill	(185)	(159)
Investments in shareholdings and securities (*)	(25)	(465)
Cash and cash equivalents from first consolidations asset	8	74
Disposal of fixed assets and shareholdings	43	349
Cash flow from investment activities	**(468)**	**(505)**
FREE CASH FLOW	**(76)**	**(317)**
Financing activities		
Changes in financial assets		
Proceeds from loans	6	(2)
Other changes	(17)	(3)
Total changes in financial assets (*)	**(11)**	**(5)**
Changes in financial liabilities		
Borrowings/bonds issued	967	1,844
Repayment of borrowings/bond	(1,034)	(890)
Lease payments	(1)	(8)
Other changes	(13)	(17)
Total changes in financial liabilities (*)	**(81)**	**929**
Cash flow from financing activities	**(92)**	**924**
CHANGE IN CASH AND CASH EQUIVALENTS	**(168)**	**607**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,416**	**1,571**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.

(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2021	**1,629**	**-**	**28**	**1,599**	**504**	**3,760**	**543**	**4,303**
Changes of the first half of 2022								
2021 result allocation				504	(504)			
Distribution of dividends				(283)		(283)	(19)	(302)
IAS 19 reserves (*)				27		27		27
Cash flow hedge reserves (*)			115			115		115
Change in scope								
Other changes							(3)	(3)
Group and minorities result of the period					328	328	27	355
Net equity at June 30, 2022	**1,629**	**-**	**143**	**1,847**	**328**	**3,947**	**548**	**4,495**
Changes from 1st July 2022 to 31st December 2022								
IAS 19 reserves (*)				(5)		(5)		(5)
Cash flow hedge reserves (*)			(116)			(116)		(116)
Change in scope			3	(3)			(3)	(3)
Other changes							3	3
Group and minorities result of the period					73	73	20	93
Net equity at December 31, 2022	**1,629**	**-**	**30**	**1,839**	**401**	**3,899**	**568**	**4,467**
Changes of the first half of 2023								
2022 result allocation				401	(401)			
Distribution of dividends				(283)		(283)	(19)	(302)
IAS 19 reserves (*)				4		4		4
Cash flow hedge reserves (*)			(17)			(17)		(17)
Change in scope								
Other changes				(2)		(2)		(2)
Group and minorities result of the period					280	280	13	293
Net equity at June 30, 2023	**1,629**	**-**	**13**	**1,959**	**280**	**3,881**	**562**	**4,443**

(*) These form part of the statement of comprehensive income.