



a2a
LIFE COMPANY



Life
is a
Circle

2024

**Half-yearly
financial report**

June 30, 2024



Half-yearly financial report at June 30, 2024

these Financial Statements are available at the website
gruppoa2a.it

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Certification of the Half-yearly condensed financial statements pursuant to art. 154-bis, paragraph 5 of Legislative Decree no. 58/98

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Independent Auditors' Report

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This is a translation of the Italian original "Relazione finanziaria semestrale al 30 giugno 2024" and has been prepared solely for the convenience of international readers. In the event of any ambiguity the Italian text will prevail. The Italian original is available at the website gruppoa2a.it

Corporate boards

Board of Directors

Chairman

Roberto Tasca

Deputy Chairman

Giovanni Comboni

Chief Executive Officer and General Manager

Renato Mazzoncini

Directors

Elisabetta Bombana

Vincenzo Cariello

Maria Elisa D'Amico

Susanna Dorigoni

Fabio Lavini

Mario Motta

Elisabetta Pistis

Maria Grazia Speranza

Alessandro Zunino

Board of Statutory Auditors

Chairman

Silvia Muzi

Statutory Auditors

Maurizio Dallochio

Chiara Segala

Alternate Auditors

Vieri Chimenti

Patrizia Riva

Independent Auditors

EY S.p.A.

Key figures of the A2A Group

Business Units

The A2A Group operates in the production, sale and distribution of gas and electricity, district heating, environmental services and the integrated water cycle.

These sectors are in turn attributable to the “Business Units” specified in the following scheme identified following the reorganization made by management:

Generation and Trading

- Thermoelectric, hydroelectric and other renewable plants
- Energy Management

Market

- Sale of Electricity and Gas
- Energy efficiency
- Electric mobility

Waste

- Waste collection and street sweeping
- Treatment
- Disposal and energy recovery

Smart Infrastructures

- Electricity networks
- Gas networks
- Integrated water cycle
- District Heating services
- Heat management services
- Development and management of technological infrastructures for integrated digital services
- Public lighting

Corporate

- Corporate services

This breakdown into Business Units reflects the organization of financial reports regularly analyzed by management and the Board of Directors in order to manage and plan the Group's business.

1

Key figures of the A2A Group

1.1 Business Units

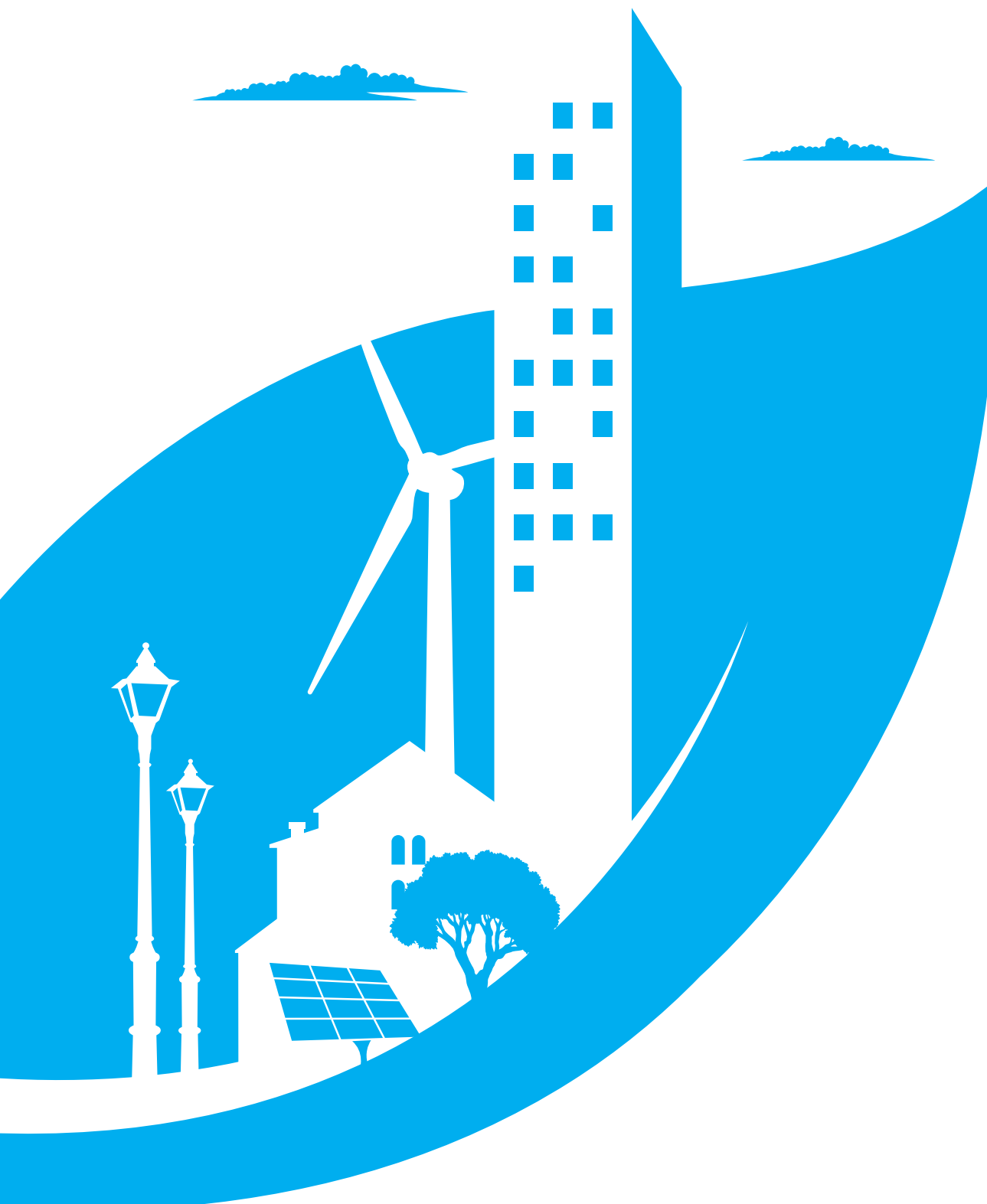
1.2 Geographical areas of activity

1.3 Group structure

1.4 Financial highlights at June 30, 2024










1.5 Shareholdings

1.6 A2A S.p.A. on the Stock Exchange











1.2 Geographical areas of activity

Plants

Energy	Thermoelectric	
	Hydroelectric	
	Photovoltaic	
	Wind	
Environment	Waste-to-energy	
	Waste treatment plant	
	Material recovery plant	
	Landfill	
	Biogas production	

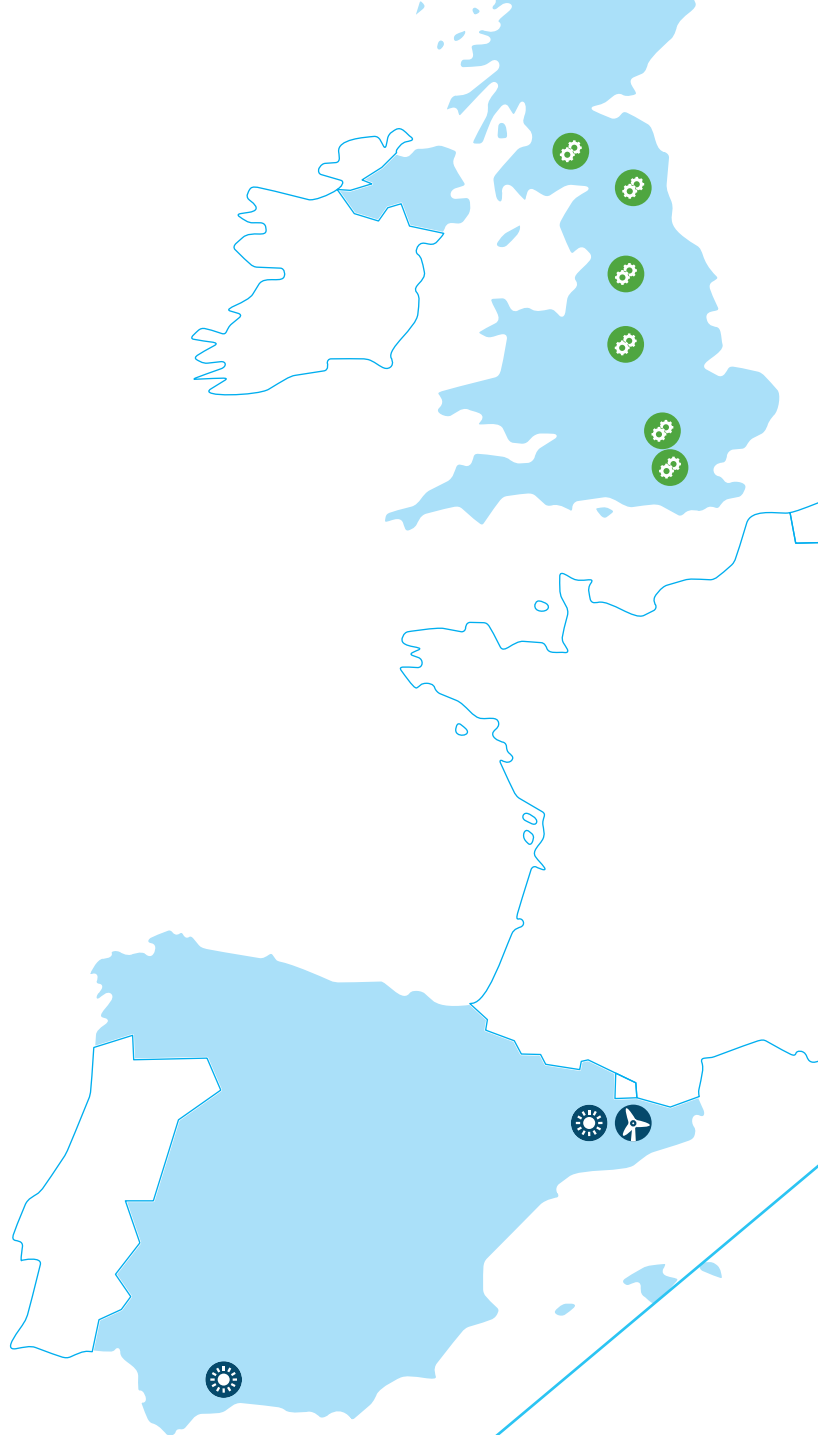
Services

Waste	Waste collection	
Distribution and transport	Electricity distribution	
	Gas distribution	
	Gas transport	
District heating	District heating	
Water	Integrated water service	
Lighting	Public lighting	
Electric mobility	e-Moving charging stations	

Partnership

Partnership	Technological	
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Updated at 06.30.2024



Lombardia

Milan



Brescia - Registered Office



Sondrio



Bergamo



Pavia



Varese



Como



Mantova



Lodi



Cremona



Monza



Lecco



1 Key figures of the A2A Group

1.1
Business Units

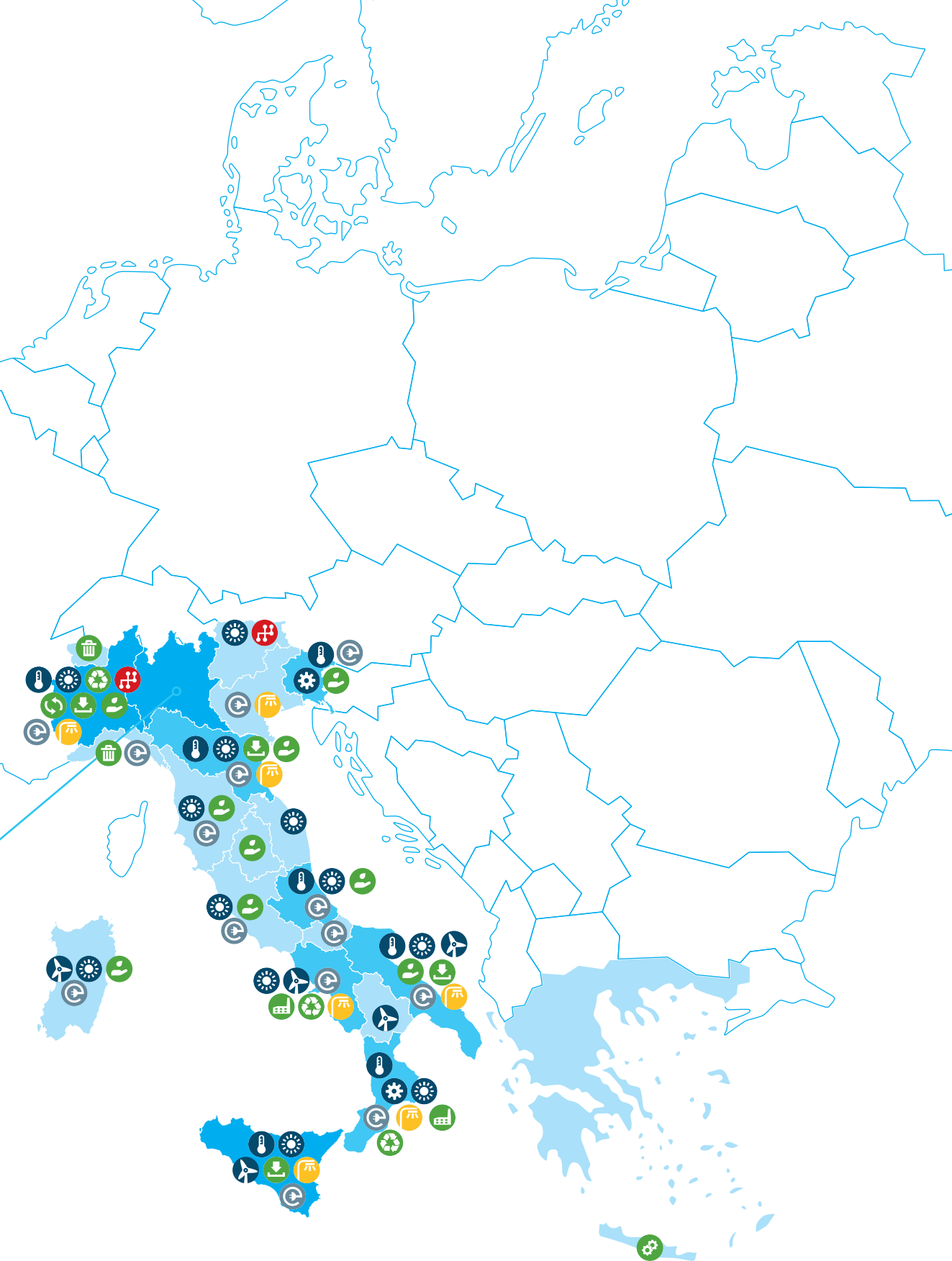
1.2
Geographical
areas of activity

1.3
Group
structure

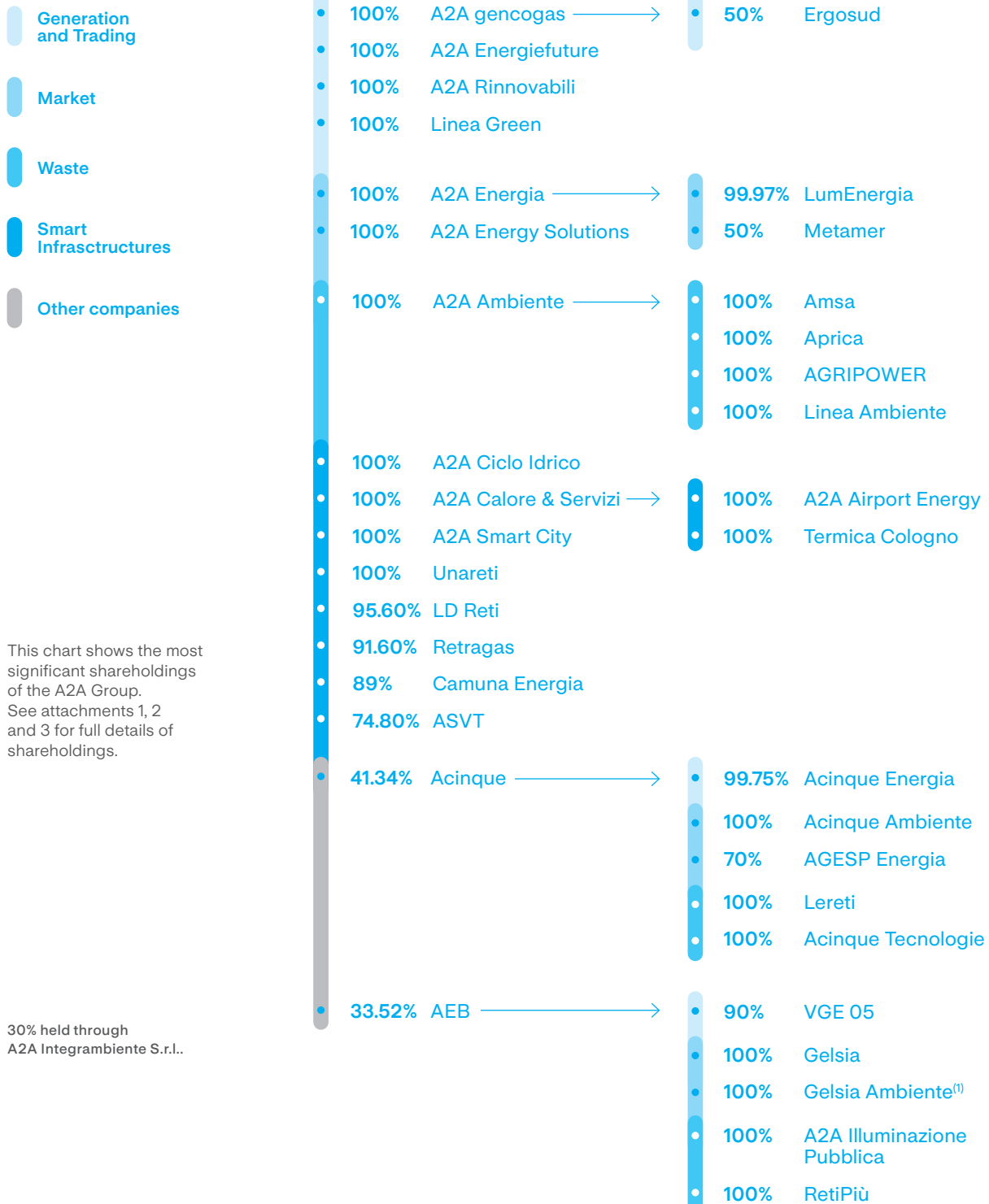
1.4
Financial
highlights at
June 30,
2024

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Shareholdings

1.6
A2A S.p.A.
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Exchange



Group structure



1 30% held through
A2A Integrambiente S.r.l..

1.4

Financial highlights at June 30, 2024 ^(*)

6,091

mln €
Revenues

1,279

mln €
Gross Operating Income

489

mln €
Result of the period

Income statement figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023 Restated
Revenues	6,091	7,992
Operating expenses	(4,370)	(6,709)
Labour costs	(442)	(401)
Gross Operating Income - EBITDA	1,279	882
Depreciation, amortization, provisions and write-downs	(514)	(433)
Net Operating Income - EBIT	765	449
Result from non-recurring transactions	3	-
Financial balance	(50)	(68)
Result before taxes	718	381
Income taxes	(211)	(91)
Net result from discontinued operations	-	3
Minorities	(18)	(13)
Group result of the period	489	280
Gross Operating Income/Revenues	21.0%	11.0%

(*) The figures serve as performance indicators as required by ESMA/2015/1415.
For a description of the Alternative Performance Indicators used by the Group, please refer to the Report on Operations at December 31, 2023.

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Key figures
of the A2A
Group

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Business Units

1.2
Geographical
areas of activity

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Group
structure

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Financial
highlights at
June 30,
2024

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Balance sheet figures

millions of euro	06 30 2024	12 31 2023
Net capital employed	9,745	9,485
Equity attributable to the Group and minorities	5,726	4,802
Consolidated net financial position	(4,019)	(4,683)
Consolidated net financial position / Equity attributable to the Group and minorities	0.70	0.98
Consolidated net financial position / EBITDA Rolling (*)	1.7	2.4

(*) EBITDA for the last 12 months

Financial data

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023
Net cash flows from operating activities	558	392
Net cash used in investing activities	(593)	(468)
Free cash flow (Cash Flow Statement figure)	(35)	(76)

Energy scenario

	06 30 2024	06 30 2023
Average of the PUN (Single Nationwide Price) Base load (Euro/MWh)	93	136
Average of the PUN (Single Nationwide Price) Peak load (Euro/MWh)	99	146
Average price of gas to the PSV* (Euro/MWh)	31	47
Average price of emission certificates EU ETS** (Euro/tonne)	66	89

(*) Price of gas of reference for the Italian market.

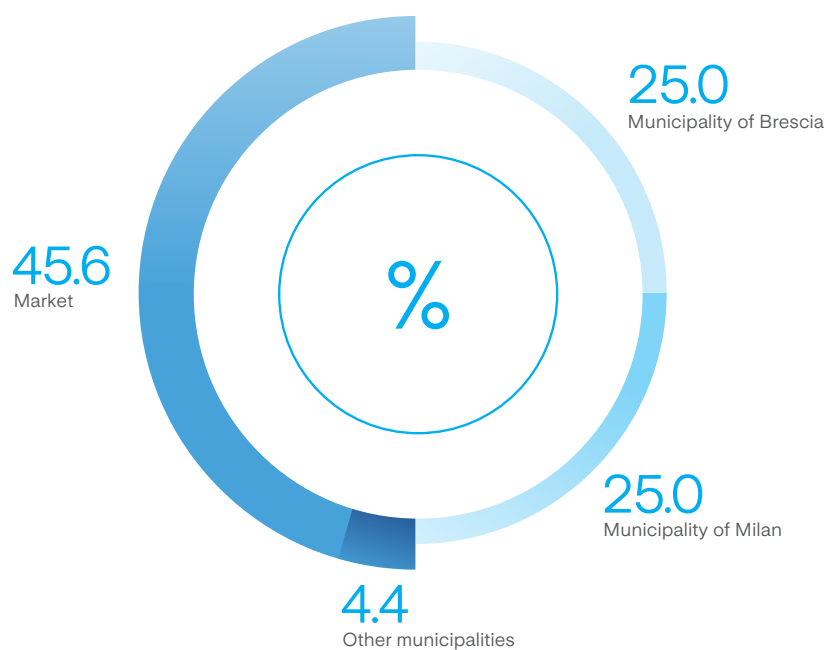
(**) EU Emissions Trading System.

Group's key operational indicators

	06 30 2024	06 30 2023
Generation and Trading		
Thermoelectric production (GWh)	2,012	4,990
Hydroelectric production (GWh)	2,723	1,422
Electricity sold to wholesale customers (GWh)	3,705	4,945
Electricity sold on the Power Exchange (GWh)	6,108	6,598
Market		
Electricity sold to retail customers (GWh)	11,873	11,146
POD Electricity (#/1000)	1,981	1,940
<i>of which POD Electricity Free Market</i>	1,430	1,209
Gas sold to retail customers (Mcm)	1,738	1,634
PDR Gas (#/1000)	1,562	1,562
<i>of which PDR Gas Free Market</i>	1,392	1,066
Waste		
Waste collected (Kton)	925	895
Residents served (#/1000)	3,908	3,900
Waste disposed of (Kton)	2,420	2,256
Electricity sold by waste-to-energy (GWh)	1,011	1,005
Smart Infrastructures		
Electricity distributed (GWh)	5,465	5,401
Gas distributed (Mcm)	1,477	1,440
Water distributed (Mcm)	32	33
RAB Electricity (M€)	1,081	953
RAB Gas (M€)	1,725	1,599
Heat sales (GWht)	1,651	1,539
Cogeneration production (GWh)	344	325

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Shareholding (*)



(*) Sources: Shareholders' Register updated at dividend payment date (May 22, 2024) and communications received in accordance with Art 120 of Legislative Decree February 24, 1998, no. 58 ("TUF")

Key figures of A2A S.p.A.

	06 30 2024	12 31 2023
Share Capital (euro)	1,629,110,744	1,629,110,744
Number of ordinary shares (par value 0.52 euro)	3,132,905,277	3,132,905,277
Number of treasury shares (par value 0.52 euro)	-	-

1.6

A2A S.p.A. on the Stock Exchange

A2A S.p.A. in figures (Italian Stock Exchange)

Market capitalisation at June 30, 2024 (millions of euro):	5,826	
Share capital at June 30, 2024 (shares):	3,132,905,277	
	First six months of 2024	Last 4 quarters
Average market cap (millions of euro)	5,614	5,585
Average daily volumes (shares)	13,499,018	11,049,877
Average price (€/share)	1.79	1.78
Maximum price (€/share)	2.03	2.03
Minimum price (€/share)	1.62	1.62

Source: Bloomberg.

A2A stock is also traded on the following platforms: Aquis, CBOE, Equiduct, ITG Posit, Sigma-X, Turquoise.

On May 22, 2024 A2A distributed a dividend equal to 0.0958 euro per share.

A2A forms part of the following indices

FTSE MIB
STOXX Europe 600
STOXX Europe 600 Utilities
EURO STOXX
EURO STOXX Utilities
MSCI Europe Small Cap
WisdomTree International Equity
S&P Global Mid Small Cap
S&P Global Dividend Aristocrats

ESG Indices

MIB ESG
FTSE4Good
ECPI Indices
Ethibel Sustainability Index Excellence Europe
EURO STOXX Sustainability
Euronext Vigeo Index: Eurozone 120
Standard Ethics Italian Index
Bloomberg Gender Equality Index
Solactive Climate and Energy Transition Index

Source: Bloomberg and company information.

A2A obtained the following ESG ratings:

Assessment	Rating ESG
CDP Climate Change	B
CDP Water	A-
FTSE ESG Rating	3.8/5
ISS ESG	B-
MSCI	BBB
Refinitiv	B+
Standard Ethics	EE+
S&P CSA	67/100
Sustainalytics	21.3/40
Vigeo	61/100

Debt Rating

Current		
Standard & Poor's	M/L Term Rating	BBB
	Short Term Rating	A-2
	Outlook	Stable
Moody's	M/L Term Rating	Baa2
	Outlook	Stable

Source: rating agencies.

Moreover, A2A has been included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register.

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A2A: price and volumes



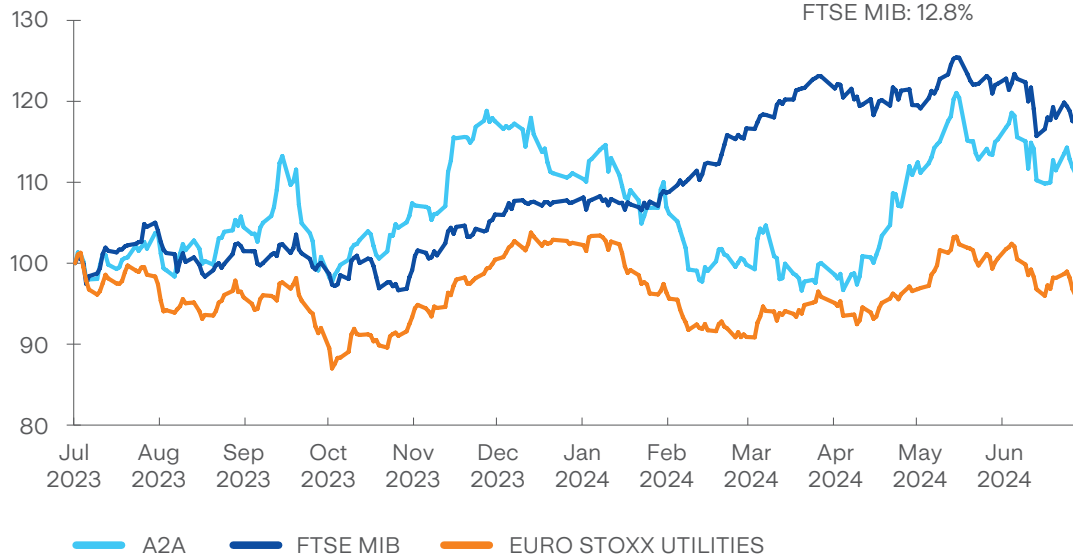
A2A vs FTSE MIB and EURO STOXX UTILITIES

(Price 30th June 2023 = 100)

Historical volatility in the last 4 quarters

A2A: 21.2%

FTSE MIB: 12.8%



Source: Bloomberg.

In the first half of 2024, equity markets performed positively due to the gradual decline in inflation, which made an easing of restrictive monetary policy more visible: in particular, the ECB lowered its key policy rate by 25bps overall during the period, while the Fed kept the cost of money unchanged due to inflation still exceeding the target level.

The performance of US indices was significant: the Nasdaq (+18.1%) reached new highs thanks to strong growth in major technology stocks related to artificial intelligence, the S&P 500 (+14.5%) supported by a growing economy.

In Asia, China's CSI 300 index (+0.9%) was still suffering from uncertainty over the pace of GDP growth, while Japan's Nikkei index (+18.3%) remained the best since the start of the year thanks to the performance of technology stocks.

In Europe, positive index performances were recorded (DAX Germany +8.9%, IBEX Spain +8.3%, FTSE 100 UK +5.6%), with the only exception of the French CAC 40 index (-0.8%) following the results of the national elections. In June, European markets discounted the rise in government bond yields resulting from uncertainties over monetary policy developments and the outcome of EU elections.

The FTSE MIB, Europe's best index for the first half of the year, gained 9.2% thanks to the positive performance of the banking sector (+32.6%) and the insurance sector (+25%), while the performance of the telecommunication sector (-18.5%) was negative.

The Italian utilities index, down -3.7% over the period, was penalized by the continuing high interest rate context, but outperformed the European index (-6.1%).

At the end of June, the A2A share price remained at the closing level of 2023 (1.86 euro/share). A contracting first quarter, mainly attributable to falling energy commodity prices, was followed by a recovering second quarter due to the positive reception of corporate results, an upward revision of guidance for the 2024 financial year, and a normalization of the energy scenario.

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Sustainability and sustainable finance

Sustainability and sustainable finance

The A2A Business Model seeks to create shared sustainable value for the company over time and for its reference stakeholder community. The objective of the model is to make a concrete contribution to the achievement of 11 of the 17 Sustainable Development Goals of the UN 2030 Agenda, enhancing the six capitals (Financial, Manufacturing, Natural, Human, Intellectual, Relational) on which the organization depends to ensure its services. Through the Integrated Report, the Group has for years reported annually on this value creation and on the commitments made with a view to sustainability.

On April 24, 2024, the eighth Group Integrated Report was presented to the A2A Shareholders' Meeting, which for the seventh year, is also the Non-Financial Disclosure pursuant to Legislative Decree 254/16. This document continues to be drawn up according to rigorous and internationally shared standards and methodologies, in particular the Integrated Reporting Framework (IR Framework) and the international standards of the Global Reporting Initiative (GRI). In addition, for the fourth year, a section has been included dedicated to the management of financial risks connected with climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), with the aim of providing the world of finance with all the information it needs to properly assess A2A's strategy for managing climate-related risks and opportunities. Furthermore, in anticipation of the regulatory changes to be introduced by the Corporate Sustainability Reporting Directive (CSRD), during 2023, the methodology of the financial materiality analysis was refined to be more in line with the requirements of the new European Reporting Standards (ESRS), which will become mandatory as of FY 2024 reporting. During 2024, further steps will be taken to achieve full alignment with the new European regulations. In addition, as required by legislation, the KPIs required by EU Regulation 2020/852 - Taxonomy of Sustainable Investments - for activities aligned with climate change mitigation and adaptation objectives were represented in the document.

Environmental

As defined in the 2024-2035 business plan, the Group has decided to strengthen its commitment and ambitions on the ecological transition. The two pillars of circular economy and energy transition continue to drive the investment plan. The Plan confirmed the Group's decarbonization target to 2030 and further

strengthened to 2035 with a target of -65% of Scope 1 and Scope 2 emission factor compared to 2017 values through the zeroing of Scope 2 to 2026, the electrification of the corporate fleet, the construction of a Carbon Capture plant and the progressive reduction of production from fossil fuels. Furthermore, for the first time, reduction targets related to Scope 3 emissions along the Group's value chain have been included in the Strategic Plan document; in particular, the Group has set a target to reduce emissions from upstream energy carriers by 60%, emissions related to gas sales to end customers by 20%, and emissions related to the supply chain by 30% by 2035, compared to 2023 values.

Also in this new Plan, ESG objectives steer the Group's strategy. From the environmental point of view, in addition to decarbonization targets, A2A has undertaken to define a Climate Transition Plan for each Business Unit and to adopt an action plan to protect biodiversity by 2025. On the social side, the goal is to reach 40% female managers by 2035 and to promote parenting initiatives (with 120 million euro allocated by 2035 - 10 per year) and work-life balance. In the area of Governance, it is substantiated by the commitment to continuously train more than 80% of employees on Privacy, Human Rights Policy, Legislative Decree 231/2001, Code of Ethics, Anti-Corruption Policy and Whistleblowing, and to achieve 90% of orders to suppliers with ESG scoring to 2035.

In line with this strategy, also aimed at the growth of production from renewable sources, the largest roof-mounted photovoltaic plant in Italy was inaugurated in Rho Fiera in May 2024 with a total installed capacity of 18 MWp and an expected annual production of 21.6 GWh.

Furthermore, in June 2024, our Group joined the Nature Positive Network, the Italian network of companies concretely committed to actions in favor of nature, at the initiative of the Foundation for Sustainable Development and the Po River Basin District Authority.

Social

As part of the Group's stakeholder engagement activities, 2024 began with the realization of 15 projects in synergy between A2A and its stakeholders in the three southern territories (Calabria, Apulia and Sicily) in which last year's forums had provided for the identification and grounding of local solutions to help accelerate the ecological transition. The program, entitled "Alliances

for Ecological Transition”, involved 18 Group structures and 70 stakeholders in the three regions with a total of 17 meetings concluded for 2000 minutes of listening.

As part of this activity, a SWG survey supported by A2A was conducted in Calabria, Apulia and Sicily on 1500 citizens to analyze the relation between specific local realities and sustainability. The results were shared and discussed with stakeholders with the aim of disseminating targeted advice and good practice among citizens in each geographical area involved.

The “Alliances” program also envisaged the implementation of several other initiatives in the first months of 2024 for the benefit of the territories concerned, including meetings with local administrations to identify suitable areas for the development of electric mobility, information and dissemination activities to support projects to combat energy poverty, and the promotion of actions for the efficiency upgrading of industrial buildings. As part of the same program, following a process of listening to and discussion with trade associations, suppliers, professional orders and universities, A2A published the Sustainable Supply Chain Vademecum at the beginning of 2024 with the aim of providing guidelines and concrete support for the drafting of the Code of Ethics and ESG policies to suppliers, particularly SMEs, to improve sustainability ratings.

In May 2024, the new Roadshow cycle of Multistakeholder Forums was launched. There will be 14 territories involved in this edition, including Valtellina-Valchiavenna, Friuli Venezia Giulia, Brescia, Milan, and Calabria, which have already been implemented in the first half of the year. The Forums will be divided into two distinct formats to meet different needs: to further develop relations and shared-value projects in the territories where relations are consolidated and to launch a new channel of dialogue in three new territories (Sardinia, western Sicily and Liguria). The first format provides for the development of two new project streams to be investigated vertically with relevant stakeholders: supply chain sustainability and biodiversity. The second format consists instead in the realization of meeting and dissemination initiatives open to the public with the aim of opening an initial channel of dialogue and engagement for the citizenship of the territories concerned.

In 2024, the educational activities dedicated to schools continued in continuity with the training offer launched in the 2023/24 school year. During the first half of the year, the Group involved more than 111,000 teachers and students in educational visits to plants and in environmental education projects at national and territorial level, also through collaboration with partners and institutional stakeholders.

May saw the conclusion of “Futuro in Circolo - In Movimento per il nostro Pianeta”, the national educational project open to all schools in Italy, which involved more than 48,000 students throughout the school year. The cycle of webinar meetings for teachers and students has also ended and 28 Intercultura scholarships have been made available for summer programs of linguistic studies with a STEAM address abroad, reserved for deserving young male and female students.

The 40-hour certified PCTO (Percorsi per Competenze Trasversali e per l'Orientamento) digital pathway, launched in the 2023/24 school year and dedicated to secondary schools, ended in July.

A new Virtual Tour dedicated to the Valchiavenna Unit hydroelectric plant was also published in 2024.

Finally, in June 2024, the number of Group companies certified according to UNI/PDR 125:2022 rose to 13, up from six in 2023, concerning gender equality, which assesses commitment on the basis of various elements, such as gender balance in hiring, equal pay, growth opportunities, work-life balance, care and parenting, and activities to prevent all forms of physical, verbal or digital abuse in the workplace.

Governance/Finance

The company has been confirmed in nine ESG ethical indices (MIB ESG, FTSE4Good Index, ECPI ESG Equity, Ethibel Sustainability Index Excellence Europe, EURO STOXX Sustainability Index, Euronext Vigeo Index, Eurozone 120, Standard Ethics Italian Index, Solactive Climate Change Index, Bloomberg Gender Equality Index).

In addition, A2A is included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register and participates in assessments by Vigeo-Eiris, S&P Global, Sustainalytics, MSCI, “Top 100

Green Utilities” (by the Energy Intelligence Group), Gaïa Research and Corporate Knights.

The first half of 2024 saw A2A further confirm its leading role in Sustainable Finance.

A2A was the winner of the Best Sustainable Treasury Solution category at the Adam Smith Awards 2024 thanks to the various Sustainable Finance instruments that have been issued over the last few years, with particular reference to the agreement signed by the Group to use the credit line for the issuance of guarantees in green format.

The Adam Smith Awards, now in their 17th year, are universally recognized as the industry benchmark for corporate treasury results. The standard of this year’s entries was very high, with a record 389 entries from 34 countries.

During the first half of the year, A2A issued its first hybrid subordinated perpetual bond in the Green/ Use of Proceeds format with a nominal value of 750 million euro.

The issue attracted a lot of interest, receiving orders for about 2.9 billion euro, more than about 4 times the amount offered. The bond, placed at an issue price of 99.460% and characterized by a non-call period of 5.25 years, will have a perpetual maturity and will pay a fixed annual coupon of 5.000% until the first reset date on September 11, 2029.

The net proceeds from the issue will go to finance and/or refinance the Eligible Green Projects: strategic projects of circular economy and energy transition related to the development of renewables, to the environmental sector, to electrical grids and to the water cycle defined within the Sustainable Finance Framework of A2A, verified by Vigeo Eiris. Among the selected projects are newly acquired assets in the fields of electricity grids and renewable energy production.

Also during the first half of the year, A2A successfully completed a 600 million euro syndicated loan transaction, in a Green Use of Proceeds format, for the acquisition of electricity grid assets in certain areas of Lombardy, in the provinces of Milan and Brescia, announced in March 2024.

The 2-year bridge loan was structured as a Green Loan in accordance with the A2A Sustainable Finance Framework, verified by Vigeo Eiris, and the Green Loan Principles (GLP) published by the Loan Market Association (LMA).

In July 2024, A2A published the new Sustainable Finance Framework, a set of guidelines to reinforce the link between the Group’s financial strategy and sustainability path. With this update, A2A reconfirms its leading role in the Sustainable Finance landscape and its commitment to an integrated framework that combines the two approaches: Green/ Use-of-Proceeds and Sustainability-Linked.

The main changes compared to the 2022 Framework version:

- Green section:
 - Further green projects include, for example, the installation of electric heat pumps and infrastructure for the treatment of hazardous waste;
 - Changes to some existing projects mainly to align with EU taxonomy criteria;
 - Mapping against the EU taxonomy, where relevant and appropriate;
- Sustainability-linked section:
 - Update of the definition of KPI #1 to include Scope 2;
 - Replacement of KPI #3, Waste Processed in the Group’s Material Recovery Plants, with a new KPI: Installed capacity of the Electricity Grid with SPT to 2030 and 2035 to reflect the Group’s renewed strategy more focused on grid infrastructure supporting electrification;
 - Update of SPT in line with the new Strategic Plan.

The Sustainable Finance Framework was prepared in accordance with relevant guidelines and regulations, including the most recent versions of the Green Bond Principles and the Sustainability-Linked Bond Principles managed by the International Capital Market Association (ICMA), as well as the Green Loan Principles and the Sustainability-Linked Loan Principles managed by the Loan Market Association (LMA). In addition, A2A undertakes to provide in each allocation report the share of net proceeds that have been allocated to projects that are fully aligned with the EU taxonomy regulation (including the technical screening criteria for substantial contribution, the “do no significant harm” (DNSH) criteria, and the minimum social guarantees (MSS)).

S&P issued a Second Party Opinion (SPO) confirming the soundness of the Sustainable Finance Framework and attesting its alignment with the ICMA and LMA principles. For the Use-of-Proceeds section, the agency also awarded a “Medium Green” shading (on a scale of “Red” to “Dark Green”).

At June 30, 2024, the share of ESG debt in total gross debt was 77%.

Furthermore, in January 2024, A2A became a member of the International Capital Market Association (ICMA), the trade association promoting the development of the capital and securities market.

ICMA also acts as Secretariat for the Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and the Sustainability-Linked Bond Principles (SLBP).

ICMA membership enables the Group to strengthen its commitment to continuous improvement and also sustainable finance, accelerating concrete action to develop innovative financial instruments to support the Group's sustainability-focused strategy.

In particular, ICMA membership offers the possibility to:

- engage directly with a wide network of financial stakeholders in order to identify new opportunities and
- contribute to the development of market guidelines.

A2A is also currently part of the ICMA Working Group on Impact Reporting on the Use of Proceeds Bonds, contributing to the development of guidelines to support the reporting process, and has been selected as a corporate member for Advisory Council, a body tasked with increasing market awareness of the Principles and promoting awareness.

**Consolidated
results and report
on operations**

Summary of results, assets and liabilities and financial position

Results

It is noted that the consolidation scope as at June 30, 2024 changed compared to December 31, 2023 for the following operations:

- acquisition by Acinque S.p.A. of 70% of Agesp Energia S.r.l., a company operating in the sale of electricity and gas, with consequent line-by-line consolidation; for further information, please refer to the paragraphs “Consolidation scope” and “Other information”;
- incorporation of the company A2A Storage S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it, consolidated on a line-by-line basis;
- sale of the company Tula Bioenergia Società Agricola a r.l. previously consolidated on a line-by-line basis;
- acquisition by A2A Rinnovabili S.p.A. of 70% of the company Parco Solare Friulano 2 S.r.l. with consequent line-by-line consolidation, accounted for as an asset acquisition as it does not fall within the IFRS3 business definition;
- incorporation of the company A2A Trezzo Ambiente S.r.l. held 86% by A2A Ambiente S.p.A. and 4% by A2A Calore & Servizi S.r.l. with consequent a line-by-line consolidation of the company.

The shares held in Tecnoacquecusio S.p.A. and Consul System S.p.A., which were previously consolidated according to the equity method, were also sold.

Moreover, the economic figures at June 30, 2024 are not consistent with the corresponding period of the previous year due to the following extraordinary transactions in 2023:

- acquisition in June 2023, by A2A Calore & Servizi S.r.l. of 100% of Termica Cologno S.r.l., with consequent line-by-line consolidation;
- acquisition in the second half of 2023, by A2A Rinnovabili S.p.A. of 100% of Juwi Development 12 S.r.l. and Juwi Development 13 S.r.l., with consequent line-by-line consolidation;
- incorporation of the companies R2R 01 S.r.l., R2R 02 S.r.l., R2R 03 S.r.l. and R2R 04 S.r.l., by R2R S.r.l., which owns 100% of it, consolidated on a line-by-line basis;
- incorporation on July 21, 2023 of the company Mogorella S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it, consolidated on a line-by-line basis;
- sale in December 2023, by A2A Ambiente of 80% of Bioenergia Gualdo S.r.l., 55% of Energia Anagni S.r.l. and its 100% owned subsidiary Bionergia Roccasecca S.r.l., with the resulting exit from the scope of consolidation.

The values at June 30, 2023 were restated to make them homogeneous with the values at June 30, 2024 by reclassifying from the item “Net result from non-current assets held for sale” certain income statement items related to the Water Business Unit, taking into account the need to review the timing and terms of the transaction, for a total of 2 million euro in net result.

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023 Restated	Change	% 2024/2023
Revenues	6,091	7,992	(1,901)	(23.8%)
of which:				
- Revenues from the sale of goods and services	5,953	7,907	(1,954)	(24.7%)
- Other operating income	138	85	53	62.4%
Operating expenses	(4,370)	(6,709)	2,339	(34.9%)
Labour costs	(442)	(401)	(41)	10.2%
Gross Operating Income - EBITDA	1,279	882	397	45.0%
Depreciation, amortization and write-downs	(441)	(381)	(60)	15.7%
Provisions	(73)	(52)	(21)	40.4%
Net Operating Income - EBIT	765	449	316	70.4%
Result from non-recurring transactions	3	-	3	-
Net financial balance	(52)	(69)	17	(24.6%)
Affiliates	2	1	1	100.0%
Result before taxes	718	381	337	88.5%
Income taxes	(211)	(91)	(120)	131.9%
Result after taxes from operating activities	507	290	217	74.8%
Net result from discontinued operations	-	3	(3)	(100.0%)
Minorities	(18)	(13)	(5)	38.5%
Group result of the period	489	280	209	74.6%

In the reporting period, the **Revenues** of the Group amounted to 6,091 million euro, down 24% compared to the same period of the previous year (7,922 million euro). The change is attributable to the drop in both wholesale and retail energy prices and, to a very limited extent, to the contraction of the quantities sold and brokered on the wholesale markets, partly offset by higher volumes sold on the electricity, gas and district heating retail markets.

Operating expenses amounted to 4,370 million euro, a significant decrease compared to the same period of the previous year (-35%) in line with the trend in revenues and related commodity market dynamics.

At 442 million euro, **labour costs** increased by approximately 41 million euro (+10%). More than 30% of the change is related to the higher number of FTE (Full-Time Equivalent) in the first half of 2024 compared to the previous year (+447 FTE, +3.3%) as a result of hires in 2023 and the first six months of 2024, the start-up and upgrading of plants and facilities in line with the Group's development objectives, as well as the award of new tenders in the urban hygiene sector and the acquisition of a new company (Agesp Energia). The remainder of the increase is attributable to the effects of salary increases for contract renewals (CCNL Urban Hygiene, Electricity, Gas Water), merit increases and other indirect labor costs (mainly costs for mobility and welfare projects).

EBITDA equaled 1,279 million euro, an increase of 45%, +397 million euro compared to the first six months of 2023 (882 million euro).

Net of non-recurring items (10 million euro in 2024, 12 million euro in 2023), the Ordinary Gross Operating Margin is equal to 1,269 million euro, up by +46%, +399 million euro, compared to the first half of the previous year (870 million euro) thanks to the contribution of all the Business Units, in particular the Generation & Trading Business Unit and the Market Business Unit.

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The following table shows the composition of the Gross Operating Margin by Business Unit:

millions of euro	06 30 2024	06 30 2023 Restated	Delta	Delta %
Generation & Trading	556	307	249	81.1%
Market	251	122	129	n.s.
Waste	216	203	13	6.4%
Smart Infrastructures	290	272	18	6.6%
Corporate	(34)	(22)	(12)	n.s.
Total	1,279	882	397	45.0%

The Gross Operating Margin of the Generation and Trading Business Unit amounted to 556 million euro, an increase of 249 million euro compared to the first half of 2023 (+81.1%). Net of the non-recurring items recorded in the two comparison periods (4 million euro in the first half of 2024, 5 million euro in the same period of 2023), the Ordinary Gross Operating Margin increased by 250 million euro.

The positive change is mainly attributable to the extraordinary contribution of RES plants for:

- higher volumes produced as a result of the high hydraulicity in the first half of 2024 compared to the drought in the first four months of 2023: in fact, hydroelectric power generation recorded in the first six months of the year amounted to 2,723 GWh, almost double the amount of the first six months of 2023 (+91%);
- the contribution of production from wind power plants;
- a positive price effect, despite the reduction in the price of energy commodities, due to both the absence in 2024 of the effects of the Sostegni Ter decree (two-way compensation mechanism on the price of electricity fed in for RES plants) in place in the first half of 2023 and effective hedging policies.

The positive impacts were partially offset by a contraction in margins recorded in other areas of the business unit's activities, particularly the lower contribution of combined-cycle thermoelectric production and ancillary services markets (MSD), due to both lower demand from Terna and a lower valuation of the quantities offered.

The Market Business Unit EBITDA amounted to 251 million euro, an increase of 129 million euro compared to the first half of the previous year (122 million euro at June 30, 2023), confirming the positive growth trend seen in the fourth quarter of the previous year.

Net of non-recurring items (-1 million euro in the first half of 2024 and -1 million euro in the same period of 2023), the Ordinary Gross Operating Margin increased by 129 million euro.

The increase in the margin is attributable to:

- the development of the customer base in the mass market segment: with reference to supply points, there has been an important shift in the customer base from the protected market to the free mass market, both as a result of the full liberalization of non-vulnerable gas domestic customers from January 2024 and as a result of the commercial actions undertaken by the Group;
- the growth in volumes sold to the key accounts segment, both electricity and gas;
- the positive dynamics of the unit marginality.

The growth reflects the effects of the commercial development actions of the period, as well as the reabsorption of the negative impacts on margins related to the exceptionally unstable situation in the commodities markets, still present above all in the first three months of 2023 and progressively weakening during the year.

These positive effects more than offset the lower margin in the protection market due to the contraction in volumes sold, the higher charges related to retention actions activated by the Group on its customer base already in 2023, and the increase in operating costs for customer acquisition and management activities.

The Gross Operating Margin of the Waste Business Unit amounted to 216 million euro (203 million euro at June 30, 2023), an increase of 13 million euro compared to the same period of the previous year.

Net of the non-recurring items recorded in the two comparison periods (+14 million euro in 2024 and +2 million euro in 2023), the Ordinary Gross Operating Margin amounted to 202 million euro (201 million euro at June 30, 2023).

This result was determined by:

- -1 million euro related to the Collection segment mainly due to the increase in personnel and operating costs, partially offset by higher revenues from separate collection and higher fees from new municipalities;
- +2 million euro relative to Urban Waste Treatment Plants, mainly due to higher margins linked to the growth in volumes disposed of, to the contribution of the quantities of electricity and heat produced by waste-to-energy plants (particularly WTE Parona) and to the contribution of the new OFMSW plants, partly offset by the negative effects of the energy scenario on WTE and biomass plants (Sant'Agata di Puglia) and by the lower margins relative to the Asti glass recovery plant;
- +1 million euro related to the Industrial Waste Treatment Plants segment. The change is mainly related to price increases (Crotone plant).

The Gross Operating Margin of the Smart Infrastructures Business Unit in the first half of 2024 was 290 million euro (272 million euro at June 30, 2023).

Net of non-recurring items (+1 million euro in H1 2024; +7 million euro in the same period of the previous year), the Ordinary EBITDA of the Business Unit reached 289 million euro, up 24 million euro with respect to the first six months of 2023.

The change in margins was mainly driven by:

- +17 million euro related to the electricity and gas distribution networks for the increase in revenues allowed for regulatory purposes following the updating of the rate of return on invested capital by ARERA (Energy, Networks and Environment Regulatory Authority) for the year 2024, partly offset by higher operating costs and lower connection fees;
- +10 million euro related to the water cycle attributable to the decrease in electricity costs and the increase in regulated revenues;
- -10 million euro related to the heat sector. The change is related to the decrease in the prices of electricity sold, the presence in 2023 of the subsidies under the Aid Decrees regarding tax credits for non-energy and non-gas-intensive companies, and the lower margins related to the Superbonus business. These negative effects were only partially offset by higher district heating volumes sold (+7%) and revenues from the sale of white certificates recognized for the cogeneration plants of Tecnocity, Canavese and A2A Airport;
- +4 million euro related to Public Lighting due to the margin contribution of the new municipalities and lower operating costs;
- +2 million euro related to Smart City for higher revenues (Minnovo project start-up and price list update).

“Depreciation, amortization, provisions and write-downs” totaled 514 million euro (433 million euro at June 30, 2023), representing an increase of 81 million euro.

“Depreciation, amortization and write-downs” amounted to 441 million euro (381 million euro at June 30, 2023).

Amortization of intangible assets amounted to 148 million euro (130 million euro at June 30, 2023).

Depreciation and amortization increased by 18 million euro in connection with the implementation of information systems for 8 million euro, new customer lists for 6 million euro, and the integrated water service and gas networks for 4 million euro.

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Depreciation of tangible assets show an increase of 40 million euro compared to June 30, 2023 and includes:

- higher depreciation of 24 million euro, mainly relating to the investments which went into production after June 30, 2023;
- higher depreciation of 15 million euro for the revision of the useful lives of plants;
- higher depreciation of 2 million euro for rights of use;
- lower depreciation of 1 million euro.

“Provisions for risks” show a net effect of 41 million euro (net effect of 15 million euro at June 30, 2023). due to provisions adjusted by the surpluses for the period.

The “Bad debt provision” amounted to 32 million euro (37 million euro at June 30, 2023), consisting of the accrual for the period.

As a result of these changes “**Net operating income**” amounted to 765 million euro (449 million euro for the year ended June 30, 2023).

The “**Result from non-recurring transactions**” amounted to 3 million euro (nil at June 30, 2023) and refers:

- for approximately 6 million euro to the proceeds related to the compensation recognized by the Municipality of Cinisello Balsamo in favor of Unareti S.p.A. in execution of the award at the conclusion of the dispute that had arisen since 2006 over the valuation of the gas distribution network returned to the Municipality in February 2006;
- for about 3 million euro for the loss from the sale of the shareholding held by the A2A Energy Solution Group company in Consul System.

“**Net financial expenses**” amounted to 52 million euro (69 million euro at June 30, 2023), representing a decrease of 17 million euro. This change is mainly attributable to an increase in financial income of 28 million euro, of which 9 million euro from the indemnity paid by the Municipality of Cinisello Balsamo in favor of Unareti S.p.A. and 16 million euro from the interest related to the 10% increase on energy efficiency credits related to the 110% ecobonus.

This increase was partially offset by an increase in financial expenses of 11 million euro, including higher interest from credit institutions of 4 million euro, as well as an increase in financial expenses from Cassa Depositi e Prestiti of 3 million euro, changes that were partially offset by a decrease in interest on bonds of 5 million euro, mainly attributable to the maturity of two 300 million euro bonds maturing in December 2023 and March 2024.

The “**Affiliates**” was 2 million euro (1 million euro at June 30, 2023), and is mainly attributable to the positive valuation of the shareholdings held in some associated companies.

“**Income taxes**” in the period in question equaled 211 million euro (91 million euro at June 30, 2023) and include:

- taxes of the period totaling 214 million euro;
- deferred tax assets of 1 million euro;
- deferred tax liabilities of -4 million euro.

It is highlighted that on the occasion of the closing of the 2024 half-year report, the A2A Group decided to estimate the tax for the period for all Group companies by adopting the tax rate criterion based on the best estimate of the Group's weighted average rate expected for the entire year.

The income tax expense for the first half of 2024 differs from the same period of the previous year, due to the significant increase in the results for the first half of 2024 and the effect (lower taxes) in the first half of 2023 related to the tax redemption under Art. 15 of DL no. 185/2008.

The “**Net result from discontinued operations**” was nil at June 30, 2024 (3 million euro at June 30, 2023 Restated).

The “**Group result of the period**”, after the minorities of 18 million euro were deducted, was positive and amounted to 489 million euro (positive for 280 million euro at June 30, 2023).

The income statement table below underlines the special items that influenced both the result at June 30, 2024 and the result at June 30, 2023, thus enabling a clearer representation of the performance of the core business.

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023 Restated	Change	% 2024/2023
Revenues	6,091	7,992	(1,901)	(23.8%)
Operating expenses	(4,370)	(6,709)	2,339	(34.9%)
Labour costs	(442)	(401)	(41)	10.2%
Gross Operating Income - EBITDA	1,279	882	397	45.0%
Depreciation, amortization and write-downs	(441)	(381)	(60)	15.7%
Provisions for risks	(41)	(15)	(26)	n.s.
Provisions for credit risks	(32)	(37)	5	(13.5%)
Net Operating Income - EBIT	765	449	316	70.4%
Result from non-recurring transactions	(3)	-	(3)	-
Net financial balance	(61)	(69)	8	(11.6%)
Affiliates	2	1	1	100.0%
Result before taxes	703	381	322	84.5%
Income taxes	(207)	(114)	(93)	81.6%
Net result from discontinued operations	-	3	(3)	(100.0%)
Minorities	(18)	(13)	(5)	38.5%
Ordinary Group Net Profit	478	257	221	86.0%
Special Items	11	23	(12)	(52.2%)
Group result of the period	489	280	209	74.6%

Special items in the first half of 2024, amounting to 11 million euro, refer to proceeds from the litigation with the Municipality of Cinisello Balsamo in favor of Unareti S.p.A..

Special items in the first half of 2023, equal to 23 million euro, refer to the effect of the release of the higher tax values of part of the goodwill of the renewable companies.

Balance sheet and financial position

For changes in the scope of consolidation at June 30, 2024, reference should be made to the section "Income statement" in this Summary of the financial position, results of operations and cash flows.

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Sources/Uses statement

millions of euro	06 30 2024	12 31 2023	Change
Capital employed			
Net fixed capital	9,913	9,567	346
- Tangible assets	6,723	6,643	80
- Intangible assets	3,683	3,630	53
- Shareholdings and other non-current financial assets (*)	83	83	-
- Other non-current assets/liabilities (*)	7	(188)	195
- Deferred tax assets/liabilities	469	464	5
- Provisions for risks, charges and liabilities for landfills	(827)	(828)	1
- Employee benefits	(225)	(237)	12
<i>of which with counter-entry to equity</i>	(86)	(98)	
Net Working Capital and Other Current Assets/Liabilities	(168)	(82)	(86)
Net Working Capital	266	(246)	512
- Inventories	567	319	248
- Trade receivables	2,741	3,540	(799)
- Trade payables	(3,042)	(4,105)	1,063
Other current assets/liabilities	(434)	164	(598)
- Other current assets/liabilities (*)	(369)	193	(562)
- Current tax assets/tax liabilities	(65)	(29)	(36)
<i>of which with counter-entry to equity</i>	(15)	(7)	
Assets/liabilities held for sale (*)	-	-	-
<i>of which with counter-entry to equity</i>	-	-	
Total Capital employed	9,745	9,485	260
Sources of funds			
Shareholders' equity	5,726	4,802	924
Total financial position after one year	5,384	5,571	(187)
Total financial position within one year	(1,365)	(888)	(477)
Total Net Financial Position	4,019	4,683	(664)
<i>of which with counter-entry to equity</i>	8	-	
Total Sources	9,745	9,485	260

(*) Excluding balances included in the Net Financial Position.

Net fixed capital

“**Net fixed capital**” amounted to 9,913 million euro, up 346 million euro compared to December 31, 2023.

Changes are detailed below:

- Tangible assets increased by 80 million euro due to:
 - investments made for 361 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 167 million euro, to the expansion and reconstruction of the medium and low voltage network, and the installation of new electronic meters for 114 million euro, the development of district heating networks for 42 million euro, the purchase of movable means to collect waste and other equipment for 11 million euro, works on the fiber optic and gas transport network for 5 million euro, investments aimed at developing the energy efficiency plan for 3 million euro, 6 million euro for the efficiency plan with new LED technology light sources and 4 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 3 million euro;
 - first-time consolidation of period acquisitions, accounting for a 19 million euro increase;
 - net decrease for other changes equal to 5 million euro attributable to the increase in rights of use in application of the IFRS16 accounting standard for 20 million euro, the decrease in the provision for decommissioning and landfill closure and post-closure expenses for 18 million euro, the net decrease for 2 million euro for reclassifications to other financial statements items, the decrease for 3 million euro due to the registration of contributions on investments from previous years, the decrease for 2 million euro for the exit from the consolidation scope of the company Tula Bioenergia;
 - decrease of 2 million euro as a result of write-downs made during the period on assets no longer considered functional to the A2A Group's business.
 - decrease of 2 million euro arising from disposals in the period, net of accumulated depreciation;
 - a decrease of 291 million euro for the depreciation charge for the period;
- Intangible assets increased by 53 million euro on December 31, 2023, due to:
 - capex for 192 million euro related to the implementation of computer systems for 62 million euro, development and maintenance work in gas distribution plants and the replacement of medium and low-pressure underground pipes for 58 million euro; works on the water transport and distribution network, sewers and purification plants for 40 million euro; costs incurred for the management of contracts with customers for 31 million euro, as well as for design, research and development costs for Heating Plants for 1 million euro;
 - first-time consolidation of period acquisitions, accounting for a 43 million euro increase;
 - net decrease of 32 million euro for other changes, due to the 31 million euro decrease in environmental certificates of the industrial portfolio and the 1 million euro decrease following the reclassification of some items among tangible assets;
 - decrease of 2 million euro arising from disposals in the period, net of accumulated depreciation;
 - a decrease of 148 million euro for the depreciation charge for the period;
- Equity investments and Other non-current financial assets amount to 83 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 195 million euro attributable to the decrease in security deposits from customers for 122 million euro, the increase in receivables from the tax authorities for tax breaks provided for by building bonuses expiring after the following financial year, for 81 million euro, the decrease in other security deposits for 9 million euro and other increases of 1 million euro;
- Deferred tax assets amounted to 469 million euro (464 million euro at December 31, 2023) and show a net increase of 5 million euro, net of the effects relating to the first-time consolidations of the period equal to 1 million euro, relating to the recognition of net deferred tax assets;

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- at June 30, 2024, Provision for risks, charges and liabilities for landfills amounted to 827 million euro and showed a decrease of 1 million euro;
- 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 266 million euro, up 512 million euro compared to December 31, 2023. Comments on the main items are given below:

- **“Inventories”** amounted to 567 million euro (319 million euro at December 31, 2023), net of the related obsolescence provision for 28 million euro, up 248 million euro compared to December 31, 2023. The increase is mainly attributable to a 287 million euro increase in other inventories, partially offset by a 35 million euro decrease in fuel inventories, due to both seasonality and scenario effects (inventories include fuel inventories for power generation and gas inventories for gas sales and storage), a 2 million euro decrease in materials inventories including provisions for materials obsolescence, and a 2 million euro decrease in fuels held by third parties;
- **“Trade receivables”** amounted to 2,741 million euro (3,540 million euro at December 31, 2023), with a decrease of 799 million euro. The change in trade receivables, consisting of an increase due to first-time consolidation of 16 million euro and a decrease of 815 million euro, is mainly attributable to the seasonality of the Group’s business. The **“Bad debt provision”**, calculated in compliance with IFRS 9, is equal to 256 million euro and shows an increase of 12 million euro, net of the first-time consolidations for 4 million euro compared to December 31, 2023, due to provisions for 32 million euro, uses of the period for 18 million euro and other decreases for 2 million euro;
- **“Trade payables”** amounted to 3,042 million euro, with a decrease of 1,074 million euro, net of the changes related to the first-time consolidations of 11 million euro. The decrease is mainly attributable to the seasonality of the Group’s businesses, as well as lower OTC commodity purchases (bilateral contracts).
- **“Other current assets/liabilities”** evidenced a net decrease of 598 million euro due to:
 - decrease in security deposits for 375 million euro;
 - 149 million euro net increase in tax payables for VAT, excise duties and other indirect taxes;
 - net increase in receivables from Cassa per i Servizi Energetici e Ambientali for 16 million euro;
 - net decrease in the fair value of derivatives on commodities for 53 million euro;
 - net increase in current tax payables for 36 million euro;
 - net increase in other current liabilities for 1 million euro.

Consolidated **“Capital employed”** at June 30, 2024 amounted to 9,745 million euro and was financed by Equity for 5,726 million euro and the Net Financial Position for 4,019 million euro.

Shareholders’ equity

Equity amounted to 5,726 million euro and showed a positive change for a total of 924 million euro.

The result for the period had a positive effect of 489 million euro, partly offset by the distribution of dividends of 300 million euro and a decrease in minority interests totaling 7 million euro.

Lastly, there were other increases of 742 million euro as a result of the first non-convertible, subordinated hybrid bond issue with a nominal value of 750 million euro, as well as a net positive change in cash flow hedge derivatives and IAS 19 reserves totaling 4 million euro.

The **“Consolidated Net Financial Position”** at June 30, 2024 was 4,019 million euro (4,683 million euro at the end of 2023). The gross debt amounted to 5,972 million euro, down by 390 million euro compared to December 31, 2023. Cash and cash equivalents amounted to 1,893 million euro, up by 264 million euro. The other net financial assets/liabilities showed an active balance of 60 million euro with a net increase of 10 million euro as compared with December 31, 2023.

millions of euro	06 30 2024	06 30 2023
EBITDA	1,279	882
Change Net Working Capital	(512)	(313)
Changes in Other assets/liabilities	317	221
Utilization of provisions, net taxes and net financial charges	(252)	(148)
Operating cash flow	832	642
Capital Expenditure	(553)	(494)
Cash flow before dividend payment	279	148
Dividends	(300)	(283)
Net cash flow	(21)	(135)
Change in scope	(57)	21
Perpetual hybrid bonds	742	-
Change in Net Financial Position	664	(114)

During the period, the net cash absorption amounted to 21 million euro, after investments of 553 million euro and the payment of dividends for 300 million euro, partly offset by the cash generated by operating activities and equal to 832 million euro. Changes in the scope of consolidation during the period were negative and amounted to 57 million euro.

Also worth mentioning is the impact of the first non-convertible, subordinated hybrid bond issue in Green format with a nominal value of 750 million euro, which, net of transaction costs, was recognized at a total value of 742 million euro.

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Significant events during the period

Acinque finalizes acquisition of 70% of Agesp Energia

On January 3, 2024, the acquisition of 70% of Agesp Energia by Acinque, already historically active in the Varese area, was finalized with effective date January 1. The acquisition is consistent with the growth strategies of Acinque, which, based on territorial aggregations, with A2A as its industrial partner, has progressively consolidated its competitive capacity, expanding both the critical mass of its business and its reference perimeters. Agesp Energia operates in the sale of electricity and gas and has been the reference operator, for over 60 years, in the Busto Arsizio area for its 39,300 customers (of which 27,700 are gas customers and 11,600 electricity customers). The company also operates a district heating service and owns the dedicated network (about 18 km) as well as the cogeneration plant serving it. In 2022, approximately 32,100 MWh of thermal energy was sold and 21,400 MWh of electricity, net of self-consumption, was fed into the grid.

Tacit renewal of the Pact between A2A and the Public Authorities concerning Acinque

Pursuant to article 122 of the T.U.F. and articles 129 and 131 of the Issuers' Regulation, Acinque announces that the shareholders' agreement entered into on March 30, 2018 and renewed on June 30, 2021 between A2A, Lario Reti Holding, the Municipality of Monza, the Municipality of Como, the Municipality of Sondrio and the Municipality of Varese has been tacitly renewed for a further three-year period with effect from the expiry date of June 30, 2024. The total number of ordinary shares covered by the agreement and the percentages of contracting shareholders remain unchanged: A2A holds 41.34% of the share capital, Lario Reti Holding holds 23.93%, the Municipality of Monza holds 10.53%, the Municipality of Como holds 9.61%, the Municipality of Sondrio holds 3.30% and the Municipality of Varese holds 1.29%.

A2A agreement with Enel Group to reorganize electricity grids in Lombardy

On March 9, A2A S.p.A. and E-distribuzione, an Enel Group company active in the distribution of electricity, signed a sale and purchase agreement relating to the electricity network BU managed by E-distribuzione in certain areas of Lombardy in the provinces of Milan and Brescia. This agreement will allow the A2A Group to exploit territorial synergies and accelerate the investments required for the energy transition.

Specifically, the transaction provides for the A2A acquisition of 90% of a newly formed company to which E-distribuzione electricity distribution assets in the province of Milan (excluding a few municipalities in the northern belt) and, in the Brescia area, in Valtrompia will be contributed, for a total of about 800,000 POD, about 5,000 km of medium-voltage cables, more than 12,000 km of low-voltage cables, about 9,500 secondary substations and 60 primary substations. It is envisaged that, concurrently with the closing, the execution of which is subject to the fulfilment of certain conditions precedent, a shareholders' agreement will be entered into between A2A and E-distribuzione - which will hold the remaining 10% of the company - which, among other things, will include a mechanism of cross purchase and sale option clauses concerning the 10% shareholding, exercisable as of the first anniversary of the closing.

A2A presents the new 2024-2035 Strategic Plan

On March 12, 2024, the A2A Board of Directors examined and approved the new Strategic Plan 2024-2035; the Plan relaunches and extends the Group's long-term industrial growth objectives.

The ecological transition is confirmed as the cornerstone of the Group's strategy: Circular Economy and Energy Transition are the two pillars, leading a 22 billion euro investment plan over twelve years, focusing on infrastructure, people and business, decarbonization and future-fit development.

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A2A “stable” rating and outlook confirmed by Moody’s and S&P Global

On March 15, Moody’s confirmed the A2A long-term rating at Baa2 with a “stable” outlook.

On March 18, 2024, S&P Global confirmed the A2A long-term rating at BBB with “stable” outlook.

The decisions follow the signing of an agreement for the acquisition by A2A of 90% of a newly established company to which the electricity distribution assets of E-distribuzione in the Province of Milan (with the exception of a few municipalities in the northern belt) and, in the Brescia area, in Valtrompia, will be transferred. This transaction is in line with the strategy outlined in the A2A new 2024-2035 Plan, which focuses more on low-volatility businesses, particularly regulated electricity grids, and on a slower development of renewable activities compared to the previous plan, thus improving the risk profile.

The rating confirmations also reflect A2A well-diversified and vertically integrated business mix, its commitment to careful financial discipline as well as its strong commitment to maintaining its current rating on its sustainable growth path.

Ordinary Shareholders’ Meeting of A2A S.p.A.

On April 24, 2024, the Ordinary Shareholders’ Meeting of A2A S.p.A. approved the financial statements and the proposal formulated by the Board of Directors to distribute a dividend per ordinary share of 0.0958 euro. The dividend was paid in May 2024.

The Shareholders’ Meeting also voted in favour with a binding vote on the first section of the 2024 Report on Remuneration and with an advisory, non-binding vote on the second section of the 2024 Report on Remuneration.

The Shareholders’ Meeting authorized and defined the terms within which the Board of Directors may purchase and dispose of treasury shares.

A2A ESG strategy performance recognized

For the third year running, the commitment of A2A to environmental and social responsibility has been recognized globally with its inclusion in the “S&P Global Sustainability Yearbook 2024”, the annual report compiled by the Standard & Poor’s rating agency that highlights the world’s leading companies for their sustainability practices. In the Multiutilities sector, the Group ranked sixth among the 59 peers analyzed.

Electricity auctions A2A strengthens its presence in Italy

A2A Energia, a subsidiary of A2A, confirmed itself as one of the main players in the liberalization process of the energy market by winning:

- in February, as part of the auctions for the Gradual Protection Service for non-vulnerable domestic customers, the Area Sud 2 and Area Sud 10 lots, for a total of just under three hundred thousand supply points;
- in May, as part of the auctions for the Gradual Protection Service for the supply of electricity to small businesses, the provisional allocation of two lots: Lazio, Friuli-Venezia Giulia, Valle d’Aosta (lot 2) and Campania, Marche, Sardinia (lot 6) covering more than 22,000 supply points.

Acquisition of Park Friulano 2

On May 7, 2024, the A2A Group, through its subsidiary A2A Rinnovabili, acquired 70% of Parco Solare Friulano 2, a company owned by EnValue Italia and MSE Solar Energy Italia, which obtained permission to build and operate a photovoltaic plant in the municipalities of Santa Maria la Longa and Pavia di Udine (UD), with an authorized capacity of 112.1 MWp.

With more than 150 MWp installed in total, this plant, together with the one authorized in 2022 in the same municipalities for a capacity of 59.1 MWp, will represent the main photovoltaic hub in the north of the country. In fact, more than 210 GWh will be produced annually, meeting the electricity needs of more than 75,000 households, reducing natural gas consumption by about 40 million cubic meters and avoiding the emission of about 90,000 ton of CO₂.

Solar photovoltaic system on the Fiera Milano pavilions

On May 16, Italy’s largest and most powerful photovoltaic system built on the roofs of the Fiera Milano halls went into operation.

The infrastructure built by A2A together with Fondazione Fiera - through the Fair Renew joint venture - consists of around 50,000 photovoltaic panels, distributed over 330,000 square meters of hall roofing, equal to the surface area of 45 football fields.

The facility, which represents an example of national excellence in the field of renewable energy, will have an expected annual production of 21.6 GWh - equal to the consumption of about 7,800 households - which will avoid the emission of more than 9,800 thousand tons of CO₂ per year, and a total installed capacity of 18 MWp. The photovoltaic system will cover a part of Fiera Milano

needs for the exhibition center in Rho, while the remaining portion of the green energy generated will be fed into the grid.

A2A issues first Hybrid Green Bond to support investments in energy transition and circular economy

On June 4, A2A S.p.A. successfully placed its first hybrid subordinated perpetual bond issue in Green - use of proceeds format with nominal value of 750 million euro.

The issue, carried out in execution of the resolution of May 14, 2024 of the Company's Board of Directors and the President's decision on June 4, 2024, attracted great interest, receiving orders for approximately 2.9 billion euro, approximately 4 times the amount offered.

The bond, placed at an issue price of 99.460% and characterized by a non-call period of 5.25 years, will have a perpetual maturity and will pay a fixed annual coupon of 5.000% until the first reset date on September 11, 2029.

This issue will go to finance and/or refinance the Eligible Green Projects: strategic projects of circular economy and energy transition related to the development of renewables, to the environmental sector, to electrical grids and to the water cycle defined within the Sustainable Finance Framework of A2A. Among the selected projects are newly acquired assets in the fields of electricity grids and renewable energy production.

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Significative events after June 30, 2024

Green Loan financing pooled for 600 million to support electricity grid development

On July 10, 2024, A2A successfully completed a 600 euro million syndicated loan transaction, in a Green Use of Proceeds format, for the acquisition of electricity grid assets in certain areas of Lombardy, in the provinces of Milan and Brescia, announced in March 2024.

This instrument allows the A2A Group to strengthen its liquidity position while ensuring flexibility in the execution of its Strategic Plan.

The 2-year bridge loan was structured as a Green Loan in accordance with the A2A Sustainable Finance Framework, verified by Vigeo Eiris, and the Green Loan Principles (GLP) published by the Loan Market Association (LMA).

3.4 Climate change

The A2A Group is a Life Company, as it takes care of life, its most precious capital. It promotes the country's sustainable growth through a long-term strategy, with investments dedicated to the development of the circular economy and energy transition: businesses that, more than others, are crucial to preserving everyone's future. Sustainability is at the heart of the Group's strategy, which focuses on a fair, ecological and shared transition, and is divided into the two pillars of circular economy and energy transition.

The A2A Group is also subject to the effects of climate change, and the risks associated with these are specifically analyzed by the Group, which in this regard, has created a system for identifying, assessing and managing risks associated with climate change, integrating it into its Enterprise Risk Management process. The climate risks identified are the result of the materiality analysis carried out considering:

- the risk categories outlined in the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD);
- the ESRS E1 Climate Change standard prepared under the Corporate Sustainability Reporting Directive (CSRD);
- the business models and services offered by the Group.

For physical climate risks (both chronic and acute), the A2A Group also refers to the European Union's Climate-related Hazards Framework issued as part of the EU Taxonomy of Green Investments (Appendix A of the Delegated Regulation (EU) supplementing Regulation EU 2020/852 of the European Parliament and of the Council).

The actions implemented by the A2A Group to counter the risks associated with climate change are, therefore, an important part of the development strategy, whose pillars are the Circular Economy and Energy Transition.

In this regard, the Group has reaffirmed its commitment to decarbonization also in the 2024-2035 Plan, confirming its target to reduce the emission factor to 226 gCO₂/kWh by 2030, equal to a 47% reduction in the CO₂ emission factor compared to the 2017 value (425 gCO₂/kWh). It is important to reiterate that the A2A Group has already decided on the closure of the Monfalcone coal-fired plant, writing it off in its entirety in the 2018 Financial Statements. This plant is now undergoing a major reconversion.

Not only that: with the 2024-2035 Plan, the Group also committed to decarbonizing its supply chain over the Plan horizon, setting a target on the calculation and reduction of scope 3 emissions, according to the following percentages: -5% in 2025, -10% in 2028 and -30% in 2035).

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Significant risks for the Group related to climate change

From the analyzes carried out, the following risks relevant to the Group were identified, indicated in the following table. The estimated impact values are annual averages over the 2024-2035 Business Plan horizon:

Business	Event	Assumptions adopted to estimate impacts	Probability*	Range of impact on EBITDA (M€/a)
Electricity grids	Resilience of electricity distribution grids	For the risk, the reputational impact is considered prevalent; therefore, the economic impact remains low and consists of the possible application of sanctions in the event of non-compliance with the service quality levels established by ARERA.	Possible	<5
Retail gas	Thermal energy demand	The lower thermal energy sales that could occur as a result of milder winter and fall temperature trends than those projected in the Business Plan scenario are considered. The impact is based on historical data on the change in Ebitda compared to the budget. Furthermore, the impact on margins is considered in the event that an unplanned deviation occurs in the portfolio uses of the commodity gas due to the effect of very different final climatic conditions (exceptional/minimum temperature) from those used in the planning phase (normal temperature). The at-risk amount is estimated by applying the volatility of winter market prices to the daily consumption - calculated as a function of temperature (gradient).	Possible	<5
Heat	Thermal energy demand	The lower thermal energy sales that could occur as a result of milder winter and fall temperature trends than those projected in the Business Plan scenario are considered. Deviations of Degree Days (DD) from the Plan data are estimated on the basis of statistical evaluations performed on historical data (source: "Climate in Italy in 2022" published by Sistema Nazionale per la Protezione dell'Ambiente - Sistema Report SNPA/36 2023). See also section "Sensitivity analysis - changes in Degree Days".	Possible	<5
Electricity - Hydro and Renewables	Precipitation and water resource use	This takes into account the reduction in production for each of the Group's hydroelectric auctions compared to the Business Plan forecasts - due to an unfavorable change in average rainfall. The estimate of production at risk is based on the difference between the average annual production forecast in the Business Plan and the worst case scenario consisting of production in 2022, which was a particularly unfavorable year. It is assumed that this worst case could occur twice in the time horizon of the 2024-2035 Business Plan. The lower production is valued with the energy PUN values (PUN peak for basin plants and PUN base load for run-of-river plants) provided by the energy scenario of the Business Plan. Furthermore, the reduction in production for each of the Group's hydroelectric auctions is considered compared to the Plan's forecasts - due to a possible additional request for releases compared to as foreseen by the existing agreements - valued with the PUN values of the Business Plan energy scenario.	Possible	>20
Electricity - CCGT + Monfalcone + San Filippo del Mela	Plant cooling	The risk was qualitatively estimated on the basis of historical events.	Hardly Possible	<5
Waste	ETS Directive Revision	There is still a lot of uncertainty as to how this will apply to waste-to-energy plants in the new ETS. The estimate took into account the CO ₂ emission forecasts of the waste-to-energy plants, the EUA price forecasts of the Plan Scenario and an assumption of the transfer of the cost of the allowances to the disposal tariff. Only emissions from the fossil carbon fraction in waste were considered.	Possible	>20
All	Extreme weather phenomena	The risk has been estimated starting from the damage scenarios described in the assessment reports drawn up by the insurance broker, the vulnerabilities of the plants and the deductibles for direct and indirect damages provided for by the insurance contract.	Possible	<5

*Hardly Possible: <10%; Possible: >=10%; =<50%; Probable: >50%
Low: <5M€/a; Medium: >=5M€/a; =<20M€/a; High: >20M€/a

Based on the above, the climate risks with the most significant potential impact are related:

- to changes in the water resource available for hydroelectric production, as a result of both a potential overall reduction in annual precipitation volumes and potential changes in the distribution of precipitation throughout the year, as well as a potential reduction in the water reserve accumulated in the form of snow pack (Snow Water Equivalent) - due to rising average and maximum air temperatures;
- to the cost of CO₂ emission permits, in the event that the ETS also becomes mandatory for waste-to-energy plants;
- to a reduction in gas and heat sales due to a potential rise in average autumn and winter temperatures.

In particular, for **electricity grids**, the resilience of distribution networks is linked to three possible risks:

- interruption of service related to possible peaks in demand induced by increased temperatures;
- flooding of underground cabins caused by heavy rain;
- increased demand for energy related to the electrification of consumption.

The 2024-2035 Business Plan includes an investment plan aimed at the maintenance and development of the electricity grid, enabling both the adaptation to physical climate risks and the progressive electrification of energy services by improving their efficiency and reducing CO₂ emissions. In this regard, the plan includes interventions to upgrade and rationalize the networks, secondary substations, primary substations and an extension of the remote management of assets.

As electricity distribution is a regulated business, these investments are remunerated at a rate defined by ARERA and updated periodically. In addition, ARERA offers the possibility of joining a bonus mechanism to encourage the implementation of specific interventions to increase the resilience of electricity grids.

There are also remote operational controls, advanced technical safety tools, emergency intervention teams as well as specific safeguards for infrastructure, which are more exposed to risks of interruption in the delivery of services. The "Milan heat wave preparation" Working Group was set up, responsible for

coordinating the prevention and management of disruptions and the related communication activities.

The **Retail Gas** and **Heat** businesses could suffer an unfavorable trend resulting from:

- higher than expected winter temperatures;
- the occurrence of climatic conditions at the end of the year that are very different (exceptional/minimum temperature) from those used at the planning stage.

The Business Plan includes investments in the Heat business aimed at the development of district heating networks and strategies to increase the number of customers.

Furthermore, there are projects for the recovery of "thermal waste" and the revamping of existing plants, to optimize energy costs and maintain the competitiveness of the assets. These capex, in addition to mitigating risk, are aimed at developing the district heating business.

To estimate the quantities of heat sold expected in the Plan, in order to take climate change into adequate consideration, the historical averages of the degree days observed in the last 5 years were considered, which capture the largest temperature increases. As better described in the note "Impairment", for the purpose of the impairment test, additional sensitivity analyses were performed on this already conservative assumption.

Electricity production from renewable sources could be impacted by several exogenous phenomena:

- change in the precipitation regime;
- competition on water use;
- wind regime and insulation.

The change in the precipitation regime could lead to a change in the water availability for the Group's main hydroelectric auctions. The Business Plan includes investments to optimize the use of the derived water resource for hydroelectric purposes (e.g., pumping). In addition, the Group is engaged in the development of tools to improve rainfall and run-off forecasts as well as in the development of engineering analyses and models to support the planning of hydroelectric plants in both the medium and short term. For the purposes of the plan, the estimate of the Group's hydroelectric production is based on a 10-year historical average, including 2022, which was

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the worst in terms of hydraulicity over this observed period, for all of the Group's hydroelectric cores. Also in this case, as better described in the note "Impairment", for the purpose of the impairment test, additional sensitivity analyses were performed on this already conservative assumption.

Competition for the use of water resources could lead to an increase in the share of water that hydroelectric plants will be forced to release to make it available for irrigation and drinking.

Drought periods can also impact the availability of biomass for bioenergy plants.

Production from thermoelectric plants ("CCGT") could be impacted both by the rise in temperatures and by drought, due to the risk relating to limitations on the operation of the plants due to difficulties in adequately cooling the thermoelectric cycle in the event of a rise in summer temperatures and/or lowering the levels of the waterways from which the cooling water is derived. To mitigate these risks, the Group constantly monitors the temperature of the cooling water, as well as, at some plants, the temperature of the watercourse downstream of the discharge. Furthermore, the Group has active all-risk insurance coverage, for all plants, which also covers direct and indirect damage caused by natural phenomena.

The Revision of the ETS Directive could impact the **Waste Business Unit**. In particular, waste-to-energy plants could be included in the Emissions Trading Scheme following the publication of the Directive (EU) 2023/959. The Group is constantly engaged in monitoring regulations, assessing possible impacts and participating in round tables with trade associations and/or competent bodies to represent any critical issues in the application of regulations in progress and make proposals. In addition, the Group is experimenting with new technologies for capturing and sequestering CO₂ emitted by waste-to-energy plants.

The A2A Group monitors any **extreme weather phenomena** (e.g. floods, landslides, water bombs, tornadoes, etc.), which could be a risk to the Group's assets and business continuity. To cover against such events, the Group has active insurance contracts, for all contracts, with coverage extended to include damage caused by natural phenomena. In addition, there are procedures in place to manage any acute weather phenomena in an optimal and timely manner. Finally, with a view to prevention, the design and construction of installations (e.g. wind and photovoltaic) takes into account the characteristics of the territory and local climatology (e.g. slope stability, windiness, etc.).

Uncertainties surrounding the decarbonization plan

The achievement of decarbonization targets is however subject to the following main sources of uncertainty:

- possible geopolitical, market or climatic situations that could lead to an increase in the demand for energy from fossil sources, either to meet a possible higher domestic demand for energy or to compensate for any lower production from renewable sources (hydroelectric) and/or any lower imports;

- insufficient technological development, which may not adequately support the replacement of fossil production and/or the removal of carbon ("carbon removal") from processes that are inherently "carbon intensive" (hard-to-abate).

To mitigate these uncertainties, the Group is analyzing all possible investment initiatives with a view to the planned decarbonization pathway and carries out experiments and investments in CO₂ (carbon capture).

Sensitivity analysis - price changes of emission allowances (EU Allowances - EUA)

The estimated price of EUA (European Union Allowances) is included in the assumptions of the 2024-2035 Business Plan. The A2A Group also estimates the range of impact on EBITDA resulting from a possible trend in the value of EUA (European Union Allowances) that differs from the values taken as a reference in the preparation of the Business Plan. In particular, the change in the A2A Group's EBITDA was estimated as a result of a deviation in EUA prices of +/-10 euro/t compared to the forecasts included in the Business Plan. Sensitivities are made with different assumptions about the correlation between the EUA price and the

single national electricity price (PUN). Full correlation (100%) means that the entire CO₂ cost is passed on in the energy price; vice versa, no correlation (0%) means that the CO₂ cost is not passed on in the price and it is entirely translated into increased costs of fossil fuel production. Intermediate degrees of correlation correspond to a partial transfer of cost to the PUN.

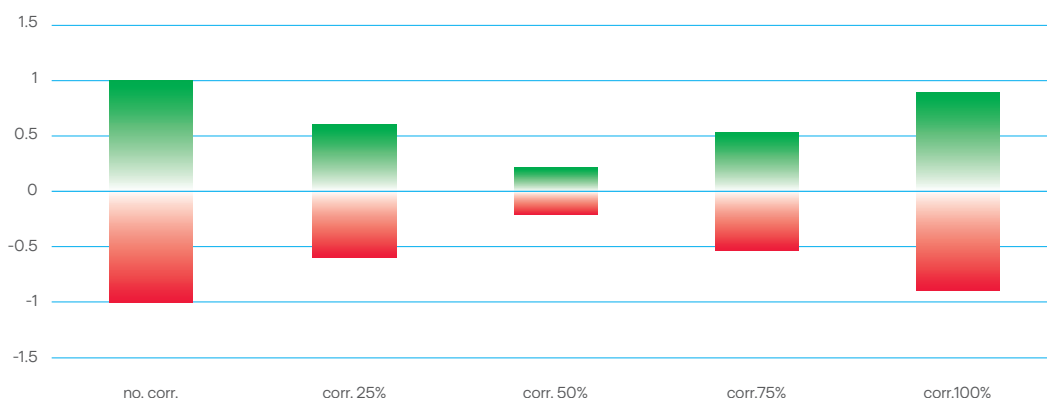
The histogram below shows the range of variability of the average annual impact on EBITDA calculated over the 12 years of the 2024-2035 Business Plan for each individual degree of correlation (0%; 25%; 50%; 75%; 100%). The values are normalized to the

highest impact with 0% correlation. In green, possible favorable impacts, in red, possible unfavorable impacts. These potential impacts are calculated with respect to the 2024-2035

Business Plan and do not directly relate to the impairment test, for which the specific CGU considerations and analyses apply instead.

Sensitivities of impacts on EBITDA for EUA price changes of +/- 10 euro

Range of average annual impacts over the period 2024-2035 with different correlation assumptions between EUA price and PUN (normalized values)



The graph shows that extreme degrees of correlation (0% and 100%) produce potential amplified impacts on the A2A Group's EBITDA. In fact, if there is no correlation with the PUN, the impacts are "driven" by changes in the marginality of thermoelectric production, whereas if there is full correlation with the PUN (which means that the cost of CO₂ is passed on to the energy price), the impacts are "driven"

by changes in the marginality of hydroelectric production. On the other hand, intermediate correlation values tend to mitigate the impacts of EUA price volatility. The EBITDA impact assessments shown in the graph were carried out on the A2A Group's power generation forecasts by source as defined in the Business Plan for the period 2024-2035.

Sensitivity analysis - changes in Degree Days¹

The A2A Group estimates the range of impact on EBITDA generated by district heating in correspondence with three different trend scenarios of changes in Degree Days, projected over the horizon of the 2024-2035 Business Plan. The Degree Days variation

scenarios were estimated from the autumn and winter average temperature variation trends (minimum, average and maximum variations) determined by ISPRA through statistical processing of historical data (source: SNPA System Report/36 2023).

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¹ The Degree Day (DD) of a location is the sum over all days in a conventional annual heating period of only the daily positive differences between the temperature (T_o), conventionally set for each country, and the daily average outdoor temperature of hourly data (T_d). Presidential Decree No. 412 of August 26, 1993 conventionally sets the ambient temperature T_o at 20 °C.

The following table shows the estimated Degree Days at Risk (minimum, average and maximum) compared to the forecasts of the 2024-2035 Plan scenario:

Year	DD at minimal risk	DD at medium risk	DD at maximum risk
2024	3.9	5.5	7.1
2025	7.7	11.0	14.2
2026	11.6	16.5	21.3
2027	15.5	22.0	28.4
2028	19.4	27.5	35.6
2029	23.2	32.9	42.7
2030	27.1	38.4	49.8
2031	31.0	43.9	56.9
2032	34.8	49.4	64.0
2033	38.7	54.9	71.1
2034	42.6	60.4	78.2
2035	46.4	65.9	85.3
Total	301.9	428.2	554.6
Average value	25.2	35.7	46.2

As can be seen from the table, the worst-case scenario indicates an average of 46 degree days over the plan.

The corresponding estimated unfavorable impacts on EBITDA are between approximately 25 million euro and 50 million euro over the 2024-2035 Business Plan, corresponding to an average annual impact value between approximately 2 and 4 million euro.

These potential impacts are differential with respect to the hypotheses that the 2024-2035 Business Plan already takes into consideration and are not directly related to the impairment test, for which instead the specific considerations and analyzes on the CGUs apply.

Transversal climate risk management actions

As stated above, the A2A Group has therefore adopted the following transversal response actions to climate physical and transition risks:

- Governance divided into a strategic level (Board of Directors, Risk Control Committee, ESG and Territorial Relations Committee, Sustainable Finance Committee) and a more operational level integrated into the Group's Enterprise Risk Management process. Structured information flows between the committees and organizational structures involved to ensure alignment and synergy between the two levels of the process;
- Long-term business plan (twelve years) based on the pillars of energy transition and circular economy, including investments in climate change mitigation and increasing the resilience of assets and infrastructure;
- monitoring of weather and climate parameters to support short, medium and long-term production planning;
- research and testing of technologies for capturing and sequestering CO₂ emitted with flue gases;
- emergency procedures and plans;
- diversification of electricity generation sources and geographical location of assets;
- physical climate scenario analysis and transition to support strategic planning and climate risk assessment. Sensitivity analysis of the economic-financial impacts of the main risks monitored;
- monitoring of regulatory developments in the field of climate change and energy transition, and sharing the associated risks and opportunities through specific internal interdisciplinary working Groups;
- training and awareness-raising of employees with internal seminar cycles on climate change and environmental issues;
- insurance coverage that covers direct and indirect damages caused by natural events.

Impact of scenario and climate change on items of the financial statements

Impairment test

Consistent with IAS 36, the Group periodically monitors CGUs for impairment indicators, including those related to risks associated with climate change (regulatory or consumption changes, changes in temperature and rainfall, etc.) and the energy scenario.

As described in the previous sections, the 2024-2035 Business Plan update and the related scenario updates, on which the impairment test is based, natively includes climate change-related effects not only in the capex projections but also in the economic projections in order to also reflect recent events in terms of, for example, temperature and hydraulicity.

In order to assess the possible impacts of scenario and climate change variables (hydraulicity and Degree Days) on financial statements assets, a sensitivity analysis was carried out for the most exposed CGU (CCGT Generation, Renewable Generation and Heat). These analyzes further stress the already conservative assumptions used for the purposes of the Business Plan, especially with regard to hydraulicity and rising temperatures. As far as the Renewable Generation CGU is concerned, for the atmospheric phenomenon related to hydraulicity, reference was made to observations of historical production, and the exceptional situation that occurred in 2022, which can be observed as the worst year of hydraulicity in the last decade, was considered as a stressed scenario. It has been assumed that this stressed scenario occurs twice over a plan (once more than the decade of observation), thus conservatively assuming a progressive reduction in hydraulicity.

As regards the energy scenario of the Renewable Generation, Thermoelectric Generation and Heat CGU, the analysis was based on Monte Carlo method simulations through the generation of 10,000 price scenarios on the commodities PUN BASE, PUN PEAK, PSV and EUA, and “stressed” forward curves were calculated by applying the rising and falling volatility values.

As regards the Heat CGU, for the sensitivity on Degree Days, the stressed scenario was elaborated on the basis of estimates provided by external providers (ISPRA): in particular, the

scenario with the greatest increase in degree days was considered among the possible scenarios observed (see previous section “Sensitivity Analysis - changes in Degree Days”).

Provisions, contingent liabilities and assets

The risk of climate change did not give rise to the need to recognize additional contingent liabilities as the A2A Group, as required by the standard, reviews risks annually, estimating the present value of the amounts required to meet future contingent obligations (e.g. decommissioning provisions on landfills or thermoelectric plants). This estimate is the result of the methodology used by the Group in previous years, which takes into account the macroeconomic scenario.

For further details, please refer to Section 18 “Provisions for risks, charges and liabilities for landfills” of the Notes.

Revenues from contracts with customers

Among sales contracts, which are accounted for in accordance with the accounting standards, the A2A Group, consistently with what has been done in previous years, evaluates from time to time the possible estimation of a specific provision for contracts classifiable as onerous pursuant to IAS 37.

For further details, please refer to Section 24 “Revenues” of the Notes.

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Taxonomy

With the adoption of the first Technical Delegated Act of the EU Regulation 2020/852 (the so-called Taxonomy), economic sectors and activities that can contribute to climate change mitigation and adaptation, two of the six objectives defined by EU legislation, were identified.

In 2022, the A2A Group, in order to guarantee compliance with the requests of EU Regulation 2020/852, therefore started a process of implementing analyzes aimed at recognizing “eligible” and “aligned” activities pursuant to of the Regulation itself.

With reference to these activities, in 2022, A2A recorded revenues, capital expenditure and/or operating expenses, as reported in the Group's Consolidated Non-Financial Statement (DNF) 2022.

In November 2023, the European Commission also gave its final approval to the remaining Delegated Acts, which aim to identify the technical criteria and further activities to achieve the other four objectives of EU Regulation 2020/852: (a) sustainable use and protection of water and marine resources, (b) transition to a circular economy, (c) prevention and reduction of pollution and (d) protection and restoration of biodiversity and ecosystems. With regard to these objectives, the European Union, for FY 2023 reporting, requires an assessment of eligibility only.

Due to the aforementioned regulatory changes, the analysis was therefore extended to all six taxonomic objectives as of the financial year 2023. In particular, eligibility and alignment with the taxonomy was assessed for the first two environmental objectives of climate change mitigation and adaptation, and eligibility only for the remaining four objectives. With respect to these activities, A2A has reported revenues, capital expenditures and/or operating expenses in 2023, which are outlined in the Group's Consolidated Non-Financial Statement (DNF) 2023.

Given the strategic nature of reporting, the Group has also decided to implement such reporting on an intra-annual periodic basis, specifically on capitalized expenses.

For 2024, a further expansion is envisaged of the analysis to identify “eligible” but also “aligned” activities for the Group under the Taxonomy, in accordance with all six objectives of the Regulation.

3.6

Outlook for operations

The excellent results of the first half of the year, in particular, the performance of the Generation and Market BU, allow us to positively revise 2024 guidance upwards.

The Group is expected to achieve:

- an EBITDA of between 2.18 and 2.22 billion euro and
- Group Net Ordinary Income between 700 and 720 million euro.

3.1
Summary of
results, assets
and liabilities and
financial position

3.2
Significant events
during the period

3.3
Significant events
after June 30, 2024

3.4
Climate change

3.5
Taxonomy

3.6
Outlook for
operations

Scenario and Market

Macroeconomic scenario

Overview

In the first part of 2024, some signs of improvement in the global economy emerged: inflation slowed down faster than expected due to lower energy commodity prices and the effectiveness of restrictive monetary policies, private consumption picked up, and labor market conditions remained solid in many areas. World GDP growth in real terms is expected to increase in the first quarter of 2024, although it remains modest.

In detail, the US GDP, after recording +3.4% in Q4 2023, slowed to +1.4% in Q1 2024. Fixed investment, private consumption and public spending contributed positively to growth, while import growth and inventories had a negative impact. According to data released by the Cabinet Office's Institute for Economic and Social Research, Japan's GDP decreased by -0.5% in the first quarter of the year, against a -0.3% decline estimated by analysts and after the previous quarter's zero change. China, after recording +5.2% growth in 2023 as a whole, accelerated to +5.3% in Q1 2024, despite the crisis in the real estate sector and stalling consumption.

In the first quarter of the year, the Eurozone GDP increased by +0.3%, following the slight contraction in the previous two quarters (-0.1% in both). This result summarized heterogeneity between the main countries, with Spain growing by +0.7%, while France and Germany showed a more modest growth of +0.2%.

In the first quarter of the year, the expansionary phase of the Italian economy continued, with GDP increasing by +0.3% compared to the previous quarter and by +0.7% compared to the first quarter of 2023. The figure summarizes the positive contribution of both domestic and foreign demand, while the contribution of inventories was negative.

According to the preliminary estimate released by Eurostat, inflation in the Euro Area should stand at +2.5% in June 2024, down compared to +2.6% in May and significantly lower than +5.5% of the same month last year. On average for the first half of 2024, acquired inflation is equal to +2.6%.

In Italy, according to the ISTAT preliminary estimate, in June 2024, inflation increased by +0.1% on a monthly basis and by +0.8% on an annual basis, as in the previous month. The stability of inflation implies contrasting trends in several expenditure aggregates: prices for foodstuffs (from +2.2% to +0.4%), recreational, cultural and personal care services (from +4.3% to +4.0%) and durable goods (the decline in which widened from -0.7% to -1.1%) are slowing down; by contrast, the decline in prices for non-regulated energy products (from -13.5% to -10.3%) is further mitigated and those for regulated

energy products are accelerating (from +0.7% to +3.6%). On average for the first half of 2024, acquired inflation is equal to +0.9%.

At its June meeting, the Governing Council of the ECB decided to cut the three key ECB interest rates by 25 basis points as, on the basis of an updated assessment of the inflation outlook, it deemed it appropriate to moderate the degree of monetary policy tightening after keeping interest rates unchanged for nine months. On the contrary, the Federal Reserve left key interest rates unchanged, in a range between 5.25% and 5.50%, at 22-year highs.

Since January 2024, the same monetary policy implemented in both the US and the Eurozone has favored the substantial stability of the euro-dollar exchange rate. On average for the first half of 2024, the EUR/USD exchange rate was 1.08 dollars, in line with the corresponding period of the previous year.

Outlook

Despite the slowdown since last year, the most up-to-date scenarios show an overall positive picture for 2024, although growth estimates by the major forecasters still diverge. The International Monetary Fund (IMF), in its April World Economic Outlook, expects the world economy to continue growing at +3.2% in 2024 and 2025. The Fund notes that the forecast for global growth in 2024 and 2025 remains below the historical annual average (2000-2019) of +3.8%, reflecting the continuation of restrictive monetary policies and the gradual withdrawal of fiscal support measures as well as low productivity growth. The geo-political context remains one of the main factors of instability and uncertainty, which may lead to new commodity price increases and a deterioration in the confidence of households, businesses and investors. A slight acceleration in advanced economies, where GDP is expected to grow at +1.7% this year and +1.8% in 2025, will be offset by a modest slowdown in emerging markets and developing economies, from +4.3% in 2023 to +4.2% in both 2024 and 2025.

For China, the forecast remains stable at +4.6% in 2024 and +4.1% in 2025, compared to the +5.2% growth recorded in 2023. As far as the US is concerned, the IMF has revised its estimates upwards: +2.7% this year (+0.6% compared to the previous estimate) and +1.9% next year (+0.2% compared to the previous estimate). India, which has had the highest expansion rates among the major global economies for years, is expected to grow at +6.8% this year and +6.5% next year. Expectations for Russia are revised slightly upwards to

+3.2% in 2024 and +1.8% in 2025 after having closed 2023 at +3.6%.

According to ECB expert projections published in June, Euro Area GDP is expected to accelerate to +0.9% in 2024, +1.4% in 2025 to then stand at +1.6% in 2026. Within the Eurozone, Germany will have modest growth, i.e. +0.2% this year and +1.1% the next, while France will do little better: +0.7% in 2024 and +1.3% in 2025. Spain is expected to grow at +2.1% this year and +1.9% next year.

As regards Italy, according to the most recent estimates from the Bank of Italy, GDP is expected to increase by +0.6% on average per year, by +0.9% in 2025 and by +1.1% in 2026. Activity is expected to benefit from the acceleration of foreign demand and the recovery of disposable income. However, the effects of still restrictive financing conditions and reduced incentives for residential construction are expected to weigh on investment. The unemployment rate is expected to fall to 7.3% on average in 2024 and to remain stable over the next two years.

Inflation in the Euro Area, despite progress in recent quarters, will be affected by continuing strong domestic price pressures due to high wage growth and is likely to remain above the ECB target. The macroeconomic projections, formulated in June 2024 by Eurosystem experts, were revised upwards compared to those of March, placing themselves on average for the year at +2.5% in 2024, +2.2% in 2025 and +2.0% in 2026.

As far as Italy is concerned, the sharp contraction in inflation this year is expected to reflect the sharp fall in the prices of raw materials and intermediate goods, only partly offset by the acceleration in wages. Compared to previous forecasts, consumer inflation was revised downwards particularly sharply in 2024, reflecting a faster decline in energy prices. The consumer price index is expected to average +1.1% this year and then rise again in the following two years to +1.5%.

The Governing Council of the European Central Bank (ECB) indicated that future decisions will ensure that key interest rates are set at levels sufficiently restrictive to achieve a timely return of inflation to the 2% target over the medium term and are kept at these levels as long as necessary. In order to determine the appropriate level and duration of the restriction, the Governing Council will continue to follow a data-driven approach, whereby decisions are determined on a case-by-case basis

at each meeting. In particular, interest rate decisions will be based on an assessment of the inflation outlook in light of new economic and financial data, core inflation dynamics and the intensity of monetary policy transmission. The Governing Council also confirmed that, in the second half of the year, it would reduce the holdings of securities held by the Eurosystem under the Pandemic Emergency Purchase Program (PEPP) by an average of 7.5 billion euro per month. The Federal Reserve has also announced that its monetary policy stance will remain restrictive until inflation has returned to levels compatible with its targets. Most members of the Federal Open Market Committee assume that interest rates may return below 5% during 2024, based on two to three cuts during the year. Three-four more cuts are planned for 2025, which could bring the reference rate below 4%. The reference rate is expected to stabilize between 2.5% and 3% in the long term.

The projections made by Bank of Italy experts in June, against a backdrop of a narrowing interest rate differential with the US that has led to an appreciation of the euro against the dollar, see the EUR/USD exchange rate averaging 1.08 dollars in 2024 and for the two-year period 2025-2026.

Energy market trends

Electricity

As far as the Italian electricity market is concerned, in the first half of 2024, there was a net requirement of 151,604 GWh, up +1.1% compared to the requirement of the same period of 2023 (source: Terna); in seasonally adjusted terms, and corrected for calendar and temperature, the change is equal to +0.5%. The above requirements were met 38.3% from non-renewable sources, 43.8% from renewable sources and the remainder from imports.

Net electricity production in the first six months of 2024 amounted to 125,697 GWh, in line with the same period of the previous year (+0.6%). Specifically, photovoltaic sources (+17.4%) and wind sources (+10.9%) increased, while geothermal sources remain unchanged compared to the first half of 2023. The hydroelectric source shows an increase of 64.8% due to the considerable hydraulicity that characterized the period. With the increase in production from renewable sources, there is a simultaneous drop in thermoelectric generation, which shows -16.8% compared to the same period in 2023 and stands at 66,055 GWh. In the first six months of 2024, the foreign balance increased (+3.9%) compared to the same period in 2023. National production, excluding pumping, accounted for 82.9% of the demand for electricity, while net imports satisfied the remainder.

The average value of the Base Load PUN (Single National Price) in the first half of 2024 stands at 93.4 euro/MWh, a decrease of 31.5% compared to the same period of 2023. Starting from an average value of 99.2 euro/MWh in January 2024, the PUN shows a decreasing trend until April, before rising to an average value of 103.2 euro/MWh in June. The PUN trend followed the trend in gas prices, partially mitigated by the availability of energy from renewable sources at historical highs and a slight recovery of net imports. Average prices decreased compared to the same period last year also for the price during high load hours (PUN Peak Load) with a value which for the first half of the year stood at 99.3 euro/MWh (-31.9% compared to first half of 2023). The average price in low load hours (PUN Off-Peak) in the first six months of 2024 stands at 90.1 euro/MWh with a decrease of -31.2% compared to the same half of the previous year. For all of 2024, forward curves indicate Base Load PUN prices with average values close to 100.8 euro/MWh.

Natural Gas

In the first half of 2024, natural gas consumption in Italy fell to 31,022 million cubic meters with a decrease of -6.5% compared to the first half of 2023 (source: Snam Rete Gas). The decline appears to be driven by consumption in the thermoelectric and civil sectors with volumes of 8,742 million cubic meters (-11.6%) and 15,268 million cubic meters (-1.8%) respectively. On the other hand, consumption in the industrial sector increased, reaching 5,972 million cubic meters (+1.7%).

On the supply side, in correspondence with lower demand, in the first six months of 2024, a decline in natural gas imports was observed, which fell to 30,061 million cubic meters (-5.7% compared to the first half of 2023), which represented the 95.7% of the national requirement net of storage trends. Domestic production, which satisfied the remainder, stood at 1,374 million cubic metres (-2.9%).

As regards prices, the average price of gas at the PSV in the first half of 2024 decreased compared to the levels of the first half of 2023 and stood at 31.2 euro/MWh, a decrease of -34.0%. The PSV price, starting from a value of 31.2 euro/MWh in January 2024, decreased until March and then rose and settled at a value of 36.1 euro/MWh in June. The price dynamics on the main European hubs are similar: the average price of gas at the TTF in the first half of 2024 was equal to 29.5 euro/MWh, a decrease of -33.8% compared to the same half of 2023.

The performance of the respective prices determined a PSV-TTF differential for the period in question equal to 1.74 euro/MWh, a decrease compared to the differential for the first half of 2023 (equal to 2.75 euro/MWh). The forecasts for the whole of 2024 see gas prices on the main European markets with an expected average gas price at the TTF of 32.6 euro/MWh and at the PSV of 34.2 euro/MWh; the respective forward curves highlight a positive PSV-TTF differential of around 1.60 euro/MWh.

Oil and coal

In the first six months of 2024, oil prices had an average value of 83.4 dollars/bbl, an increase of 4.2% compared to the figures recorded in the same period of the previous year. In January 2024, the oil price stood at 79.1 dollars/bbl and showed a slightly upward trend to settle at 83.0 dollars/bbl in June. In the first half of 2024, the upward dynamic of prices expressed in euro/bbl (+4.1%)

was in line with the substantial stability of the euro/dollar exchange rate. For the year 2024, oil forward curves indicate prices with average values close to 83.6 dollars/bbl.

The Energy Information Administration (EIA) reported that global oil demand in the first half of 2024 averaged 102.7 million barrels per day. The EIA predicts that global oil demand will increase to 102.9 million barrels per day in 2024, driven by strong demand for air travel and road mobility, and then grow further to 104.7 million barrels per day in 2025. However, this forecast is subject to many uncertainties due to ongoing geopolitical tensions.

Crude production of OPEC member countries averaged 31.9 million barrels per day in the first half of 2024. The EIA predicts that OPEC crude production will increase to 32.0 million barrels per day in 2024 and to 32.4 million barrels per day in 2025. US crude production averaged 13.2 million barrels per day in the first half of 2024. EIA forecasts are upwards with a value that will average 13.3 million barrels per day in 2024 and rise further to 13.8 million barrels per day in 2025. The EIA expects the market to gradually return to a moderate build-up of stocks in 2025, after the expiry of voluntary supply cuts by OPEC+ in Q4 2024 and the forecast of supply growth by countries outside OPEC+.

The coal price in the first half of 2024 shows a substantially stable trend, starting at 105.2 dollars/ton in January and settling at 109.5 dollars/ton in June. The average price in the first half of 2024 is equal to 108.9 dollars/ton with a decrease of -20.7% compared to the figure recorded in the same period of the previous year (137.3 dollars/ton). In the first six months of 2024, the downward trend in prices expressed in euro/ton (-20.7%) is in line due to the substantial stability of the value of the single currency against the dollar. For 2024, forward curves indicate prices with average values close to 108.2 dollars/ton.

4.1
Macroeconomic
scenario

4.2
Energy market
trends

Result sector by sector

Results sector by sector

Generation and Trading Business Unit

The activity of the Generation and Trading Business Unit is related to the management of the generation plants portfolio¹ of the Group with the dual purpose of maximizing the availability and efficiency of the plants, minimizing operating and maintenance costs (O&M) and maximizing the profit deriving from the management of the energy portfolio through the purchase and sale of electricity and fuels (gaseous and non-gaseous) and environmental certificated on domestic and international wholesale markets. This Business Unit also includes the activity of trading on domestic and foreign markets of all energy commodities (gas, electricity, environmental certificates).

Market Business Unit

The activity of the Market Business Unit is aimed at the retail sale of electricity and natural gas and is responsible for providing energy efficiency services.

Waste Business Unit

The activities of the Waste Business Unit relate to the management of the integrated waste cycle, which ranges from collection and street sweeping to the treatment, disposal and recovery of materials and energy.

In particular, collection and street sweeping mainly refers to street cleaning and the collection of waste for transportation to its destination.

Instead, waste treatment is an activity that is carried out in dedicated centers to convert waste in order to make it suitable for the recovery of materials.

Disposal of urban and special waste in combustion plants or landfills ensures the possible recovery of energy through waste-to-energy or the use of biogas.

Smart Infrastructures Business Unit

The Smart Infrastructures Business Unit develops and manages the infrastructures functional to the wide range of services provided by the Group, focusing on technology and innovation.

In particular, the Business Unit's activity mainly concerns the development and technical-operational management of electricity distribution networks, natural gas transport and distribution networks and the related metering service, characterized by important technological evolutions thanks to the use of smart meters. It manages the entire integrated water cycle (water collection, aqueduct management, water distribution, sewerage management, purification). The activity is also aimed at the sale of heat and electricity produced by cogeneration plants (mostly owned by the Group), through district heating networks and ensures the operation and maintenance of cogeneration plants and district heating networks. Also included are the activities related to the management services for heating plants owned by third parties (heat management services).

The Smart Infrastructures Business Unit also develops infrastructures in the field of telecommunications, designs solutions and applications aimed at creating new models of cities and territories and improving the quality of life of citizens. It develops and manages public lighting and traffic regulation systems; finally, it builds and manages a network of recharging infrastructures functional to the electrification of transport.

Corporate

Corporate services include the activities of guidance, strategic direction, coordination and control of industrial operations, as well as services to support the business and operating activities (e.g. administrative and accounting services, legal services, procurement, personnel management, information technology, communications, landline and mobile telephone service etc.) whose costs, net of amounts recovered from accrual to individual Business Units based on services rendered, remain the responsibility of the Corporate.

¹ Total installed capacity of 9.7 GW.

The following is a summary of the main economic data by sector:

Results by sector first half 2024

millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations and adjustments	Total
Revenues from the sale of goods and services	3,850	3,176	731	715	156	(2,675)	5,953
Other operating income	71	15	44	12	15	(19)	138
Total revenues	3,921	3,191	775	727	171	(2,694)	6,091
Operating expenses	3,313	2,905	364	376	106	(2,694)	4,370
Labour costs	52	35	195	61	99	-	442
Gross operating margin	556	251	216	290	(34)	-	1,279
Depreciation, amortization, provisions and write-downs	169	70	93	146	36	-	514
Net operating income	387	181	123	144	(70)	-	765
Capex	116	53	68	288	29	(1)	553

Results by sector first half 2023 Restated

millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations and adjustments	Total
Revenues from the sale of goods and services	6,137	3,827	699	762	148	(3,666)	7,907
Other operating income	25	9	21	31	14	(15)	85
Total revenues	6,162	3,836	720	793	162	(3,681)	7,992
Operating expenses	5,807	3,683	334	463	103	(3,681)	6,709
Labour costs	48	31	183	58	81	-	401
Gross operating margin	307	122	203	272	(22)	-	882
Depreciation, amortization, provisions and write-downs	124	67	71	135	36	-	433
Net operating income	183	55	132	137	(58)	-	449
Capex	97	42	76	256	23	-	494

5.1
Result sector
by sector

5.2
Generation
and Trading
Business Unit

5.3
Market
Business Unit

5.4
Waste
Business Unit

5.5
Smart
Infrastructures
Business Unit

5.6
Corporate

Generation and Trading Business Unit



The following is a summary of the main quantitative and economic data relating to the Generation and Trading Business Unit:

556

mln €
Ebitda

+81.1% compared to 2023

116

mln €
Capex

97 mln € in 2023 (+19.6%)

0

GWh
**Production of
coal-fired plants**

(312 GWh in 2023)

1,971

GWh
**Thermoelectric production
CCGT**

(-45.3% vs 2023)

451

GWh
**Photovoltaic and
wind power production**

(+15.9% vs 2023)

2,723

GWh
**Hydroelectric
production**

(+91.5% vs 2023)

93.4

€/MWh
Single National Price

(-31.5% vs 2023)

-10.2

€/MWh
Clean spark spread

(-10.3 €/MWh in 2023)

Operating figures

Net electricity production GWh	06 30 2024	06 30 2023	Change	% 2024/2023
Net thermoelectric production	2,011	4,990	(2,979)	(59.7%)
- CCGT	1,971	3,605	(1,634)	(45.3%)
- Oil	40	1,073	(1,033)	(96.3%)
- Coal	-	312	(312)	(100.0%)
Net production from Renewable Sources	3,174	1,811	1,363	75.3%
- Hydroelectric	2,723	1,422	1,301	91.5%
- Photovoltaic	197	200	(3)	(1.5%)
- Wind	254	189	65	34.4%
Total net production	5,185	6,801	(1,616)	(23.8%)

The volumes produced in the first half of 2024, at 5,185 GWh, decreased by 23.8%.

In particular, the generation of energy from renewable sources amounted to 3,174 GWh, +75.3% compared to the same period of the previous year, due to higher hydroelectric volumes (+91.5%) as a result of the strong rainfall recorded in the first half of the year, which compares with the low hydroelectricity of the same period of the previous year, - penalized by the continuation until April of the severe drought that had affected 2022 - and due to the contribution of the Matarocco wind plant, in operation since September last year.

Thermoelectric generation for the period amounted to 2,011 GWh, down 59.7% compared to the same period of the previous year (4,990 GWh at June 30, 2023). The contraction mainly affected combined cycle power plants (-45.3%) as a result of lower contestable demand due to increased imports and the simultaneous increase in production from renewable sources. The conclusion of the emergency measure, started in 2022 and with effects also in the first half of 2023, of the maximization of production of power plants fueled by sources other than natural gas led to the decrease in production of the plant in essentiality regime at San Filippo del Mela and the cancellation of that of the Monfalcone coal-fired plant.

Economic figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023	Change	% 2024/2023
Revenues	3,921	6,162	(2,241)	(36.4%)
Operating expenses	(3,313)	(5,807)	2,494	(42.9%)
Labour costs	(52)	(48)	(4)	8.3%
Gross Operating Margin	556	307	249	81.1%
% of Revenues	14.2%	5.0%		
Depreciation, amortization, provisions and write-downs	(169)	(124)	(45)	36.3%
Net Operating Income	387	183	204	n.s.
% of Revenues	9.9%	3.0%		
Capex	116	97	19	19.6%
FTE	1,115	1,104	11	1.0%

Revenues in the first half of 2024 amounted to 3,921 million euro, down by 2,241 million euro (-36.4%) compared to the first six months of the previous year due to both lower volumes sold and brokered and lower unit prices.

5.1
Result sector
by sector

5.2
Generation
and Trading
Business Unit

5.3
Market
Business Unit

5.4
Waste
Business Unit

5.5
Smart
Infrastructures
Business Unit

5.6
Corporate

Operating costs for the period amounted to 3,313 million euro, down 42.9% compared to the first half of 2023, mainly due to lower procurement costs for energy raw materials and lower maintenance and operating costs as a result of the reduced operation of thermoelectric plants, particularly Monfalcone and San Filippo.

Labour costs amounted to 52 million euro, up 4 million euro compared to the same period of 2023 (+8.3%). This change was caused partly by the increase in unit costs of more than 3% for salary increases (collective contracts, bonuses and allowances, and salary policy actions) and partly by costs for mobility and redundancy incentives. The impact related to FTE is negligible (11 units hired in the second half of 2023 in order to strengthen the structures for the development and management of renewable energies).

The Gross Operating Margin of the Generation and Trading Business Unit amounted to 556 million euro, an increase of 249 million euro compared to the first half of 2023 (+81.1%). Net of the non-recurring items recorded in the two comparison periods (4 million euro in the first half of 2024, 5 million in the same period of 2023), the Ordinary Gross Operating Margin increased by 250 million euro.

The positive change is mainly attributable to the extraordinary contribution of RES plants for:

- higher volumes produced as a result of the high hydraulicity in the first half of 2024 compared to the drought in the first 4 months of 2023;
- a positive price effect, despite the reduction in the price of energy commodities, due to both the absence in 2024 of the effects of the Sostegni Ter decree (two-way compensation mechanism on the price of electricity fed in for RES plants) in place in the first half of 2023 and effective hedging policies.

The positive impacts were partially offset by a contraction in margins recorded in other areas of the business unit's activities, particularly the lower contribution of combined-cycle thermoelectric production, due to lower contestable demand and ancillary services markets (MSD), due to both lower demand from Terna and a lower valuation of the quantities offered.

Depreciation, amortization, provisions and write-downs totaled 169 million euro (124 million euro at June 30, 2023).

As a result of the above changes, net operating income amounted to 387 million euro (183 million euro at June 30, 2023).

Capital expenditure in the period under review amounted to approximately 116 million euro (97 million euro in the same period of 2023) and included extraordinary maintenance activities of about 27 million euro, of which about 14 million euro for thermoelectric plants, 9 million euro for the Group's hydroelectric plants, 1 million euro for photovoltaic and wind plants and 3 million euro for interventions on buildings and information systems.

Development interventions were also carried out for a total of 89 million euro, of which 42 million euro related to photovoltaic and wind plants aimed at accelerating the growth of generation from renewable sources and 45 million euro for interventions on combined-cycle thermoelectric plants (new CCGT Monfalcone and internal combustion engines of the Cassano power plant) aimed at ensuring flexibility, coverage of peak demand and balancing the energy needs of the network.

Market Business Unit



The following is a summary of the main quantitative and economic data relating to the Market Business Unit:

251

mln €
Ebidta

122 mln € in 2023

53

mln €
Capex

42 mln € in 2023 (+26.2%)

11,873

GWh
Electricity Sales

(+6.5% vs 2023)

1,738

Mcm
Gas Sales

(+6.4% vs 2023)

1,981

(#/1000) POD
Retail market ele customers
free market: 1,430 POD

(+18.3% vs 2023)

1,562

(#/1000) PDR
Retail market gas customers
free market: 1,392 PDR

(+30.6% vs 2023)

Operating figures

Electricity	06 30 2024	06 30 2023	Change	% 2024/2023
Electricity Sales				
Electricity Sales Free Market (GWh)	10,140	8,857	1,283	14.5%
Electricity Sales under Greater Protection Scheme (GWh)	209	277	(68)	(24.5%)
Electricity Sales Safeguard Market (GWh)	918	1,457	(539)	(37.0%)
Electricity Sales Gradual Protection (GWh)	606	555	51	9.2%
Total Electricity Sales (GWh)	11,873	11,146	727	6.5%
POD Electricity				
POD Electricity Free Market (#/1000)	1,430	1,209	221	18.3%
POD Electricity Gradual Protection (#/1000)	335	461	(126)	(27.3%)
POD Electricity under Greater Protection Scheme (#/1000)	216	270	(54)	(20.0%)
Total POD Electricity (#/1000)	1,981	1,940	41	2.1%
Gas	06 30 2024	06 30 2023	Change	% 2024/2023
Gas Sales				
Gas Sales Free Market (Mcm)	1,691	1,448	243	16.8%
Gas Sales under Protection Scheme (Mcm)	47	186	(139)	(74.7%)
Total Gas Sales (Mcm)	1,738	1,634	104	6.4%
PDR Gas				
PDR Gas Free Market (#/1000)	1,392	1,066	326	30.6%
PDR Gas under Greater Protection Scheme (#/1000)	170	496	(326)	(65.7%)
Total PDR Gas (#/1000)	1,562	1,562	-	0.0%

The quantities are stated gross of losses.
The POD and PDR figures relate to the mass market.

In the first half of 2024, the Market Business Unit recorded 11,873 GWh of electricity sales, up 6.5% compared to the same period of the previous year, thanks to the increase in volumes supplied to key accounts, partly offset by lower quantities sold to customers subject to the safeguard regime.

Gas sales, equal to 1,738 million cubic meters, increased by 6.4% compared to the first half of 2023 following higher volumes destined for key accounts.

With reference to supply points, there has been an important shift in the customer base from the protected market to the free mass market, both as a result of the full liberalization of non-vulnerable gas domestic customers from January 2024 and as a result of the commercial actions undertaken by the Group.

Economic figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023	Change	% 2024/2023
Revenues	3,191	3,836	(645)	(16.8%)
Operating expenses	(2,905)	(3,683)	778	(21.1%)
Labour costs	(35)	(31)	(4)	12.9%
Gross Operating Margin	251	122	129	n.s.
% of Revenues	7.9%	3.2%		
Depreciation, amortization, provisions and write-downs	(70)	(67)	(3)	4.5%
Net Operating Income	181	55	126	n.s.
% of Revenues	5.7%	1.4%		
Capex	53	42	11	26.2%
FTE	1,090	1,022	68	6.7%

Revenues amounted to 3,191 million euro (3,836 million euro at June 30, 2023). The contraction recorded is mainly attributable to the decrease in unit prices of both electricity and gas, partly offset by the growth in quantities sold.

Operating expenses for the first half of 2024 amounted to 2,905 million euro, down 778 million euro compared to the same period of 2023 as a result of lower energy raw material procurement costs, partially offset by increases in costs supporting customer development and management (particularly ICT costs, indirect channels and marketing).

Labour costs amounted to 35 million euro (31 million euro in the first half of 2023), mainly as a result of the increase in FTE to 1,090 (1,022 FTE at June 30, 2023). The change is partly related to the expansion of the scope (acquisition of Agesp Energia, an electricity and gas sales company with a particular focus in the Busto Arsizio area with about 38,000 customers, as well as active in the district heating business) and partly to the increased hiring carried out to meet the needs that emerged for the management of the customer base following the liberalization of the market and in general for the strengthening, in line with business development objectives, of the organizational structures. Unit costs increased by 3% as a result of salary increases.

The Market Business Unit EBITDA amounted to 251 million euro, an increase of 129 million euro compared to the first half of the previous year (122 million euro at June 30, 2023), confirming the positive growth trend seen in the fourth quarter of the previous year.

Net of non-recurring items (-1 million euro in the first half of 2024 and -1 million euro in the same period of 2023), the Ordinary Gross Operating Margin increased by 129 million euro.

The increase in the margin is attributable to:

- the positive effect of the customer base, resulting from an increase in the number of free market customers against a reduction in protected customers, with substantially the same total;
- the growth in volumes sold to the key accounts segment, both electricity and gas;
- the positive dynamics of the unit marginality.

The growth reflects the effects of the commercial development actions of the period, as well as the reabsorption of the negative impacts on margins related to the exceptionally unstable situation in the commodities markets, still present above all in the first three months of 2023 and progressively weakening during the year.

These positive effects more than offset the lower margin in the protection market due to the contraction in volumes sold, the higher charges related to retention actions activated by the Group on its customer base already in 2023, and the increase in operating costs for customer acquisition and management activities.

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Depreciation, Amortization, Provisions and Write-downs totaled 70 million euro (67 million euro in the first half of 2023): higher depreciation and amortization for investments for the period July 2023 - June 2024 were almost entirely offset by lower provisions for bad debts.

As a result of the above changes, the net operating result amounted to 181 million euro (55 million euro at June 30, 2023).

Capex in the first half of 2024 amounted to 53 million euro (42 million euro in the first half of 2023). These investments concerned:

- the energy retail segment with 51 million euro for capitalized charges for the acquisition of new customers and for evolutionary maintenance and development work on hardware and software platforms, aimed at supporting billing and customer management activities of the Group sales companies;
- the Energy Solution segment with 2 million euro for energy efficiency projects.

Waste Business Unit



The following is a summary of the main quantitative and economic data relating to the Waste Business Unit:

216

mln €
Ebidta

+6.4% compared to 2023

68

mln €
Capex

76 mln € in 2023

922

GWh
**Heat
sold**

(+5.4% vs 2023)

1,011

GWh
**Electricity
sold**

(+0.6% vs 2023)

2,420

Kton
Waste disposed of

(+7.3% vs 2023)

of which:

603

Kton
**Material recovery
disposals**

(+2.2% vs 2023)

1,092

Kton
**Energy recovery
disposals**

(+10.4% vs 2023)

Operating figures

	06 30 2024	06 30 2023	Change	% 2024/2023
Waste collected (Kton)	925	895	30	3.3%
Residents served (#/1000)	3,908	3,900	8	0.2%
Electricity sold (GWh)	1,011	1,005	6	0.6%
Heat sold (GWht)	922	875	47	5.4%
Waste disposed of (kton)	06 30 2024	06 30 2023	Change	% 2024/2023
Energy recovery	1,092	989	103	10.4%
Material recovery	603	590	13	2.2%
Other	725	677	48	7.1%
Total	2,420	2,256	164	7.3%

The quantities reported are gross of intra-group disposals.

In the first six months of 2024, the amount of electricity sold, equal to 1,011 GWh, was substantially in line with the first six months of the previous year (+0.6%): the increase determined by Line 3 of the Parona waste-to-energy plant, which will be in operation from September 2023, and by Silla, was offset by the lower availability of the other plants (Brescia and Acerra) due to more scheduled maintenance shutdowns. Volumes of heat sold grew by 5.4% as a result of an increase in district heating demand.

Waste disposed of, including intragroup disposals, amounted to 2,420 thousand tons (+7.3% compared to the same period of the previous year), thanks to the contribution of both energy recovery plants, in particular the Parona waste-to-energy plant, and those destined for material recovery, such as the plants dedicated to OFMSW (Organic Fraction of Municipal Solid Waste).

Economic figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023	Change	% 2024/2023
Revenues	775	720	55	7.6%
Operating expenses	(364)	(334)	(30)	9.0%
Labour costs	(195)	(183)	(12)	6.6%
Gross Operating Margin	216	203	13	6.4%
% of Revenues	27.9%	28.2%		
Depreciation, amortization, provisions and write-downs	(93)	(71)	(22)	31.0%
Net Operating Income	123	132	(9)	(6.8%)
% of Revenues	15.9%	18.3%		
Capex	68	76	(8)	(10.5%)
FTE	6,845	6,680	165	2.5%

In the first half of 2024, the Waste Business Unit revenues amounted to 775 million euro, an increase of 7.6% compared to the first six months of 2023 (720 million euro at June 30, 2023): the change is attributable to the increase in revenues from disposal, material recovery activities (sale of paper and plastic), higher fees from the Collection segment, and non-recurring items that more than offset the decrease in revenues from the sale of electricity and heat.

Operating costs amounted to 364 million euro, up 9% compared to June 30, 2023. Higher costs include the maintenance and purchase of materials of the waste-to-energy and biomass plants, higher maintenance costs of the vehicles and buildings of the Collection segment.

Labour costs stood at 195 million euro, up 12 million euro compared to the first half of 2023. This change is due for almost 40% to an increase in FTE (6,845 units at June 30, 2024 compared to 6,680 FTE at June 30, 2023) both for changes in the scope (in particular the takeover of the Liguria area) and for the hiring carried out to strengthen some Collection services and Treatment segment structures. The further change was substantially determined by the effects of the application of the national Urban Hygiene Labour contract, increases related to bonuses and remuneration policy measures, and increases in other Labour costs, particularly related to disputes with employees and leaving incentives.

The Gross Operating Margin of the Waste Business Unit amounted to 216 million euro (203 million euro at June 30, 2023), an increase of 13 million euro compared to the same period of the previous year.

Net of the non-recurring items recorded in the two comparison periods (+14 million euro in 2024 and +2 million euro in 2023), the Ordinary Gross Operating Margin amounted to 202 million euro (201 million euro at June 30, 2023).

This result was mainly determined by:

- -1 million euro related to the Collection segment mainly due to the increase in personnel and operating costs, partially offset by higher revenues from separate collection and higher fees from new municipalities;
- +2 million euro relative to Urban Waste Treatment Plants, mainly due to higher margins linked to the growth in volumes disposed of, to the contribution of the quantities of electricity and heat produced by waste-to-energy plants (particularly WTE Parona) and to the contribution of the new OFMSW plants, partly offset by the negative effects of the energy scenario on WTE and biomass plants (Sant'Agata di Puglia) and by the lower margins relative to the Asti glass recovery plant;
- +1 million euro related to the Industrial Waste Treatment Plants segment. The change is mainly related to price increases (Crotone plant).

Depreciation, amortization, provisions and write-downs amounted to 93 million euro (71 million euro in the first half of 2023). The change is the effect of higher depreciation and amortization (+17 million euro) related to investments in the period July 2023 - June 2024 and lower releases of surplus landfill and reclamation provisions (+4 million euro).

As a result of these changes, Net Operating Income totaled 123 million euro (132 million euro at June 30, 2023).

Capex in the first half of 2024 amounted to 68 million euro (76 million euro in the first six months of 2023) and referred to:

- development work amounting to 24 million euro, of which 10 million euro related to waste-to-energy plants, 2 million euro to OFMSW plants, 5 million euro to material recovery plants and about 6 million euro to other treatment plants;
- 44 million in maintenance work on waste-to-energy plants (20 million euro), waste treatment plants (8 million euro) and the collection segment (16 million euro).

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Smart Infrastructures Business Unit



The following is a summary of the main quantitative and economic data relating to the Smart Infrastructures Business Unit.

290

mln €
Ebitda

+6.6% compared to 2023

288

mln €
Capex

256 mln € in 2023 (+12.5%)

1,725

M€
RAB Gas

(+7.9% vs 2023)

1,081

M€
RAB Electricity

(+13.4% vs 2023)

579

M€
RAB Water Services

(+21.4% vs 2023)

1,701

GWh
Heat and cold sales

(+7.1% vs 2023)

Operating figures

Networks	06 30 2024	06 30 2023	Change	% 2024/2023
Electricity distributed (GWh)	5,465	5,401	64	1.2%
Gas distributed (Mcm)	1,477	1,440	37	2.6%
Water distributed (Mcm)	32	33	(1)	(3.0%)
RAB Electricity (M€) (*)	1,081	953	128	13.4%
RAB Gas (M€) (*)	1,725	1,599	126	7.9%
RAB Water (M€) (*)	579	477	102	21.4%

(*) Provisional figures, underlying the calculation of allowed revenues for the period.

In the first half of 2024, the RAB for electricity, gas and water services were up by 13.4%, 7.9% and 21.4%, respectively, thanks to increased investments.

Heat GWh	06 30 2024	06 30 2023	Change	% 2024/2023
SOURCES				
Plants in:	809	746	63	8.5%
- Lamarmora	110	106	4	3.6%
- Famagosta	23	24	(1)	(4.3%)
- Tecnocity	34	27	7	27.5%
- Canavese	62	66	(4)	(6.1%)
- Linate e Malpensa	135	126	9	7.1%
- Other plants	445	397	48	12.1%
Purchases from:	1,152	1,003	149	14.9%
- Third parties	242	195	47	24.1%
- Other Business Units	910	808	102	12.6%
Total Sources	1,961	1,749	212	12.1%
USES				
Sales to end customers	1,651	1,539	112	7.3%
Distribution losses	310	210	100	47.6%
Total Uses	1,961	1,749	212	12.1%
Cold sales	50	49	1	2.0%
Electricity from cogeneration	344	325	19	5.8%

Notes:

- The figures only refer to district heating and include cold sales. Sales relating to heat management are not included.
- Purchases include the quantities of heat purchased from the Waste Business Unit.

The Business Unit's sales in the first half of 2024 amounted to 1,651 GWh of heat volumes and 50 GWh of cold volumes, recording, thanks to effective commercial development actions and the contribution of the company Agesp Energia (owner of a district heating network of about 18 km in the Busto Arsizio area, as well as the cogeneration plant serving it) acquired by the Acinque Group in January 2024, an increase of 7.3% and 2% respectively.

The contribution of Agesp Energia is also evident in relation to the production of electricity, which recorded an increase of 5.8% compared to the first half of the previous year.

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Economic figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023	Change	% 2024/2023
Revenues	727	793	(66)	(8.3%)
Operating expenses	(376)	(463)	87	(18.8%)
Labour costs	(61)	(58)	(3)	5.2%
Gross Operating Margin	290	272	18	6.6%
% of Revenues	39.9%	34.3%		
Depreciation, amortization, provisions and write-downs	(146)	(135)	(11)	8.1%
Net Operating Income	144	137	7	5.1%
% of Revenues	19.8%	17.3%		
Capex	288	256	32	12.5%
FTE	3,226	3,129	97	3.1%

Revenues of the Smart Infrastructures Business Unit amounted to 727 million euro (793 million euro at June 30, 2023). The change is related to lower revenues in the district heating segment due to the drop in unit prices and the contraction of energy-saving activities (Superbonus), partially offset by higher revenues allowed for regulatory purposes.

Operating costs amounted to 376 million euro (463 million euro in the first half of 2023). The change is attributable to lower costs for activities related to the Superbonus and the decrease in raw material procurement costs (gas and heat) and in energy costs in general.

Labour costs amounted to 61 million euro (58 million euro in the previous year). About 50% of the change is attributable to salary increases for the renewal of the CCNL for Electricity and Gas Water and for merit recognition, and the remainder to increased resources: in the first half of 2024, FTE amounted to 3,226, with a change of 97 FTE related to recruitment in the second half of 2023 and the first half of 2024.

The Gross Operating Margin of the Smart Infrastructures Business Unit in the first half of 2024 was 290 million euro (272 million euro at June 30, 2023).

Net of non-recurring items (+1 million euro in the first half of 2024; +7 million euro in the same period of the previous year), the Ordinary EBITDA of the Business Unit reached 289 million euro, up 24 million euro with respect to the first six months of 2023.

The change in margins was mainly driven by:

- +17 million euro related to the electricity and gas distribution networks for the increase in revenues allowed for regulatory purposes following the updating of the rate of return on invested capital by ARERA (Energy, Networks and Environment Regulatory Authority) for the year 2024, partly offset by higher operating costs and lower connection fees;
- +10 million euro related to the water cycle attributable to the decrease in electricity costs and the increase in regulated revenues;
- -10 million euro related to the heat sector. The change is related to the decrease in the prices of electricity sold, the presence in 2023 of the subsidies under the Aid Decrees regarding tax credits for non-energy and non-gas-intensive companies, and the lower margins related to the Superbonus business. These negative effects were only partially offset by higher district heating volumes sold and revenues from the sale of white certificates recognized for the cogeneration plants of Tecnocity, Canavese and A2A Airport;
- +4 million euro related to Public Lighting due to the margin contribution of the new municipalities and lower operating costs;
- +2 million euro related to Smart City for higher revenues (Minnovo project start-up and price list update).

Depreciation, amortization, provisions and write-downs equaled 146 million euro (135 million euro at June 30, 2023). The change is attributable to higher depreciation and amortization (+7 million euro) for investments in the period July 2023 - June 2024 and higher provisions for bad debts (+3 million euro).

As a result of the above changes, the Net Operating Result amounted to 144 million euro (137 million euro at June 30, 2023).

Capex in the first half of 2024 amounted to 288 million euro (256 million euro in the same period of 2023) and referred to:

- 122 million euro for the electricity distribution segment: for the connection of new users, work on primary plants and secondary substations, the expansion of remote control, and the renovation of the medium- and low-voltage network;
- 63 million euro for the gas distribution segment: for the connection of new users and the replacement of medium and low-pressure pipes;
- 42 million euro for the integrated water cycle segment: for maintenance and development work carried out on the water transportation and distribution network and work and refurbishment of the sewerage networks and purification plants;
- 45 million euro for the district heating and heat management segment;
- 6 million euro for the public lighting segment for new projects;
- 5 million euro in the e-mobility sector for the installation of new recharging stations;
- 5 million euro in the Smart City segment, mainly laying fiber optics, radio frequencies and data centers.

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Economic figures

millions of euro	01 01 2024 06 30 2024	01 01 2023 06 30 2023	Change	% 2024/2023
Revenues	171	162	9	5.6%
Operating expenses	(106)	(103)	(3)	2.9%
Labour costs	(99)	(81)	(18)	22.2%
Gross Operating Margin	(34)	(22)	(12)	54.5%
% of Revenues	(19.9%)	(13.6%)		
Depreciation, amortization, provisions and write-downs	(36)	(36)	-	0.0%
Net Operating Income	(70)	(58)	(12)	20.7%
% of Revenues	(40.9%)	(35.8%)		
Capex	29	23	6	26.1%
FTE	1,815	1,708	107	6.3%

Operating costs increased by 3 million euro mainly due to higher expenses for the digitalization of the Group and higher external communication costs (events, agencies, sustainability and sponsorships).

Labour costs increased by 18 million euro. Almost 30% of this change is attributable to an increase in the number of FTE (+107 units compared to the same period of the previous year, +6.3%) due to the additions made in the second half of 2023 and in the first six months of the current year in order to strengthen certain business areas such as the Digital area, in line with the Group's development needs and objectives. The remainder of the increase is attributable to the effects of salary increases (contractual renewals, bonuses and remuneration policy actions), higher charges for mobility and exit incentives, and other indirect Labour costs (mainly welfare projects).

The Gross Operating Margin, corresponding to the Corporate structure costs not charged back to the various Group companies in the period under review, amounted to -34 million euro (-22 million in the first half of 2023).

Net of non-recurring items (-8 million euro in the first half of 2024; -1 million euro in the corresponding period of the previous year), the Ordinary EBITDA of the Corporate Business Unit reached -26 million euro, down 5 million euro with respect to the first six months of 2023.

The negative change in margins is attributable to higher costs not charged back compared to the first half of the previous year.

Depreciation, amortization, provisions and write-downs amounted to 36 million euro, in line with the corresponding period of the previous year.

After depreciation, amortization, provisions and write-downs there was a Net operating loss of 70 million euro (a net operating loss of 58 million euro at June 30, 2023).

Capex in the first half of 2024 totaled 29 million euro (23 million euro in the corresponding period of 2023) and mainly concern interventions on information systems (19 million euro), interventions on buildings (5 million euro) and investments in cyber security (2 million euro).

**Financial statements
of the Half-yearly
condensed consolidated
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6.1

Consolidated balance sheet ⁽¹⁾

Assets

millions of euro	Note	06 30 2024	of which Related Parties (note 37)	12 31 2023	of which Related Parties (note 37)
Non-current assets					
Tangible assets	1	6,723		6,643	
Intangible assets	2	3,683		3,630	
Shareholdings carried according to equity method	3	25	25	30	30
Other non-current financial assets	3	72	4	67	6
Deferred tax assets	4	469		464	
Other non-current assets	5	210	24	138	24
Total non-current assets		11,182		10,972	
Current assets					
Inventories	6	567		319	
Trade receivables	7	2,741	148	3,540	158
Other current assets	8	1,354	1	2,264	1
Current financial assets	9	43	1	33	7
Current tax assets	10	50		41	
Cash and cash equivalents	11	1,893		1,629	
Total current assets		6,648		7,826	
Non-current assets held for sale		-		-	
Total assets		17,830		18,798	

(1) Significant non-recurring events and transactions in the consolidated financial statements are provided in Note 38 as required by Consob Communication DEM/6064293 of July 28, 2006.

Equity and liabilities

millions of euro	Note	06 30 2024	of which Related Parties (note 37)	12 31 2023	of which Related Parties (note 37)
Equity					
Share capital	12	1,629		1,629	
(Treasury shares)		-		-	
Reserves	13	3,053		1,952	
Result of the year	14	-		659	
Result of the period	14	489		-	
Equity pertaining to the Group		5,171		4,240	
Minority interests	15	555		562	
Total Equity		5,726		4,802	
Liabilities					
Non-current liabilities					
Non-current financial liabilities	16	5,380		5,576	
Employee benefits	17	225		237	
Provisions for risks, charges and liabilities for landfills	18	827		828	
Other non-current liabilities	19	221		335	
Total non-current liabilities		6,653		6,976	
Current liabilities					
Trade payables	20	3,042	74	4,105	81
Other current liabilities	20	1,730	4	2,070	6
Current financial liabilities	21	564		775	
Tax liabilities	22	115		70	
Total current liabilities		5,451		7,020	
Total liabilities		12,104		13,996	
Liabilities directly associated with non-current assets held for sale		-		-	
Total equity and liabilities		17,830		18,798	

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6.5	Statement of changes in Group equity

6.2

Consolidated income statement ⁽¹⁾

millions of euro	Note	01 01 2024 06 30 2024	of which Related Parties (note 37)	01 01 2023 06 30 2023 Restated (*)	of which Related Parties (note 37)
Revenues					
Revenues from the sale of goods and services		5,953	263	7,907	289
Other operating income		138		85	
Total Revenues	24	6,091		7,992	
Operating expenses					
Expenses for raw materials and services		4,211	11	6,546	7
Other operating expenses		159	20	163	27
Total Operating expenses	25	4,370		6,709	
Labour costs	26	442	1	401	1
Gross operating income - EBITDA	27	1,279		882	
Depreciation, amortization, provisions and write-downs	28	514		433	
Net operating income - EBIT	29	765		449	
Result from non-recurring transactions	30	3		-	
Financial balance					
Financial income		65	3	37	3
Financial expenses		117		106	
Affiliates		2	2	1	1
Result from disposal of other shareholdings		-		-	
Total financial balance	31	(50)		(68)	
Result before taxes		718		381	
Income taxes	32	211		91	
Result after taxes from operating activities		507		290	
Net result from discontinued operations	33	-		3	
Net result		507		293	
Minorities	34	(18)		(13)	
Group result of the period	35	489		280	
Result per share (in euro):					
- basic		0.1560		0.0895	
- basic from continuing operations		0.1560		0.0009	
- basic from assets held for sale		0.0000		0.0886	
- diluted		0.1560		0.0895	
- diluted from continuing operations		0.1560		0.0009	
- diluted from assets held for sale		0.0000		0.0886	

(1) Significant non-recurring events and transactions in the consolidated financial statements are provided in Note 38 as required by Consob Communication DEM/6064293 of July 28, 2006.

(*) The values as at June 30, 2023 have been restated to make them consistent with the values as at June 30, 2024 by reclassifying under the item "Net result from discontinued operations" revenues and operating costs related to Water activities subject to sale.

6.3

Consolidated statement of comprehensive income

millions of euro	06 30 2024	06 30 2023
Net result of the period (A)	507	293
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	13	5
Tax effect of other actuarial gains/(losses)	(3)	(1)
Total actuarial gains/(losses) net of the tax effect (B)	10	4
Effective part of gains/(losses) on cash flow hedge	(8)	(23)
Tax effect of other gains/(losses)	2	6
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	(6)	(17)
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-
Total comprehensive result (A)+(B)+(C)+(D)	511	280
Total comprehensive result attributable to:		
Shareholders of the parent company	493	267
Minority interests	(18)	(13)

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.

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Consolidated cash-flow statement

millions of euro	06 30 2024	06 30 2023
Cash and cash equivalents at the beginning of the period	1,629	2,584
Operating activities		
Net Result	507	293
Net income taxes	211	91
Net financial interests	52	69
Capital gains/expenses	2	(1)
Tangible assets depreciation	291	251
Intangible assets amortization	148	130
Fixed assets write-downs/disposals	6	3
Net provisions	73	52
Result from affiliates	(2)	(1)
Net financial interests paid	(49)	(51)
Net taxes paid	(158)	(79)
Dividends paid	(304)	(295)
Change in trade receivables	783	1,947
Change in trade payable	(1,074)	(2,543)
Change in inventories	(248)	246
Other changes	320	280
Cash flow from operating activities (A)	558	392
Investment activities		
Investments in tangible assets	(361)	(309)
Investments in intangible assets and goodwill	(192)	(185)
Investments in shareholdings and securities (*)	(45)	(25)
Cash and cash equivalents from first consolidations asset	1	8
Disposal of fixed assets and shareholdings	4	43
Dividends paid by equity investments and other investments	-	-
Cash flow from investment activities (B)	(593)	(468)
Free Cash Flow (A+B)	(35)	(76)
Financing activities		
Changes in financial assets		
Issuance of loans	-	-
Proceeds from loans	6	6
Other changes	(16)	(17)
Total changes in financial assets (*)	(10)	(11)
Changes in financial liabilities		
Borrowings/bonds issued	183	967
Repayment of borrowings/bond	(597)	(1,034)
Other changes	(19)	(14)
Total changes in financial liabilities (*)	(433)	(81)
Capital instruments - perpetual hybrid bonds		
Issue of perpetual hybrid bonds	742	-
Capital instruments - perpetual hybrid bonds	742	-
Cash flow from financing activities	299	(92)
Change in cash and cash equivalents	264	(168)
Cash and cash equivalents at the end of the period	1,893	2,416

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

6.5

Statement of changes in Group equity

Changes from January 1, 2023 to June 30, 2023	Share capital	Treasury shares	Cash Flow Hedge	Reserve for equity instruments – perpetual hybrid bonds	Other Reserves and retained earnings	Result of the period	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
millions of euro									
Net equity at December 31, 2022	1,629	-	30	-	1,839	401	3,899	568	4,467
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.

Changes from July 1, 2023 to December 31, 2023	Share capital	Treasury shares	Cash Flow Hedge	Reserve for equity instruments – perpetual hybrid bonds	Other Reserves and retained earnings	Result of the period	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
millions of euro									
Net equity at June 30, 2023	1,629	-	13	-	1,959	280	3,881	562	4,443
2022 Result allocation							-		-
Distribution of dividends							-		-
IAS 19 reserves (*)					(2)		(2)		(2)
Cash flow hedge reserves (*)			(15)				(15)		(15)
Change in scope					(2)		(2)	(2)	(4)
Other changes					(1)		(1)	(9)	(10)
Group and minorities result of the period						379	379	11	390
Net equity at December 31, 2023	1,629	-	(2)	-	1,954	659	4,240	562	4,802

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

Changes from January 1, 2024 to June 30, 2024	Share capital	Treasury shares	Cash Flow Hedge	Reserve for equity instruments – perpetual hybrid bonds	Other Reserves and retained earnings	Result of the period	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
millions of euro									
Net equity at December 31, 2023	1,629	-	(2)	-	1,954	659	4,240	562	4,802
2023 Result allocation					659	(659)	-		-
Distribution of dividends					(300)		(300)	(20)	(320)
IAS 19 reserves (*)					10		10		10
Cash flow hedge reserves (*)			(6)				(6)		(6)
Change in scope					(3)		(3)	2	(1)
Capital instruments – perpetual hybrid bonds				742			742		742
Other changes					(1)		(1)	(7)	(8)
Group and minorities result of the period						489	489	18	507
Net equity at June 30, 2024	1,629	-	(8)	742	2,319	489	5,171	555	5,726

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

6.1 Consolidated balance sheet
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6.5 Statement of changes in Group equity

**Notes
to the Half-yearly
condensed consolidated
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Half-yearly condensed consolidated financial statements

A2A S.p.A. is a company with legal personality organized under the laws of the Italian Republic which operates, also through its subsidiaries ("Group"), both in Italy and abroad.

The A2A Group mainly operates in the following sectors:

- the production, sale and distribution of electricity even from renewable resources;
- the sale and distribution of gas;
- the production, distribution and sale of heat through district heating networks;
- waste management (from collection and sweeping to disposal) and the construction and management of integrated waste disposal plants and systems, also making these available for other operators;
- integrated water cycle management;
- technical consultancy relating to energy efficiency certificates.

The form and content of the Condensed half-year consolidated financial statements as at June 30, 2024 complies with the disclosures required by IAS 34 - Interim Financial Reporting issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, and has been prepared in accordance with Legislative Decree 58/1998 (art. 154-ter) and subsequent amendments, as well as the Issuers' Regulations issued by Consob. Therefore, it does not include all the information required by the annual financial statements and must be read together with the Consolidated Annual Financial Report for the year ended December 31, 2023, which was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. In fact, its purpose is to provide an update since the last annual consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period between December 31, 2023 and June 30, 2024 and providing an explanation of transactions and events that are significant for an understanding of the changes in financial position and result for the period.

The same accounting principles, consolidation criteria and procedures, valuation criteria and estimates illustrated in the preparation of the Consolidated annual financial report as at December 31, 2023 are applied in the Condensed half-year consolidated financial statements, a description of which is provided below, with the exception of the international accounting standards in force as from January 1, 2024, which are illustrated in detail in the following section "Changes in International Accounting Standards".

The formats adopted for the financial statements are the same as those used to prepare the Consolidated annual financial report at December 31, 2023.

These Condensed half-year consolidated financial statements were approved on July 30, 2024 by the Board of Directors, which authorized publication, and has been subjected to limited audit by EY S.p.A. in accordance with their appointment by the Shareholders' Meeting of June 11, 2015 for the nine years from 2016 to 2024.

The specific line items "Result from non-recurring transactions" and "Result from disposal of other shareholdings" are in the format of the income statement in order to provide clear and immediate identification of the results arising from non-recurring transactions forming part of continuing operations, separating these from the results from discontinued operations. In particular, it should be noted that the item "Result from non-recurring transactions" is intended to include the results from the sale of investments in subsidiaries and associates and other non-operating expenses/income. This item is presented between net operating income and the financial balance. In this way net operating income is not affected by non-recurring operations, making it easier to measure the effective performance of the Group's ordinary operating activities.

The Condensed half-year consolidated financial statements of the A2A Group are presented in millions of euro; the euro is also the functional currency of the economies in which the Group operates.

7.2

Changes in international accounting standards

Pursuant to IAS 8, the subsequent paragraph “Accounting standards, amendments and interpretations applicable by the company as of the current year” indicates and briefly illustrates the amendments in force as of January 1, 2024.

The following paragraph, “Accounting standards, amendments and interpretations not yet approved by the European Union” instead detail the accounting standards and interpretations already issued, not yet endorsed by the EU and therefore not applicable for the preparation of the 2024 half-year financial report, any impacts of which will then be transposed as of the financial statements of the following years.

Accounting standards, amendments and interpretations applicable as of the current year

- On January 23, 2020, July 15, 2020 and October 31, 2022, the International Accounting Standards Board (IASB) issued three additions to IAS 1 “Presentation of Financial Statements” that aim to better define the concept of liabilities and the related classification between short and medium/long-term. The additions were approved on December 20, 2023. Specifically, emphasis is placed on the temporal concept of transferring money or other resources to the counterparty to settle the liability. The following aspects are also clarified: what is meant by a subordination right; that the subordination right must exist at the end of the reporting period; classification is not impacted by the probability that the entity will exercise its subordination right; only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability not impact its classification. Furthermore, the latest amendment specifies that only covenants that an entity must meet by the reporting date will affect the classification of a liability as current or non-current. These additions will be applicable to financial statements closed on or after January 1, 2024. The amendments had no impact on the half-year financial report.
- On September 22, 2022, the IASB issued a supplement to IFRS 16 “Leases” clarifying how to account for a sale and leaseback transaction that provides for variable payments based on the performance or use of the asset subject to the transaction. The integration was approved on November 21, 2023 and will be applicable to the financial statements as of January 1, 2024. The amendments had no impact on the half-year financial report.
- On May 25, 2023, the IASB issued a supplement to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”. The amendments clarify the characteristics of supplier financing arrangements (e.g. reverse factoring instruments) and define the information to be provided on the impact of these arrangements on the company’s liabilities and cash flows (e.g. terms and conditions, book value and balance sheet item in which financial debts are recorded, with an indication of those for which the financial supplier has already settled the corresponding portion of trade debt, maturity bands of financial debts and comparable trade debts, but not included in arrangements). These additions will be applicable to financial statements closed on or after January 1, 2024. The amendments had no impact on the half-year financial report.

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Accounting standards, amendments and interpretations not yet approved by the European Union

- On August 15, 2023, the IASB issued a supplement to IAS 21 “The effects of changes in foreign exchange rates” to regulate the procedures to be followed in the event of currency non-convertibility. The amendments introduce requirements to determine when a currency is convertible into another currency and when it is not and require an entity to estimate the spot exchange rate when it determines that a currency is not convertible into another currency. These additions will be applicable to financial statements closed on or after January 1, 2025. The Group is currently assessing the impacts of these amendments.
- On April 9, 2024, the IASB published IFRS 18, which establishes requirements for the presentation of information in the financial statements in order to improve the uniformity of the information provided and promote comparability between financial statements. The standard focuses in particular on the presentation of the income statement for which a predefined structure is provided divided into categories (operating, investing, financial, tax and discontinued operations) and as many subtotals. However, it also sets rules for the aggregation and disaggregation of information on the basis of their common characteristics in order to identify the information to be provided directly in the financial statements rather than in the notes. The standard will be applicable to financial statements closed on or after January 1, 2027. The Group is currently assessing the impacts of these amendments.
- On May 9, 2024, the IASB published the new IFRS 19 standard applicable for financial statements from January 1, 2027. The standard applies to non-publicly accountable subsidiaries belonging to a group that prepares consolidated financial statements according to IAS/IFRS and allows them to use IFRS accounting standards by adopting simplified financial reporting based on the provisions of the new standard instead of those of the other standards. The amendments will have no impact on the half-year financial report.

7.3

Consolidation area and criteria

The Condensed half-year consolidated financial statements of the A2A Group at June 30, 2024 includes the figures of the parent A2A S.p.A. and those of the subsidiaries over which A2A S.p.A. exercises either direct or indirect control. In addition, companies in which the parent exercises joint control with other entities (joint ventures) and those over which it has a significant influence are consolidated using the equity method.

The following changes to the scope of consolidation of the A2A Group are reported:

- acquisition by Acinque S.p.A. of 70% of Agesp Energia S.r.l., a company operating in the sale of electricity and gas, with consequent line-by-line consolidation;
- incorporation of the company A2A Storage S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it, consolidated on a line-by-line basis;
- sale of the company Tula Bioenergia Società Agricola a R.l., previously consolidated on a line-by-line basis;
- acquisition by A2A Rinnovabili S.p.A. of 70% of Parco Friulano 2 S.r.l. with consequent line-by-line consolidation;
- incorporation of the company A2A Trezzo Ambiente S.r.l. held 86% by A2A Ambiente S.p.A. and 4% by A2A Calore & Servizi S.r.l., which is consolidated on a line-by-line basis;
- acquisition by Agripower S.p.A. of the remaining 6.25% of San Quirico Bionenergia Società Agricola a R.l., now wholly owned, consolidated on a line-by-line basis.

The shares held in Tecnoacquecusio S.p.A. and Consul System S.p.A., which were previously consolidated according to the equity method, were also sold.

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Breakdown of the balance sheet with evidence of the effect of the first consolidation of the 2024 acquisitions

millions of euro	Note	Consolidated at 12 31 2023	A2A Rinnovabili Group	Agesp Energia S.r.l.	Total effect first consolidation acquisitions 2024	Changes	Consolidated at 06 30 2024
Assets							
Non-current assets							
Tangible assets	1	6,643	6	13	19	61	6,723
Intangible assets	2	3,630	23	20	43	10	3,683
Shareholdings carried according to equity method	3	30	-	-	-	(5)	25
Other non-current financial assets	3	67	-	1	1	4	72
Deferred tax assets	4	464	-	1	1	4	469
Other non-current assets	5	138	-	1	1	71	210
Total non-current assets		10,972	29	36	65	145	11,182
Current assets							
Inventories	6	319	-	-	-	248	567
Trade receivables	7	3,540	-	16	16	(815)	2,741
Other current assets	8	2,264	-	4	4	(914)	1,354
Current financial assets	9	33	-	-	-	10	43
Current tax assets	10	41	-	-	-	9	50
Cash and cash equivalents	11	1,629	-	1	1	263	1,893
Total current assets		7,826	-	21	21	(1,199)	6,648
Non-current assets held for sale		-	-	-	-	-	-
Total assets		18,798	29	57	86	(1,054)	17,830
Liabilities							
Non-current liabilities							
Non-current financial liabilities	16	5,576	-	10	10	(206)	5,380
Employee benefits	17	237	-	-	-	(12)	225
Provisions for risks, charges and liabilities for landfills	18	828	-	2	2	(3)	827
Other non-current liabilities	19	335	-	2	2	(116)	221
Total non-current liabilities		6,976	-	14	14	(337)	6,653
Current liabilities							
Trade payables	20	4,105	-	11	11	(1,074)	3,042
Other current liabilities	20	2,070	-	1	1	(341)	1,730
Current financial liabilities	21	775	-	2	2	(213)	564
Tax liabilities	22	70	-	-	-	45	115
Total current liabilities		7,020	-	14	14	(1,583)	5,451
Total liabilities		13,996	-	28	28	(1,920)	12,104
Liabilities directly associated with non-current assets held for sale	24	-	-	-	-	-	-
Liabilities		13,996	-	28	28	(1,920)	12,104

Breakdown of the economic effect of the consolidation of new acquisitions 2024

millions of euro	Note	A2A Rinnovabili Group	Agesp Energia S.r.l.	Total effect consolidation new acquisitions 2024	Old perimeter at 06 30 2024	Consolidated at 06 30 2024	Consolidated at 06 30 2023 Restated
Revenues							
Revenues from the sale of goods and services		-	25	25	5,928	5,953	7,907
Other operating income		-	-	-	138	138	85
Total Revenues	24	-	25	25	6,066	6,091	7,992
Operating expenses							
Expenses for raw materials and services		-	21	21	4,190	4,211	6,546
Other operating expenses		-	-	-	159	159	163
Total Operating expenses	25	-	21	21	4,349	4,370	6,709
Labour costs	26	-	1	1	441	442	401
Gross operating income - EBITDA	27	-	3	3	1,276	1,279	882
Depreciation, amortization, provisions and write-downs	28	-	-	-	514	514	433
Net operating income - EBIT	29	-	3	3	762	765	449
Result from non-recurring transactions	30	-	-	-	3	3	-
Financial balance							
Financial income		-	-	-	65	65	37
Financial expenses		-	-	-	117	117	106
Affiliates		-	-	-	2	2	1
Result from disposal of other shareholdings		-	-	-	-	-	-
Total financial balance	31				(50)	(50)	(68)
Result before taxes		-	3	3	715	718	381
Income taxes	32	-	-	-	211	211	91
Result after taxes from operating activities		-	3	3	504	507	290
Net result from discontinued operations	33	-	-	-	-	-	3
Net result		-	3	3	504	507	293
Minorities	34	-	-	-	(18)	(18)	(13)
Group result of the period	35	-	3	3	486	489	280

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With regard to the effects on the consolidation procedures of certain contracts involving shares/quotas of Group companies, the changes compared to the situation described in the Consolidated Financial Report as at December 31, 2023 are shown below.

a) Earn-out on the purchase of the equity investments made by A2A Rinnovabili S.p.A.

With reference to the acquisitions of equity investments made by A2A Rinnovabili S.p.A. between 2017 and 2023, by contract, there are price and earn-out adjustments of non-significant amounts both in favour of the seller and in favour of the buyer upon the occurrence of certain conditions. Given the uncertainty and insignificance of the amounts, the Group has not recorded these values.

b) Options on the shares of Agesp Energia S.r.l.

On January 3, 2024, Acinque S.p.A. acquired 70% of the company Agesp Energia S.r.l..

As a result of the shareholders' agreement entered into between Acinque S.p.A. and Agesp S.p.A. (seller), there is a put option granted by Acinque S.p.A. to Agesp S.p.A. on the remaining 30% share that can be exercised until the expiry of the 3rd (third) year from the date of signing of the Notary Deed.

Therefore, the Group has recognized as a liability the present value of the estimated outlay of 8.3 million euro which it will not be able to avoid if the option is exercised.

Latest available summarized figures for joint ventures (consolidated at equity)

Key figures at December 31, 2023 millions of euro	Bergamo Pulita 50%	PremiumGas 50% (figures at 12 31 2022) (*)	Metamer 50%	Ergosud 50%
Income statement				
Revenues	0.05	0.00	36.5	40.8
Gross Operating Income	(0.25)	(0.03)	1.1	12.3
% of net revenues	n.s.	n.s.	3.0%	30.1%
Depreciation, amortization and write-downs	0.2	-	0.5	9.2
Net Operating Income	(0.05)	(0.03)	0.5	3.1
Result of the year	(0.46)	0.00	0.1	1.9
Balance sheet				
Total assets	2.61	2.4	14.8	134.3
Net equity	(0.13)	2.3	3.0	71.4
Net (debt)	2.35	1.8	(4.4)	(18.4)

(*) Figures of the last financial statements available.

Key figures at December 31, 2022 millions of euro	Bergamo Pulita 50%	PremiumGas 50%	Metamer 50%	Ergosud 50%
Income statement				
Revenues	0.05	0.00	44.6	43.3
Gross Operating Income	(0.25)	(0.03)	1.3	12.4
% of net revenues	n.s.	n.s.	2.9%	28.7%
Depreciation, amortization and write-downs	-	-	0.4	9.4
Net Operating Income	(0.25)	(0.03)	0.9	3.0
Result of the year	(0.25)	0.00	0.6	0.9
Balance sheet				
Total assets	2.40	2.4	16.0	145.2
Net equity	(0.2)	2.3	3.1	69.4
Net (debt)	2.13	1.8	(2.0)	(29.9)

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Seasonal nature of the business

Given the nature of the Group's ordinary activities, the interim results can vary as the result of the meteorological conditions during the period.

In this respect reference should be made to the comments on performance by Business Unit presented below.

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Summary of results sector by sector

06 30 2024

millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations	Income statement
	01 01 2024 06 30 2024	01 01 2024 06 30 2024	01 01 2024 06 30 2024	01 01 2024 06 30 2024	01 01 2024 06 30 2024	01 01 2024 06 30 2024	01 01 2024 06 30 2024
Revenues	3,921	3,191	775	727	171	(2,694)	6,091
- of which inter-sector	2,113	70	146	206	159	(2,694)	
Operating expenses	(3,313)	(2,905)	(364)	(376)	(106)	2,694	(4,370)
- of which inter-sector	(191)	(2,236)	(62)	(198)	(7)	2,694	
Labour costs	(52)	(35)	(195)	(61)	(99)		(442)
Gross operating income - EBITDA	556	251	216	290	(34)		1,279
% of Revenues	14.2%	7.9%	27.9%	39.9%	(19.9%)		21.0%
Depreciation of tangible assets and amortization of intangible assets	(127)	(39)	(92)	(143)	(38)		(439)
Net write-downs of fixed assets	-	-	(1)	(1)	-		(2)
Provisions for risks	(42)	-	-	-	1		(41)
Provisions for credit risks	-	(31)	-	(2)	1		(32)
Net operating income - EBIT	387	181	123	144	(70)		765
% of Revenues	9.9%	5.7%	15.9%	19.8%	(40.9%)		12.6%
Result from non-recurring transactions							3
Financial balance							(50)
Result before taxes							718
Income taxes							(211)
Result after taxes from operating activities							507
Net result from discontinued operations							-
Minorities							(18)
Group result of the period							489
Gross capex (1)	116	53	68	288	29	(1)	553

(1) See the items "Capex" in the schedules on tangible and intangible assets presented in Notes 1 and 2 to the balance sheet.

06 30 2023 Restated

millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations	Income statement
	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated	01 01 2023 06 30 2023 Restated
Revenues	6,162	3,836	720	793	162	(3,681)	7,992
- of which inter-sector	3,085	101	160	185	150	(3,681)	
Operating expenses	(5,807)	(3,683)	(334)	(463)	(103)	3,681	(6,709)
- of which inter-sector	(220)	(3,156)	(63)	(237)	(5)	3,681	
Labour costs	(48)	(31)	(183)	(58)	(81)		(401)
Gross operating income - EBITDA	307	122	203	272	(22)		882
% of Revenues	5.0%	3.2%	28.2%	34.3%	(13.6%)		11.0%
Depreciation of tangible assets and amortization of intangible assets	(108)	(31)	(75)	(136)	(31)		(381)
Net write-downs of fixed assets	-	-	-	-	-		-
Provisions for risks	(16)	-	4	-	(3)		(15)
Provisions for credit risks	-	(36)	-	1	(2)		(37)
Net operating income - EBIT	183	55	132	137	(58)		449
% of Revenues	3.0%	1.4%	18.3%	17.3%	(35.8%)		5.6%
Result from non-recurring transactions							-
Financial balance							(68)
Result before taxes							381
Income taxes							(91)
Result after taxes from operating activities							290
Net result from discontinued operations							3
Minorities							(13)
Group result of the period							280
Gross capex (1)	97	42	76	256	23	-	494

(1) See the items "Capex" in the schedules on tangible and intangible assets presented in Notes 1 and 2 to the balance sheet.
The values as at June 30, 2023 have been restated to make them consistent with the values as at June 30, 2024 by reclassifying under the item "Net result from discontinued operations" revenues and operating costs related to Water activities subject to sale.

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millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations and adjustments	Total Group
	06 30 2024	06 30 2024	06 30 2024	06 30 2024	06 30 2024	06 30 2024	06 30 2024
Capital employed							
Net fixed capital	2,744	432	1,634	4,788	4,637	(4,322)	9,913
- Tangible assets	2,497	59	1,336	2,611	258	(38)	6,723
- Intangible assets	408	423	602	2,147	103		3,683
- Shareholdings and other non-current financial assets	12	8	29	-	4,318	(4,284)	83
- Other non-current assets/liabilities	3	(47)	1	-	50		7
- Deferred tax assets/liabilities	239	19	34	126	51		469
- Provisions for risks, charges and liabilities for landfills	(397)	(22)	(325)	(56)	(27)		(827)
- Employee benefits	(18)	(8)	(43)	(40)	(116)		(225)
Net Working Capital and Other Current Assets/Liabilities	(511)	595	(29)	(111)	(105)	(7)	(168)
Net Working Capital	(455)	765	54	(13)	(56)	(29)	266
- Inventories	461	-	38	66	2		567
- Trade receivables	979	1,555	373	365	76	(607)	2,741
- Trade payables	(1,895)	(790)	(357)	(444)	(134)	578	(3,042)
Other current assets/liabilities	(56)	(170)	(83)	(98)	(49)	22	(434)
- Other current assets/liabilities	(69)	(174)	(90)	(105)	47	22	(369)
- Current tax assets/tax liabilities	13	4	7	7	(96)		(65)
Assets/Liabilities held for sale	-	-	-	-	-	-	-
Total capital employed	2,233	1,027	1,605	4,677	4,532	(4,329)	9,745

12 31 2023

millions of euro	Generation and Trading	Market	Waste	Smart Infrastructures	Corporate	Eliminations and adjustments	Total Group
	12 31 2023	12 31 2023	12 31 2023	12 31 2023	12 31 2023	12 31 2023	12 31 2023
Capital employed							
Net fixed capital	2,758	237	1,650	4,584	4,237	(3,899)	9,567
- Tangible assets	2,499	57	1,356	2,510	261	(40)	6,643
- Intangible assets	423	388	608	2,105	106		3,630
- Shareholdings and other non-current financial assets	9	14	29	-	3,890	(3,859)	83
- Other non-current assets/liabilities	2	(209)	2	(31)	48		(188)
- Deferred tax assets/liabilities	236	15	35	100	78		464
- Provisions for risks, charges and liabilities for landfills	(391)	(20)	(334)	(57)	(26)		(828)
- Employee benefits	(20)	(8)	(46)	(43)	(120)		(237)
Net Working Capital and Other Current Assets/Liabilities	(574)	586	(30)	27	(85)	(6)	(82)
Net Working Capital	(852)	623	13	81	(85)	(26)	(246)
- Inventories	208	-	46	64	1		319
- Trade receivables	1,838	1,920	340	571	81	(1,210)	3,540
- Trade payables	(2,898)	(1,297)	(373)	(554)	(167)	1,184	(4,105)
Other current assets/liabilities	278	(37)	(43)	(54)	-	20	164
- Other current assets/liabilities	267	(31)	(33)	(66)	36	20	193
- Current tax assets/tax liabilities	11	(6)	(10)	12	(36)		(29)
Assets/Liabilities held for sale	-	-	-	-	-	-	-
Total capital employed	2,184	823	1,620	4,611	4,152	(3,905)	9,485

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It is noted that the consolidation scope as at June 30, 2024 changed compared to December 31, 2023 due to the following operations:

- acquisition by Acinque S.p.A. of 70% of Agesp Energia S.r.l., a company operating in the sale of electricity and gas, with consequent line-by-line consolidation;
- incorporation of the company A2A Storage S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it, consolidated on a line-by-line basis;
- sale of the company Tula Bioenergia Società Agricola a r.l. previously consolidated on a line-by-line basis;
- acquisition by A2A Rinnovabili S.p.A. of 70% of the company Parco Solare Friulano 2 S.r.l. with consequent line-by-line consolidation;
- incorporation of the company A2A Trezzo Ambiente S.r.l. held 86% by A2A Ambiente S.p.A. and 4% by A2A Calore & Servizi S.r.l. with consequent a line-by-line consolidation of the company.

The shares held in Tecnoacque Cusio S.p.A. and Consul System S.p.A., which were previously consolidated according to the equity method, were also sold.

Assets

Non-current assets

1) Tangible assets

millions of euro	Balance at 12 31 2023	First-time consolid. effect 2024	Changes during the period						Balance at 06 30 2024
			Capex	Other changes	Disposals and sales	Write- downs/ Reversal	Amort.	Total changes	
Land	153		1	3				4	157
Buildings	603		6	6			(18)	(6)	597
Plant and machinery	4,646	11	126	32	(2)		(211)	(55)	4,602
Industrial and commercial equipment	62		6	1			(6)	1	63
Other assets	154		11	14			(18)	7	161
Landfills	12			(2)			(1)	(3)	9
Construction in progress and advances	689	7	197	(78)		(2)		117	813
Leasehold improvements	153	1	14	(1)			(18)	(5)	149
Assets for rights of use	171			20			(19)	1	172
Total	6,643	19	361	(5)	(2)	(2)	(291)	61	6,723
of which:									
Historical cost	15,094	19	361	(13)	(24)			324	15,437
Accumulated depreciation	(7,615)			8	22		(291)	(261)	(7,876)
Write-downs	(836)					(2)		(2)	(838)

“Tangible assets” at June 30, 2024 amounted to 6,723 million euro (6,643 million euro at December 31, 2023) and included, for 19 million euro, the effect of the first consolidations following the acquisitions of the companies Parco Solare Friulano 2 S.r.l. and Agesp Energia S.r.l..

The changes for the period, net of the above effect, recorded an increase of 61 million euro as follows:

- increase of 361 million euro for Capex made in the period as further described below;
- a decrease of 291 million euro for the depreciation charge for the period;
- net decrease for other changes of 5 million euro due to the increase of 20 million euro in rights of use in accordance with IFRS 16, decrease of 18 million euro in the provision for decommissioning and landfill closure and post-closure expenses, decrease of 3 million euro as a result of reclassifications to other items of the financial statements, decrease of 3 million euro due to the recognition of grants on investments from previous years, decrease of 2 million euro due to the removal from the scope of consolidation due to the sale of Tula Bioenergia, and increase due to reclassification from intangible assets of 1 million euro;
- decrease of 2 million euro as a result of write-downs made during the period on assets no longer considered functional to the A2A Group's business;
- decrease of 2 million euro arising from disposals in the period, net of accumulated depreciation.

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Capex may be analyzed as follows:

- for the Smart Infrastructures Business Unit, capex amounted to 173 million euro and concerned: for 114 million euro the development and maintenance of electricity distribution systems, the expansion and renovation of the medium and low voltage network, as well as the installation of new electronic meters; for 42 million euro the development of district heating networks; for 6 million euro the efficiency plan with new LED technology light sources, for 4 million euro interventions on the electric vehicle charging network, for 3 million euro interventions on the gas transport network, for 2 million euro interventions on the network and fiber optic equipment, as well as for 2 million euro the implementation of telecommunication equipment;
- for the Generation and Trading Business Unit, the increase was 111 million euro and concerned: 61 million euro for investments in thermoelectric plants, 42 million euro for investments in renewable energy plants, as well as 8 million euro for investments in hydroelectric plants;
- for the Waste Business Unit, capex amounted to 67 million euro and refer to: 56 million euro for work on the Group's waste treatment and disposal plants; 7 million euro for the acquisition and set-up of mobile means for waste collection and 4 million euro for the acquisition of collection facilities;
- for the Corporate Business Unit, investments, amounting to 7 million euro, mainly concerned, for 6 million euro, interventions on buildings in the areas of Milan, Brescia, Como, Monza Brianza, Lecco, Cremona and Rome, as well as for 1 million euro the implementation of telecommunication equipment;
- for the Market Business Unit, the increase was 3 million euro, mainly due to the energy efficiency plan at customers.

Tangible assets include "Assets for rights of use" totaling 172 million euro (171 million euro at December 31, 2023), recognized in accordance with IFRS16 and for which the outstanding payable to lessors at June 30, 2024 amounted to 177 million euro (177 million euro at December 31, 2023). Below is a breakdown of "Assets for rights of use" deriving from operating and financial leases at June 30, 2024:

Assets consisting of rights of use millions of euro	Balance at 12 31 2023	First-time consolid. effect 2024	Changes during the period			Balance at 06 30 2024
			Other changes	Amort.	Total Changes	
Land	30		3	(3)		30
Buildings	59		3	(6)	(3)	56
Plant and machinery	4		22	(1)	21	25
Industrial, commercial equipment and other goods	34		(16)	(2)	(18)	16
Vehicles	44		8	(7)	1	45
Total	171	-	20	(19)	1	172

It is specified that the Group has made use of the option provided for in paragraph 6 of the standard not to apply the provisions of paragraphs 22 to 49 of the standard to the following categories:

- Short-term leases;
- Leases whose underlying assets are of low value.

2) Intangible assets

millions of euro	Balance at 12 31 2023	First-time consolid. effect 2024	Changes during the period						Balance at 06 30 2024
			Capex	Other changes	Disposals and sales	Write- downs/ Reversal	Amort.	Total changes	
Industrial patents and industrial property rights	49		7	2			(14)	(5)	44
Concessions, licences, trademarks and similar rights	2,123	17	124	6	(2)		(98)	30	2,170
Goodwill	846	20							866
Assets in progress	139		29	(10)				19	158
Other intangible assets	473	6	32	(30)			(36)	(34)	445
Total	3,630	43	192	(32)	(2)	-	(148)	10	3,683

“Intangible assets” at June 30, 2024 amounted to 3,683 million euro (3,630 million euro at December 31, 2023) and included the effect of first-time consolidation of 43 million euro, following the acquisitions of the companies Parco Solare Friulano 2 S.r.l. and Agesp Energia S.r.l.

Through the application of IFRIC 12, from financial year 2010, “Intangible assets” also include assets in concession, which relate to gas distribution.

The changes for the period, net of the above effect, recorded an overall increase of 10 million euro as follows:

- increase of 192 million euro for Capex made in the period as further described below;
- a decrease of 148 million euro for the depreciation charge for the period;
- net decrease of 32 million euro for other changes, due to the 31 million euro decrease in environmental certificates of the industrial portfolio and the 1 million euro decrease following the reclassification to tangible assets;
- decrease of 2 million euro arising from disposals in the period, net of accumulated depreciation.

Capex of “Intangible assets” relate to the following:

- for the Smart Infrastructures Business Unit, investments amounting to 114 million euro are due to: development and maintenance of gas distribution systems and the replacement of underground medium and low pressure pipes for 58 million euro; works on the water transport and distribution network, sewerage networks and purification plants for 40 million euro, implementation of information systems for 15 million euro, as well as design, research and development costs for the heat plants of the areas of Milan, Brescia and Bergamo for 1 million euro;
- for the Market Business Unit, the increase is equal to 50 million euro due for 31 million euro to the capitalization of costs incurred for the management of contracts with customers following the application of the IAS IFRS15 standard and for 19 million euro to the implementation of information systems;
- for the Corporate Business Unit, the increase was 22 million euro mainly due to the implementation of information systems;
- for the Generation and Trading Business Unit, the increase was 5 million euro mainly due to the implementation of information systems;
- for the Waste Business Unit, capex amounted to 1 million euro mainly due to the implementation of information systems.

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The item "Other intangible assets" amounted to 445 million euro at June 30, 2024 (473 million euro at December 31, 2023) and includes:

- 304 million euro for Customer lists related to the acquisition of customer portfolios by Group companies. These values are amortized based on an estimate of the benefits that will arise in future years, taking into account indicators such as the retention rate and churn rate relating to specific types of customers. In particular, the amount present in the financial statements is attributable for 96 million euro to the company A2A Ambiente S.p.A., for 80 million euro to the company A2A Energia S.p.A., for 78 million euro to the Acinque Group, for 33 million euro to the AEB Group, for 9 million euro to the company Yada Energia S.r.l., for 7 million euro to the company ASM Energia and for 1 million euro to A2A S.p.A. and Aprica S.p.A.;
- 81 million euro for PPA Società Rinnovabili: the increase in value is linked to the existing agreement with the Energy Services Manager, which allows the affiliated companies to benefit from incentive tariffs for a period of 20 years, which are considerably higher than those existing on the market;
- 50 million euro relating mainly to deferred charges and costs and surface rights and/or easements;
- 7 million euro for PPA of the Agripower group: the increase in value is linked to the existing agreement with the Energy Services Manager, which allows the affiliated companies to benefit from incentive tariffs, which are considerably higher than those existing on the market;
- 3 million euro for Environmental Certificates: emission quotas and White Certificates (Industrial portfolio).

Goodwill

At June 30, 2024, goodwill amounted to 866 million euro:

millions of euro	Balance at 12 31 2023	Changes during the period					Balance at 06 30 2024
		First-time consolid. acquisitions 2024	PPA Effect	Reclass./ Other Changes	Write- downs	Total changes	
CGU:							
A2A Ambiente	473					-	473
A2A Reti Gas	41					-	41
A2A Gas	74					-	74
A2A Calore	24					-	24
A2A Vendita Energia Elettrica	7					-	7
A2A Generazione Rinnovabili	227					-	227
Total	846	-	-	-	-	-	846
First-time consolidation effect							
Agesp Energia S.r.l.		20				20	20
Total	-	20	-	-	-	20	20
Total Goodwill	846	20	-	-	-	20	866

During the half-year of 2024, the A2A Group completed the following transaction:

- acquisition by Acinque S.p.A. of 70% of Agesp Energia S.r.l., a company operating in the electricity and gas sale sector and in the district heating sector. The acquisition of the shareholding resulted in the recognition of goodwill for 20 million euro. This acquisition is part of the provision of IFRS 3 and at June 30, 2024, the Purchase Price Allocation has not yet been completed, but will be completed in the timing envisaged by the standard.

The A2A Group conducts the impairment test at least once a year.

During the first half of 2024, for the purposes of applying the IAS 36 accounting standard, management carried out a careful analysis of the results achieved with respect to the 2024-2035 Plan, updated by the Board of Directors on March 11, 2024. In light of the analyses conducted on the basis of the evidence available at June 30, 2024 and their foreseeable evolution, no critical issues have emerged and there are no elements that constitute a loss indicator such as to require specific verifications on the recoverability of assets.

3) Shareholdings and other non-current financial assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Shareholdings carried according to equity method	30	-	(5)	25	-	-
Other non-current financial assets	67	1	4	72	14	14
Total shareholdings and other non-current financial assets	97	1	(1)	97	14	14

The following table provides details of the changes in the value of “Shareholdings carried according to equity method”:

Shareholdings carried according to equity method millions of euro	Total
Balance at December 31, 2023	30
First-time consolidation effect acquisitions 2024	
Changes:	
- acquisitions and capital increases	
- valuations at equity	2
- write-downs	
- reversals	
- dividends received from shareholdings in companies carried at equity	(1)
- sales and decreases	(6)
- other changes	
- reclassifications	
Total changes	(5)
Balance at June 30, 2024	25

The value of “Shareholdings in companies carried according to equity method” amounted to 25 million euro, down 5 million euro compared to the previous year due to the sale of 49% of the shareholding in Consul System S.p.A. and 25% of the shareholding in Tecnoacque Cusio S.p.A. for a total of 6 million euro, the collection of dividends for 1 million euro and revaluations of 2 million euro mainly related to the shareholdings in Netcity S.r.l. and Metamer S.r.l.. With regard to this item, no critical issues arose, and there are no elements that constitute an indicator of loss such as to require specific checks on the recoverability of the assets.

The details of the shareholdings are provided in annex no. 2 “List of shareholdings carried according to equity method”.

At June 30, 2024, “Other non-current financial assets” showed a balance of 72 million euro, an increase of 5 million euro, of which 1 million euro related to first-time consolidation and 4 million euro to changes for the period, compared to the figure at December 31, 2023 referring to:

- increase of 2 million euro for investments made in innovative start-ups through Corporate Venture Capital projects with a balance of 26 million euro at June 30, 2024 (24 million euro at December 31, 2023);

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- increase of 4 million euro for advance payments on participations for future projects for the development of power generation plants from renewable sources, which amounted to 12 million euro as at June 30, 2024 (8 million euro at December 31, 2023);
- decrease of 1 million euro in receivables from the Municipality of Brescia related to the management of public lighting in application of IFRIC 12, which amounted to 4 million euro at June 30, 2024 (5 million euro at December 31, 2023);
- decrease of 1 million euro for the settlement of the financial receivable from the associate Neticity S.r.l. (1 million euro at December 31, 2023).

At June 30, 2024, "Other non-current financial assets" refer, in addition to the aforementioned cases, to medium/long-term financial receivables for 14 million euro, of which 9 million euro relating to loans to third parties which include, for 6 million euro, receivables for the management of the Cedrasco biocube plant by the subsidiary Bioase S.r.l. in application of IFRIC 12. The item also includes 15 million euro for the deposit request in a specific current account, of the sums seized by the Court of Taranto as part of the ongoing proceeding against the subsidiary Linea Ambiente S.r.l., and for 1 million euro shareholdings in other companies, for details of which see annex no. 3 "List of shareholdings in other companies".

4) Deferred tax assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024
Deferred tax assets	464	1	4	469

"Deferred tax assets" amounted to 469 million euro (464 million euro at December 31, 2023) and show an increase of 5 million euro, of which 1 million euro refers to the first-time consolidations and 4 million euro refers to the change in the period relating to the registration of net deferred tax assets.

It should be noted that in the previous year, the possibility was exercised, pursuant to Article 15, paragraphs 10 et seq. of Legislative Decree No. 185/2008, to revalue, or recognize, 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.

The item includes the net effect, as detailed in the table below to which reference is made, of deferred tax liabilities and deferred tax assets for IRES and IRAP on changes and provisions made solely for tax purposes. The recoverability of "Deferred tax assets" recorded in the financial statements is considered likely, as the future plans envisage taxable income sufficient to use the deferred tax assets.

At June 30, 2024, the amounts relative to deferred tax assets/deferred tax liabilities have been expressed as net ("offsetting") as per IAS 12 standards.

5) Other non-current assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Other non-current assets	136	1	71	208	-	-
Non-current derivatives	2	-	-	2	2	2
Total other non-current assets	138	1	71	210	2	2

"Other non-current assets" increased by 72 million euro compared to December 31, 2023, of which 1 million euro related to first-time consolidation and 71 million euro to changes in the period. This change is mainly attributable to the increase in receivables from the Treasury for building bonus tax benefits due after one year, in the amount of 81 million euro, and the decrease in security deposits in the amount of 9 million euro.

"Non-current derivative instruments" amounted to 2 million euro and refer to interest rate hedging instruments.

Current assets

6) Inventories

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024
- Materials	138	-	1	139
- Material obsolescence provision	(25)	-	(3)	(28)
Total materials	113	-	(2)	111
- Fuel	199	-	(35)	164
- Others	5	-	287	292
Raw and ancillary materials and consumables	317	-	250	567
Third-party fuel	2	-	(2)	-
Total inventories	319	-	248	567

"Inventories" amounted to 567 million euro (319 million euro at December 31, 2023), net of the related obsolescence provision for 28 million euro (25 million euro at December 31, 2023).

Inventories showed a total increase of 248 million euro, as detailed below:

- 287 million euro mainly attributable to the increase in CO2 quotas;
- 35 million euro attributable to the decrease in fuel inventories due to both the seasonality effect and the scenario effect (inventories include the inventories of fuels for the production of electricity and the inventories of gas for the sales and storage activities thereof);
- 2 million euro to the decrease in inventories of materials, including the allocation to the material obsolescence provision;
- 2 million to the decrease in fuels with third parties.

The industrial portfolio gas inventory is understood to be recoverable on the basis of the forward curves of the period in which it is expected to be delivered.

7) Trade receivables

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024
Trade receivables – invoices issued	1,807	20	(262)	1,565
Trade receivables – invoices to be issued	1,973	-	(541)	1,432
(Bad debts provision)	(240)	(4)	(12)	(256)
Total trade receivables	3,540	16	(815)	2,741

At June 30, 2024, "Trade receivables" amounted to 2,741 million euro (3,540 million euro at December 31, 2023), and show a decrease of 815 million euro, net of the first-time consolidations of the period for 16 million euro. In detail, the changes of the period were as follows:

- for 806 million euro, the decrease, net of the effect of the first-time consolidations of the positive period for 16 million euro, of trade receivables from customers that at June 30, 2024 show a balance of 2,617 million euro (3,407 million euro at December 31, 2023);
- for 5 million euro, the decrease in receivables from associates, which had a balance of 48 million euro (53 million euro at the end of the previous year);
- for 4 million euro, the decrease in receivables from the Municipalities of Milan and Brescia, which amounted to 76 million euro at period-end (80 million euro at December 31, 2023).

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The change in trade receivables is mainly attributable to the seasonality of the Group's businesses.

The “Bad debt provision”, calculated in compliance with IFRS 9, amounted to 256 million euro (240 million euro at December 31, 2023), and shows an increase of 12 million euro net of the first-time consolidations for 4 million euro. This provision is considered adequate to cover the risks to which it relates.

The changes in the Bad debts provision are outlined in the following table:

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Accruals	Uses	Other changes	Balance at 06 30 2024
Bad debts provision	240	4	32	(18)	(2)	256

Provisions for the period amounted to 32 million euro, a decrease of 5 million euro compared to the corresponding period of the previous year (37 million euro at June 30, 2023) in relation to a lower credit exposure to customers.

The following is the aging of trade receivables:

millions of euro	12 31 2023	06 30 2024
Trade receivables of which:	3,540	2,741
Current	1,195	853
Past due of which:	612	712
- Past due up to 30 days	114	143
- Past due from 31 to 180 days	202	200
- Past due from 181 to 365 days	114	134
- Past due over 365 days	182	235
Invoices to be issued	1,973	1,432
Bad debts provision	(240)	(256)

8) Other current assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Current derivatives (commodity derivatives)	1,526		(609)	917	1	1
Other current assets of which:	738	4	(305)	437		
- receivables from Cassa per i Servizi Energetici e Ambientali	75		34	109		
- advances to suppliers	12		-	12		
- receivables from employees	1		(1)	-		
- tax receivables	130	4	(8)	126		
- receivables related to future years/periods	27		54	81		
- water cycle BU receivables	41		(14)	27		
- receivables from social security entities	3		-	3		
- Stamp office	1		-	1		
- receivables for dividends	-		1	1		
- receivables for security deposits	379		(375)	4		
- receivables for RAI fee	4		5	9		
- credit transfer Gesi	2		-	2		
- other sundry receivables	63		(1)	62		
Total other current assets	2,264	4	(914)	1,354	1	1

“Other current assets” showed a balance of 1,354 million euro compared to 2,264 million euro at December 31, 2023, a decrease of 914 million euro, net of the first-time consolidation effect for 4 million euro.

“Current derivative instruments” show a decrease of 609 million euro attributable to a reduction in the fair value measurement due to a lower average difference between subscription prices and market prices.

Receivables from Cassa per i Servizi Energetici e Ambientali, amounting to 109 million euro (75 million euro at December 31, 2023), mainly refer to receivables for equalizations pertaining to both the period 2024 and to outstanding receivables for equalizations pertaining to previous years and receivables for tariff components, net of collections made in the current year.

Tax receivables, equal to 126 million euro (130 million euro at December 31, 2023), mainly refer to receivables from the tax authorities for withholding taxes (mainly referring to tax credits for Ecobonus) and excise duties.

Receivables related to future years amounted to 81 million euro (27 million euro at December 31, 2023) and mainly refer to the advance payment of water derivation fees, software license fees and insurance premiums.

Receivables for security deposits amounted to 4 million euro (379 million euro at December 31, 2023).

The water cycle BU receivable of 27 million euro (41 million euro at December 31, 2023) is related to the sale of the water BU of the subsidiary Azienda Servizi Valtrompia S.p.A..

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9) Current financial assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Other financial assets	33	-	10	43	33	43
Total current financial assets	33	-	10	43	33	43

“Current financial assets” amounted to 43 million euro (33 million euro at December 31, 2023). This item mainly refers to financial receivables from third parties.

10) Current tax assets

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024
Current tax assets	41	-	9	50

At June 30, 2024, this item amounted to 50 million euro (41 million euro at December 31, 2023) and refers to current IRES and IRAP credits, to IRES and IRAP credits for amounts requested for reimbursement on payments from previous years and to the residual credit for Robin Tax, paid in previous years.

11) Cash and cash equivalents

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Cash and cash equivalents	1,629	1	263	1,893	1,629	1,893

“Cash and cash equivalents” at December 31, 2023 represent the sum of the Group's bank and postal asset balances. The effect of the first-time consolidation of acquisitions in 2024 amounted to 1 million euro.

The 263 million euro increase for the period was mainly due to the 750 million euro hybrid bond issue and the disbursement of a 150 million euro loan, offset by the 300 million euro repayment of the bond maturing in March 2024, as well as the 300 million euro dividend payment.

Equity and liabilities

Equity

Shareholders' equity, which amounted to 5,726 million euro at June 30, 2024 (4,802 million euro at December 31, 2023), is set out in the following table:

millions of euro	Balance at 12 31 2023	Changes during the period	Balance at 06 30 2024
Equity pertaining to the Group:			
Share capital	1,629	-	1,629
Reserves	1,952	1,101	3,053
Group result of the year/period	659	(170)	489
Total equity pertaining to the Group	4,240	931	5,171
Minority interests	562	(7)	555
Total equity	4,802	924	5,726

The change of the Shareholders' equity was overall positive for 924 million euro. The result for the period had a positive effect of 489 million euro, partly offset by the distribution of the dividend of 300 million euro and a decrease in minority interests totaling 7 million euro.

Lastly, there were other increases of 742 million euro as a result of the first non-convertible, subordinated hybrid bond issue with a nominal value of 750 million euro, as well as a net positive change in cash flow hedge derivatives and IAS 19 reserves totaling 4 million euro.

12) Share capital

"Share capital" amounted to 1,629 million euro and consists of 3,132,905,277 ordinary shares each of nominal value 0.52 euro.

13) Reserves

millions of euro	Balance at 12 31 2023	Changes during the period	Balance at 06 30 2024
Reserves	1,952	1,101	3,053
of which:			
Change in the fair value of cash flow hedge derivatives and Bond fair value	(2)	(8)	(10)
Tax effect	-	2	2
Cash flow hedge reserves	(2)	(6)	(8)
Change in the IAS 19 Revised reserve - Employee Benefits	(70)	13	(57)
Tax effect	18	(3)	15
IAS 19 Revised reserve - Employee Benefits	(52)	10	(42)

"Reserves", which amounted to 3,053 million euro (1,952 million euro at December 31, 2023), consist of the legal reserve, extraordinary reserves, and the retained earnings of subsidiaries.

This item also includes the cash flow hedge reserve, negative for 8 million euro, which refers to the period-end measurement of derivatives qualifying for hedge accounting, and the fair value measurement of the Bonds in foreign currency net of the tax effect.

The balance also includes negative reserves of 42 million euro arising from the adoption of IAS 19 Revised "Employee Benefits" which requires actuarial profits and losses to be recognized directly in an equity reserve.

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The item includes the equity reserve deriving from the first application of IFRS 9 equal to 32 million euro, and in particular the impairment of trade receivables according to the expected losses model.

This item includes a reserve of 742 million euro relating to the first perpetual subordinated hybrid bond issue in Green – use of proceeds format with nominal value of 750 million euro. The bond, placed at an issue price of 99.460% and characterized by a non-call period of 5.25 years, will have a perpetual maturity and will pay a fixed annual coupon of 5.000% until the first reset date on September 11, 2029.

From that date, unless early redemption has taken place, the security will accrue interest per annum equal to the five-year Euro Mid Swap reference rate increased by an initial margin of 225.8 basis points, increased by a further margin of 25 basis points from September 11, 2034 and by a subsequent increase of a further 75 basis points from September 11, 2049.

14) Result of the period

Positive result for 489 million euro.

15) Minority interests

millions of euro	Balance at 12 31 2023	Changes during the period	Balance at 06 30 2024
Minority interests	562	(7)	555

“Minority interests” amounted to 555 million euro (562 million euro at December 31, 2023) and mainly represent the portions of capital, reserves and result pertaining to minority shareholders related to third-party shareholders.

Liabilities

Non-current liabilities

16) Non-current financial liabilities

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Non-convertible bonds	4,800	-	(305)	4,495	4,800	4,495
Payables to banks	629	10	(48)	591	629	591
Non-current financial payables for rights of use	142	-	(4)	138	142	138
Payables to other lenders	5	-	151	156	5	156
Total non-current financial liabilities	5,576	10	(206)	5,380	5,576	5,380

“Non-current financial liabilities” amounted to 5,380 million euro (5,576 million euro at December 31, 2023), with a decrease of 206 million euro, net of the first-time consolidation effect of the period for 10 million euro.

“Non-convertible bonds” amounting to 4,495 million euro (4,800 million euro at December 31, 2023) relate to the following bonds, which are accounted for at amortized cost:

- 298 million euro, maturing in October 2027 and coupon of 1.625%, the nominal value of which is equal to 300 million euro;
- 81 million euro, Private Placement in yen maturing in August 2036 and fixed rate of 5.405%, the nominal value of which is equal to 14 billion yen;
- 396 million euro, maturing in July 2029 and coupon of 1.00%, the nominal value of which is equal to 400 million euro;
- 497 million euro, maturing in July 2031 and coupon of 0.625%, the nominal value of which is equal to 500 million euro;
- 495 million euro, maturing in October 2032 and coupon of 0.625%, the nominal value of which is equal to 500 million euro;
- 495 million euro, maturing in November 2033 and coupon of 1.00%, the nominal value of which is equal to 500 million euro;
- 497 million euro, maturing in March 2028 and coupon of 1.5%, the nominal value of which is equal to 500 million euro;
- 598 million euro, maturing in June 2026 and coupon of 2.5%, the nominal value of which is equal to 600 million euro;
- 646 million euro, maturing in September 2030 and coupon of 4.5%, the nominal value of which is equal to 650 million euro;
- 492 million euro, maturing in September 2034 and coupon of 4.375%, the nominal value of which is equal to 500 million euro.

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The decrease in the non-current component of “Non-convertible bonds”, amounting to 305 million euro compared with December 31, 2023, is due to the reclassification under “Current financial liabilities” of the bond maturing in February 2025 (300 million euro), and the decrease in the ECB exchange rate applied to the Private Placement in yen.

“Payables to banks” amounted to 591 million euro. This item recognized the principal portion of loans granted by the European Investment Bank in the amount of 509 million euro and by various credit institutions in the amount of 82 million euro. The decrease of 48 million euro at the end of the year is mainly attributable to the reclassification under current liabilities of the principal amounts due within the next twelve months.

“Non-current financial payables for rights of use” amounted to 138 million euro, a decrease of 4 million euro compared to December 31, 2023.

“Payables to other lenders” amounted to 156 million euro and showed an increase of 151 million euro. This increase is attributable to the drawdown of a loan from Cassa Depositi e Prestiti in the amount of 150 million euro.

For an analysis of the maturity dates of each item of these payables, please refer to the special detailed table in the “Other information” section in chapter 2) Financial Risk Management in paragraph d. Liquidity risk, while for further analysis of the division between fixed-rate and variable-rate payables, please refer to the special detailed table in paragraph b. Interest rate risk.

The following table shows the comparison, for each long-term debt category, between the book value and the fair value, as well as the portion maturing in the following 12 months, as better described in note 21) Current financial liabilities. For listed debt instruments, the fair value is determined using the market price, while for unlisted securities the fair value is determined using valuation models for each category of financial instrument and using market data relating to the closing date of the financial period, including the credit spreads of the A2A Group. Please note that this table does not contain the valuation of financial payables for rights of use.

millions of euro	Nominal value	Book value	Current portion	Non-current portion	Fair value
Bonds	4,848	4,849	354	4,495	4,430
Loans from banks and other lenders	913	918	171	747	815
Total	5,761	5,767	525	5,242	5,245

17) Employee benefits

At June 30, 2024, the balance of this item amounted to 225 million euro (237 million euro at December 31, 2023) with changes as follows:

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2023	Accruals	Uses	Other changes	Balance at 06 30 2024
Employee leaving entitlement (TFR)	104	-	20	(5)	(20)	99
Employee benefits	133	-	-	(3)	(4)	126
Total employee benefits	237	-	20	(8)	(24)	225

The change is attributable for 20 million euro to provisions for the period, for 8 million euro to the decrease due to disbursements and for 19 million euro to the net decrease related to payments to pension funds. In addition, there were actuarial valuations for the period arising from negative actuarial gains/losses totaling 9 million euro as a result of the change in discounting rates, as well as other increases of 4 million euro relating to the provision related to the new company welfare plan for Group employees called “A2A life caring” aimed at supporting parenting through the

recognition of contributions for the children of employees up to the age of 18 years in the areas of education, training and work-life balance.

Technical valuations were carried out on the basis of the following assumptions:

millions of euro	2023	2024
Discount rate	from +2.95% to +3.17%	from +3.46% to +3.61%
Annual inflation rate	2.0%	2.0%
Annual seniority bonus increase rate	2.0%	2.0%
Annual additional months increase rate	0.0%	0.0%
Annual cost of electricity increase rate	2.0%	2.0%
Annual cost of gas increase rate	0.0%	0.0%
Annual salary increase rate	1.0%	1.0%
Annual TFR increase rate	3.0%	3.0%
Average annual increase rate of supplementary pensions	1.125%	1.125%
Annual turnover frequencies	from 4.0% a 5.0%	from 4.0% to 5.0%
Annual TFR advance frequencies	from 2.0% a 2.5%	from 2.0% to 2.5%

It is noted that:

- the annual discount rate used to determine the present value of the bond has been derived, in line with paragraph 83 of IAS 19, from the Iboxx Corporate AA index recognized at the measurement date. For this purpose, the yield with duration comparable to the duration of the work group evaluated was chosen;
- the annual rate of salary increase applied exclusively to companies with fewer than 50 employees on average in 2006 was determined on the basis of the reference data communicated by Group companies;
- the annual rate of TFR increase, according to art. 2120 of the Civil Code, is equal to 75% of inflation plus 1.5 percentage points;
- the annual advance and turnover frequencies are derived from historical experiences of the Group and the frequencies arising from the experience of the Actuary on a significant number of similar companies;
- for the demographic technical bases, it is noted that:
 - for “death”, the tables TG62 (Premungas), AS62 (Electricity and gas discount) and RG48 (other plans) were used;
 - for “inability”, the INPS tables divided by age and gender were used;
 - for “retirement”, the 100% parameter was used upon reaching the requirements of AGO (Obligatory General Insurance) in accordance with LD no. 04/2019;
 - for the “probability of leaving the family”, the table in the INPS model was used for projections to 2010 updated;
 - for the “frequency of the various structures of surviving nuclei and average age of members”, the table in the INPS model was used for projections to 2010.

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18) Provisions for risks, charges and liabilities for landfills

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Provisions	Releases	Uses	Other changes	Balance at 06 30 2024
Decommissioning provisions	305		1		(7)	(11)	288
Landfill closing and post-closing expense provisions	175				(6)	1	170
Tax provisions	49			(2)			47
Personnel lawsuits and disputes provisions	41					3	44
Other risk provisions	258	2	43	(1)	(32)	8	278
Provisions for risks, charges and liabilities for landfills	828	2	44	(3)	(45)	1	827

“Provisions for risks, charges and liabilities for landfills” at June 30, 2024 amounted to 827 million euro and show an overall decrease of 3 million euro net of the positive effect of the first-time consolidations for 2 million euro. The estimated share of short-term risk provisions is 58 million euro.

“Decommissioning provisions”, which amounted to 288 million euro, include charges for costs of dismantling and recovery of production sites mainly related to thermoelectric plants and waste-to-energy plants. Changes during the period included utilisations of 7 million euro to cover charges incurred during the period under review, net provisions of 1 million euro, and other decreases of 11 million euro.

The “Landfill closing and post-closing expense provisions”, which amounted to 170 million euro, refer to all the costs that will have to be incurred in the future for the sealing of the landfills in cultivation at the reporting date and for the subsequent post-operative management, as required by current regulations. Change at June 30, 2024 involved uses for 6 million euro, which represent the actual disbursements in the period under review, as well as other increases for 1 million euro.

“Tax provisions”, which amounted to 47 million euro, refer to provisions for pending litigation with the tax authorities or territorial entities for direct and indirect taxes, levies and excises. Changes at June 30, 2024 involved surpluses for 2 million euro.

“Personnel lawsuits and disputes provisions”, which totaled 44 million euro, refer to litigation with third parties for 35 million euro and employees for 5 million euro to cover liabilities that may arise from pending litigation, and lawsuits with Social Security Institutions for 4 million euro related to social security contributions that the Group believes it will not be required to pay and are the subject of specific disputes.

“Other risk provisions”, which amounted to 278 million euro, refer to provisions relating to public water derivation fees for 144 million euro, to the mobility provision for the costs arising from the corporate restructuring plan, for 16 million euro, as well as other provisions for 118 million euro, which also include the provision related to the dispute over the Grottaglie landfill. The first-time consolidation effect of the period amounted to 2 million euro.

19) Other non-current liabilities

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Other non-current liabilities	324	2	(125)	201	-	-
Non-current derivatives	11		9	20	11	20
Total other non-current liabilities	335	2	(116)	221	11	20

At June 30, 2024, the item in question showed a decrease of 116 million euro compared to the previous year, net of the effect deriving from the first-time consolidations equal to 2 million euro.

“Other non-current liabilities”, which showed a balance of 201 million euro, refer to security deposits from customers, for 182 million euro, to liabilities pertaining to future years for 9 million euro, to medium/long-term payables to suppliers for 3 million euro, as well as other non-current liabilities for 7 million euro.

“Non-current derivative instruments” amounted to 20 million euro (11 million euro at December 31, 2023) and refer to the fair value measurement of the hedging derivative relating to the yen bond maturing in 2036.

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20) Trade payables and other current liabilities

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Advances and payables to customers	6		(2)	4		
Payables to suppliers	4,099	11	(1,072)	3,038		
Total trade payables	4,105	11	(1,074)	3,042	-	-
Payables to social security institutions	53		7	60		
Current derivatives	1,553		(557)	996		
Other current liabilities of which:	464	1	209	674	-	8
Payables to personnel	110		(8)	102		
Payables to Cassa per i Servizi Energetici e Ambientali	152		18	170		
Tax payables	90		151	241		
Payables for tax transparency	5		(1)	4		
Payables for A.T.O.	1		1	2		
Payables to customers for work to be performed	28		5	33		
Payables to customers for interest on security deposits	4		-	4		
Payables to third-party shareholders	1		16	17		
Payables for liabilities of competence of following years	9		9	18		
Payables for collections to be allocated	3		5	8		
Payables to insurance companies	4		(2)	2		
Payables for environmental compensation	4		-	4		
Payables for RAI fee	7		7	14		
Sundry payables	46	1	8	55		8
Total other current liabilities	2,070	1	(341)	1,730	-	8
Total trade payables and other current liabilities	6,175	12	(1,415)	4,772	-	8

“Trade payables and other current liabilities” amounted to 4,772 million euro (6,175 million euro at December 31, 2023), a decrease of 1,415 million euro, net of the effect deriving from the first-time consolidations in the period amounting to 12 million euro.

“Trade payables” amounted to 3,042 million euro and compared to the closing of the previous year, showed a decrease of 1,074 million euro, excluding the changes related to the first-time consolidations for 11 million euro. The decrease is mainly attributable to the seasonality of the Group’s businesses, as well as lower OTC commodity purchases (bilateral contracts).

“Payables to social security institutions” amounted to 60 million euro, up 7 million euro compared to December 31, 2023 and relate to the Group’s debt position with social security and pension institutions.

“Current derivative instruments” amounted to 996 million euro (1,553 million euro at December 31, 2023) and refer to the fair value valuation of commodity derivatives. The decrease is attributable to a change in fair value valuation due to a lower average difference between subscription prices and market prices.

“Other current liabilities” mainly refer to:

- payables to personnel for 102 million euro (110 million euro at December 31, 2023) related to payables to employees;
- payables to the CSEA - Cassa per i Servizi Energetici e Ambientali for 170 million euro (152 million euro at December 31, 2023) regarding the payable for the tariff components, invoiced and not yet paid, as well as the payable for equalization liabilities related both to prior years and the period under review;
- tax payables for 241 million euro (90 million euro at December 31, 2023) related to payables to the tax authorities for excise, withholding taxes and VAT;
- payables to customers for work to be performed during the next financial year in the amount of 33 million euro (28 million euro at December 31, 2023).

21) Current financial liabilities

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024	of which included in the NFP	
					12 31 2023	06 30 2024
Non-convertible bonds	357		(3)	354	357	354
Payables to banks	382	1	(217)	166	382	166
Current financial payables for rights of use	35	1	3	39	35	39
Payables to other lenders	1		4	5	1	5
Total current financial liabilities	775	2	(213)	564	775	564

“Current financial liabilities” amounted to 564 million euro (775 million euro at December 31, 2023) and show, net of the first-time consolidation effects of the period equal to 2 million euro, a decrease of 213 million euro.

“Non-convertible bonds” amounted to 354 million euro and show a decrease of 3 million euro. During the year, a bond with a nominal value of 300 million euro, which expired in March 2024 was repaid, offset by the reclassification from “Non-current financial liabilities” of the bond expiring in February 2025 of the same nominal value. At June 30, 2024, the calculation of interest coupons amounted to 54 million euro (57 million euro at December 31, 2023).

Current “Payables to banks”, which amounted to 166 million euro, comprises the principal portion of loans granted by the European Investment Bank, in the amount of 80 million euro, by various credit institutions, in the amount of 60 million euro, by utilisation of “Hot money” lines, in the amount of 20 million euro, and accrued interest net of amortized cost, in the amount of 6 million euro. The reduction of 217 million euro compared to the end of the previous year is mainly related to the portions repaid in the period and the reduction in the use of “Hot money” lines, partly offset by the reclassification from “Non-current financial liabilities” of residual loans maturing in the next twelve months.

“Current financial payables for rights of use” amounted to 39 million euro, an increase of 3 million euro compared to the previous year, net of the effect of the first-time consolidations for 1 million euro.

Current “Payables to other lenders” amounted to 5 million euro, an increase of 4 million euro compared to the previous financial year.

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22) Tax liabilities

millions of euro	Balance at 12 31 2023	First-time consolidation effect acquisitions 2024	Changes during the period	Balance at 06 30 2024
Tax liabilities	70	-	45	115

Tax liabilities amounted to 115 million euro (70 million euro at December 31, 2023) representing an increase of 45 million euro over the previous year-end.

7.7

Net financial position

23) Net financial position

(pursuant to Communication ESMA/32-382-1138)

The following table provides details of net financial position:

millions of euro	Note	12 31 2023	First-time consolidation effect acquisitions 2024	06 30 2024
Bonds - non-current portion	16	4,800		4,495
Bank loans - non-current portion	16	629	10	591
Non-current payables to other lenders	16	5		156
Non-current financial payables for rights of use	16	142		138
Other non-current liabilities	19	11		20
Total medium/long-term debt		5,587	10	5,400
Non-current financial assets - related parties	3	(5)		(5)
Non-current financial assets	3	(9)		(9)
Other non-current assets	5	(2)		(2)
Total medium/long-term financial receivables		(16)		(16)
Total non-current net financial position		5,571	10	5,384
Bonds - current portion	21	357		354
Bank loans - current portion	21	382	1	166
Current amounts due to other providers of finance	21	1		5
Current financial payables for rights of use	21	35	1	39
Other current liabilities	20	-		8
Total short-term debt		775	2	572
Other current financial assets	9	(32)		(42)
Financial assets - related parties	9	(1)		(1)
Other current assets	8	(1)		(1)
Total short-term financial receivables		(34)		(44)
Cash and cash equivalents	11	(1,629)	(1)	(1,893)
Total current net financial position		(888)	1	(1,365)
Net financial position		4,683	11	4,019

The Group net financial position was 4,019 million euro.

Insofar as the disclosure about indirect financial debt is concerned, the Group has identified financial commitments due within one year in connection with employee benefits, decommissioning provisions and liabilities for landfills, tax disputes and reverse factoring, amounting to about 77 million euro.

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Pursuant to IAS 7 “Cash Flow Statement”, the following are the changes in financial assets and liabilities:

millions of euro	12 31 2023	Cash flow	Non-cash flow			06 30 2024
			First-time consolidation effect acquisitions 2024	Change in fair value	Other changes	
Bonds	5,157	(303)		(8)	3	4,849
Financial payables	1,194	(132)	12		21	1,095
Other liabilities	11			9	8	28
Financial assets	(47)	(9)			(1)	(57)
Other activities	(3)					(3)
Net liabilities deriving from financing activities	6,312	(444)	12	1	31	5,912
Cash and cash equivalents	(1,629)	(263)	(1)			(1,893)
Net debt	4,683	(707)	11	1	31	4,019

7.8

Notes to the income statement

For changes in the scope of consolidation at June 30, 2024, please refer to the “Notes to the Balance Sheet” section.

Moreover, the economic figures at June 30, 2024 are not consistent with the corresponding period of the previous year due to the following extraordinary transactions in 2023:

- acquisition in June 2023, by A2A Calore & Servizi S.r.l. of 100% of Termica Cologno S.r.l., with consequent line-by-line consolidation;
- acquisition in the second half of 2023, by A2A Rinnovabili S.p.A. of 100% of Juwi Development 12 S.r.l. and Juwi Development 13 S.r.l., with consequent line-by-line consolidation;
- incorporation of the companies R2R 01 S.r.l., R2R 02 S.r.l., R2R 03 S.r.l. and R2R 04 S.r.l., by R2R S.r.l., which owns 100% of it, consolidated on a line-by-line basis;
- incorporation on July 21, 2023 of the company Mogorella S.r.l. by A2A Rinnovabili S.p.A., which owns 100% of it, consolidated on a line-by-line basis;
- sale in December 2023, by A2A Ambiente of 80% of Bioenergia Gualdo S.r.l., 55% of Energia Anagni S.r.l. and its 100% owned subsidiary Bionergia Roccasecca S.r.l., with the resulting exit from the scope of consolidation.

The values at June 30, 2023 were restated to make them homogeneous with the values at June 30, 2024 by reclassifying from the item “Net result from non-current assets held for sale” certain income statement items related to the Water Unit no longer held for sale.

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24) Revenues

Revenues for the period totaled 6,091 million euro (7,992 million euro at June 30, 2023) and therefore decreased by 1,901 million euro.

Details of the more significant items are as follows:

Revenues millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Revenues from the sale of goods	5,257	7,181	(1,924)	(26.8%)
Revenues from services	696	726	(30)	(4.1%)
Total revenues from the sale of goods and services	5,953	7,907	(1,954)	(24.7%)
Other operating income	138	85	53	62.4%
Total revenues	6,091	7,992	(1,901)	(23.8%)

The change, compared to the corresponding period of the previous year, is attributable to the drop in both wholesale and retail energy prices and, to a very limited extent, to the contraction of the quantities sold and brokered on the wholesale markets, partly offset by higher volumes sold on the electricity, gas and district heating retail markets.

Further details of the main items are as follows:

millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Sale and distribution of electricity	3,242	4,399	(1,157)	(26.3%)
Sale and distribution of gas	1,747	2,478	(731)	(29.5%)
Sale of heat	140	156	(16)	(10.3%)
Sale of materials	29	36	(7)	(19.4%)
Sale of water	49	44	5	11.4%
Sales of environmental certificates	31	49	(18)	(36.7%)
Connection contributions	19	19	-	0.0%
Total revenues from the sale of goods	5,257	7,181	(1,924)	(26.8%)
Services to customers	696	726	(30)	(4.1%)
Total revenues from services	696	726	(30)	(4.1%)
Total revenues from the sale of goods and services	5,953	7,907	(1,954)	(24.7%)
Reintegration of costs – S. Filippo del Mela plant (Essential Unit plant)	29	-	29	n.s.
Damage compensation	7	4	3	75.0%
Rents receivable	3	2	1	50.0%
Contingent assets	31	14	17	n.s.
Incentives for production from renewable sources (feed-in tariff)	35	19	16	84.2%
Other revenues	33	46	(13)	(28.3%)
Other operating income	138	85	53	62.4%
Total revenues	6,091	7,992	(1,901)	(23.8%)

The item “Other operating income” showed an increase of 53 million euro mainly due to higher revenues for the reinstatement of generation costs incurred for the San Filippo del Mela plant (essential plant) pursuant to Resolution 803/2016 for 29 million euro, higher revenues linked to incentives on net production from renewable sources for 16 million euro, higher contingent assets for 17 million euro partially offset by lower other revenues for 13 million euro.

Further details on the reasons for the performance of revenues relating to the various Business Units can be found in the paragraph “Result by sector”.

25) Operating expenses

Operating expenses amounted to 4,370 million euro (6,709 million euro at June 30, 2023), therefore representing a decrease of 2,339 million euro.

The main components of this item are as follows:

Operating expenses millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Expenses for raw materials and consumables	3,115	5,495	(2,380)	(43.3%)
Expenses for services	1,096	1,051	45	4.3%
Total expenses for raw materials and services	4,211	6,546	(2,335)	(35.7%)
Other operating expenses	159	163	(4)	(2.5%)
Total operating expenses	4,370	6,709	(2,339)	(34.9%)

“Total expenses for raw materials and services” amounted to 4,211 million euro (6,546 million euro at June 30, 2023), decreasing by 2,335 million euro.

This decrease is due to the combined effect of the following factors:

- a decrease of 2,182 million euro in the purchase of raw materials and consumables, due to the decrease in costs for the purchase of power and fuel of 1,963 million euro, the decrease in the costs relating to the purchase of environmental certificates of 209 million euro, the decrease in purchase of materials of 6 million euro and a decrease of 4 million euro arising from hedging gains/losses on operating derivatives;
- an increase of 45 million euro in costs for delivery, subcontracted work and services;
- the decrease in inventories of fuel and materials for 198 million euro

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For further information, the following table sets out details of the more significant components:

millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Purchases of power and fuel	2,900	4,863	(1,963)	(40.4%)
Purchases of materials	86	92	(6)	(6.5%)
Purchases of water	1	1	0	0.0%
Hedging losses on operating derivatives	-	7	(7)	(100.0%)
Hedging gains on operating derivatives	(1)	(4)	3	(75.0%)
Purchases of emission certificates and allowances	90	299	(209)	(69.9%)
Total costs for raw materials and consumables	3,076	5,258	(2,182)	(41.5%)
Delivery and transmission costs	647	584	63	10.8%
Maintenance and repairs	115	140	(25)	(17.9%)
Other services	334	327	7	2.1%
Total costs for services	1,096	1,051	45	4.3%
Change in inventories of fuel and materials	39	237	(198)	(83.5%)
Total costs for raw materials and services	4,211	6,546	(2,335)	(35.7%)
Leasehold improvements	40	55	(15)	(27.3%)
Concession fees	67	60	7	11.7%
Contributions to territorial entities, consortia and ARERA	8	6	2	33.3%
Taxes and duties	19	19	-	0.0%
Damages and penalties	4	4	-	0.0%
Contingent liabilities	11	11	-	0.0%
Other costs	10	8	2	25.0%
Other operating expenses	159	163	(4)	(2.5%)
Total operating expenses	4,370	6,709	(2,339)	(34.9%)

Trading margin

The following table sets out the results arising from the Trading Portfolio, including the effect of changes in derivative instruments; these figures relate to trading in electricity, gas and environmental certificates.

millions of euro	06 30 2024	06 30 2023	Change
Revenues	2,296	4,819	(2,523)
Operating expenses	(2,283)	(4,770)	2,487
Total trading margin	13	49	(36)

The trading margin was positive for 13 million euro, a decrease of 36 million euro compared to June 30, 2023.

In the first half of 2024, the downward trend in natural gas and electricity prices continued, due to the ample availability of Liquefied Natural Gas supplies, the reduction in consumption in the mild winter season, and higher hydroelectric production. The fall in prices and the resulting reduction in the volatility of risk premiums therefore reduced the absolute value of the profit captured by brokerage and trading activities in both spot and futures markets.

26) Labour costs

Net of capitalized expenses, labor costs at June 30, 2024 amounted to 442 million euro (401 million euro at June 30, 2023).

“Labour costs” may be analyzed as follows:

Labour costs millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Wages and salaries	329	311	18	5.8%
Social security charges	110	103	7	6.8%
Employee leaving entitlement (TFR)	20	19	1	5.3%
Other costs	41	23	18	78.3%
Total labour costs before capitalizations	500	456	44	9.6%
Capitalized labour costs	(58)	(55)	(3)	5.5%
Total labour costs	442	401	41	10.2%

The table below shows the average number of employees by category:

	06 30 2024	06 30 2023	Change
Managers	199	197	2
Middle Managers	932	883	49
White-collar workers	6,489	6,197	292
Blue-collar workers	6,601	6,499	102
Total	14,221	13,776	445

At June 30, 2024, the average labor cost per capita amounted to 31.08 thousand euro, up 6.8% from the corresponding period of the previous year (when it was 29.11 thousand euro). The increase is mainly attributable to the increase in the existing workforce, the salary increases provided for by national collective labor agreements, and remuneration policy actions.

At June 30, 2024, the Group had 14,372 employees. At June 30, 2023, the Group had 13,841 employees.

Other labor costs include 9 million euro (1 million euro at June 30, 2023) in costs relating to the overall charge for the corporate restructuring plan connected with future employee redundancies and 4 million euro for the provision connected with the new corporate welfare plan for Group employees called “A2A life caring” aimed at supporting parenthood through the recognition of contributions for the children of employees up to the age of 18 in the areas of education, training and work-life balance.

27) Gross operating income

As a result of the above changes, consolidated “Gross operating income” at June 30, 2024 amounted to 1,279 million euro (882 million euro at June 30, 2023).

Further details may be found in the section “Results sector by sector”.

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28) Depreciation, amortization, provisions and write-downs

“Depreciation, amortization, provisions and write-downs” totaled 514 million euro (433 million euro at June 30, 2023), representing an increase of 81 million euro.

The following table provides details of the individual items:

Depreciation, amortization, provisions and write-downs millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Amortization of intangible assets	148	130	18	13.8%
Depreciation of tangible assets	291	251	40	15.9%
Net write-downs of fixed assets	2	-	2	n.s.
Total amortization, depreciation and write-downs	441	381	60	15.7%
Provisions for risks	41	15	26	n.s.
Bad debt provision on receivables recognized as current assets	32	37	(5)	(13.5%)
Total depreciation, amortization, provisions and write-downs	514	433	81	18.7%

“Depreciation, amortization and write-downs” amounted to 441 million euro (381 million euro at June 30, 2023).

Amortization of intangible assets amounted to 148 million euro (130 million euro at June 30, 2023).

Depreciation and amortization increased by 18 million euro in connection with the implementation of information systems for 8 million euro, new customer lists for 6 million euro, and the integrated water service and gas networks for 4 million euro.

Depreciation of tangible assets show an increase of 40 million euro compared to June 30, 2023 and includes:

- higher depreciation of 24 million euro, mainly relating to the investments which went into production after June 30, 2023;
- higher depreciation of 15 million euro for the revision of the useful lives of plants;
- higher depreciation of 2 million euro for rights of use;
- lower depreciation of 1 million euro.

Write-downs for the period amounted to 2 million euro (nil at June 30, 2023) and mainly related to the cancellation of projects no longer in the company's core business.

“Provisions for risks” show a net effect of 41 million euro (net effect of 15 million euro at June 30, 2023). due to provisions adjusted by the surpluses for the period.

For further information, reference is made to note 18) Provisions for risks, charges and liabilities for landfills.

The “Bad debt provision” amounted to 32 million euro (37 million euro at June 30, 2023), of which 34 million euro related to the provision for the period for risks on trade receivables adjusted by releases of provisions for approximately 2 million euro.

29) Net operating income

The “Net operating income” amounted to 765 million euro (449 million euro at June 30, 2023).

30) Result from non-recurring transactions

The “Result from non-recurring transactions” amounted to 3 million euro (nil at June 30, 2023) and refers:

- for approximately 6 million euro to the proceeds related to the compensation recognized by the Municipality of Cinisello Balsamo in favor of Unareti S.p.A. in execution of the award at the conclusion of the dispute that had arisen since 2006 over the valuation of the gas distribution network returned to the Municipality in February 2006;
- for about 3 million euro for the loss from the sale of the shareholding held by the A2A Energy Solution Group company in Consul System.

31) Financial balance

The “Financial balance” closed with net expense of 50 million euro (net expense of 68 million euro at June 30, 2023).

Details of the more significant items are as follows:

Financial balance millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Financial income	65	37	28	75.7%
Financial expenses	(117)	(106)	(11)	10.4%
Affiliates	2	1	1	100.0%
Total financial balance	(50)	(68)	18	(26.5%)

“Financial income” amounted to 65 million euro (37 million euro at June 30, 2023) and may be analyzed as follows:

Financial income millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Bank income	23	24	(1)	(4.2%)
Realized on financial derivatives	5	-	5	n.s.
Other financial income of which:	37	13	24	n.s.
Financial income from the Municipality of Brescia (IFRIC 12)	3	3	-	0.0%
Foreign exchange gains	-	3	(3)	(100.0%)
Other income	34	7	27	n.s.
Total financial income	65	37	28	75.7%

The item Other income includes about 9 million euro of income related to the indemnity paid by the Municipality of Cinisello Balsamo in favor of Unareti S.p.A. at the end of the litigation that started in 2006, and about 16 million euro of interest related to the 10% increase on energy efficiency credits related to the 110% ecobonus credits.

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“Financial expenses”, which amounted to 117 million euro, increased by 11 million euro compared to June 30, 2023, and may be analyzed as follows:

Financial expenses millions of euro	06 30 2024	06 30 2023 Restated	Change	% June 2024/2023
Interest on bond loans	56	61	(5)	(8.2%)
Interest charged by banks	24	20	4	20.0%
Interest on Cassa Depositi e Prestiti loans	4	1	3	n.s.
Realized on financial derivatives	-	-	-	n.s.
Decommissioning costs	5	5	-	0.0%
Other financial expenses of which:	28	19	9	47.4%
Discounting charges	7	7	-	0.0%
Financial expenses (IFRS 16)	2	1	1	100.0%
Financial expenses (IFRIC 12)	2	1	1	100.0%
Foreign exchange losses	-	3	(3)	(100.0%)
Other expenses	17	7	10	n.s.
Total financial expenses before capitalizations	117	106	11	10.4%
Capitalized financial expenses	-	-	-	-
Total financial expenses	117	106	11	10.4%

The 5 million euro decrease in interest on bonds is mainly attributable to the maturity of two 300 million euro bonds maturing in December 2023 and March 2024.

The 4 million euro increase in interest from credit institutions is mainly attributable to the increase in the interest rate curve, resulting from the restrictive monetary policies implemented by central banks, as well as the new 600 million euro loan for the acquisition of Enel electricity grids.

The increase in financial expenses to Cassa Depositi e Prestiti, amounting to 3 million euro, is mainly attributable to the disbursement of a 150 million euro term loan in January 2024.

The Equity method valuation of shareholdings was positive for 2 million euro (1 million euro at June 30, 2023) and refers to the positive valuation of the shareholdings held in some associated companies.

32) Income taxes

“Income taxes” in the period in question equaled 211 million euro (91 million euro at June 30, 2023) and include:

- taxes of the period totaling 214 million euro;
- deferred tax assets of 1 million euro;
- deferred tax liabilities of -4 million euro.

It is highlighted that on the occasion of the closing of the 2024 half-year report, the A2A Group decided to estimate the tax for the period for all Group companies by adopting the tax rate criterion based on the best estimate of the Group's weighted average rate expected for the entire year.

The income tax expense for the first half of 2024 differs from the same period of the previous year, due to the significant increase in the results for the first half of 2024 and the effect (lower taxes) in the first half of 2024 related to the tax redemption under Art. 15 of DL no. 185/2008.

33) Net result from discontinued operations

The “Net result from discontinued operations” was nil at June 30, 2024 (3 million euro at June 30, 2023).

34) Result of minorities

The “Result of minorities” is 18 million euro and mainly includes the portion attributable to minority interests of the Acinque Group and the AEB Group. In the corresponding period of the previous year, the item showed a balance of 13 million euro.

35) Group result of the period

The “Group result of the period” was positive for 489 million euro (positive for 280 million euro at June 30, 2023).

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Earnings per share

36) Earnings per share

	01 01 2024 06 30 2024	01 01 2023 06 30 2023 Restated
Earnings (loss) per share (in euro)		
- basic	0.1560	0.0895
- basic, from continuing operations	0.1560	0.0009
- basic, from assets held for sale	0.0000	0.0886
- diluted	0.1560	0.0895
- diluted, from continuing operations	0.1560	0.0009
- diluted, from assets held for sale	0.0000	0.0886
Weighted average number of outstanding shares for the calculation of earnings (loss) per share		
- basic	3,132,905,277	3,132,905,277
- diluted	3,132,905,277	3,132,905,277

Note on related party transactions

37) Note on related party transactions

“Related parties” are those referred to in the International Accounting Standard on Related Party Disclosures (IAS 24 Revised), details of which can be found in the Consolidated Annual Financial Report for the year ended December 31, 2023, except for the changes indicated below.

Relationships with parent companies and their subsidiaries

At the date of approval of this Half-year Financial Report at June 30, 2024, the Municipality of Milan and the Municipality of Brescia each have a 25% shareholding of the share capital plus one share (overall equal to 50% plus two shares), which allows the two municipalities to maintain control over the Company.

Commercial relations exist between the companies of the A2A Group and the Municipalities of Milan and Brescia and the companies directly and indirectly controlled by the Municipalities themselves.

In particular, on April 12, 2017, Amsa S.p.A., a subsidiary of A2A S.p.A., in execution of the original assignment ordered in 2001, signed a contract with the Municipality of Milan for the management of services aimed at environmental protection for the period from January 1, 2017 to February 8, 2021; following the publication of the first tender cancelled by the Municipality in consideration of the appeals notified and the second tender, awarded to Amsa S.p.A. with a provision dated March 27, 2024 independently challenged by the unsuccessful competitor, the award was extended until September 27, 2024.

The appeal filed by the competitor, ranked second in the ranking list, was submitted to the Regional Administrative Court on May 24, 2024 for the taking of precautionary decisions, and in that council chamber the parties agreed not to sign the contract until the outcome of a second council chamber set for July 10, 2024, a suitable date for both economic operators to file additional grounds after the reading of the complete offers, delivered by the Municipality of Milan to the case file, in compliance with the Regional Administrative Court (TAR) prescription. By order 713/2024 filed on July 11, 2024, the Regional Administrative Court rejected the precautionary petition due to the absence of the condition of danger. The order can be appealed as a precautionary measure to the Council of State and the first instance judgment will have to be decided on the merits at a hearing that has not yet been set.

The tender awarded to Amsa S.p.A. now in progress was published on December 30, 2021; it is a European open procedure tender for the contracting of the municipal waste management service with reduced environmental impact from a life-cycle perspective, pursuant to the action plan for the environmental sustainability of consumption in the public administration sector (PAN GPP) and the Decree of the Ministry of the Environment and Protection of Land and Sea of February 13, 2014.

The bid submission date, originally set for July 11, 2022, has been set for October 31, 2022.

We are still waiting for the filing of the Council of State rulings on the appeals of two operators against the call for tenders, which were rejected at first instance by the Milan Regional Administrative Court on October 16, 2023.

Relationships with subsidiaries and associates

The parent company A2A S.p.A. operates as centralized treasury for most of the subsidiaries and provides the subsidiaries and associates with administrative, fiscal, legal, management and technical services in order to optimize the resources available in the company and to use the existing expertise in terms of economic convenience.

For the financial year 2024, A2A S.p.A. and its subsidiaries have adopted the VAT procedure of the Group and, for IRES purposes, A2A S.p.A. files for tax on a consolidated basis, together with its main subsidiaries, in accordance with arts. 117-129 of Presidential Decree no. 917/86.

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Finally, it should be noted that, in compliance with the provisions of the “Regulation containing provisions on related party transactions” adopted by Consob with Resolution no. 17221 of March 12, 2010 and subsequent amendments (Resolution no. 17389 of June 23, 2010 and Consob Resolution no. 21624 of December 10, 2020, in implementation of the so-called “Shareholders’ Rights II” Directive), the Group approved the Related Parties Procedure that came into force as of the 2010 financial year and was subsequently amended by a resolution of the Board of Directors on June 25, 2021, subject to the favorable opinion of the Related Parties Committee established by board resolution of May 13, 2021. The aforementioned Procedure can be found on the website www.gruppoa2a.it.

Below are the tables with detail of the related party transactions, in accordance with the Consob Resolution no. 17221 of March 12, 2010:

Balance sheet millions of euro	Total 06 30 2024	Associated companies and subsidiaries of associates	Related companies	Municipality of Milan	Companies controlled directly and indirectly Municipality of Milan	Municipality of Brescia	Companies controlled directly and indirectly Municipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
Total assets of which:	17,830	48	27	89	23	16	-	-	203	1.1%
Non-current assets	11,182	6	19	24	-	4	-	-	53	0.5%
Shareholdings	25	6	19						25	100.0%
Other non-current financial assets	72					4			4	5.6%
Other non-current assets	210			24					24	11.4%
Current assets	6,648	42	8	65	23	12	-	-	150	2.3%
Trade receivables	2,741	42	7	65	23	11			148	5.4%
Other current assets	1,354		1						1	0.1%
Current financial assets	43					1			1	2.3%
Total liabilities of which:	12,104	65	2	3	1	7	-	-	78	0.6%
Current liabilities	5,541	65	2	3	1	7	-	-	78	1.4%
Trade payables	3,042	61	2	3	1	7			74	2.4%
Other current liabilities	1,730	4							4	0.2%

Income statement millions of euro	Total 06 30 2024	Associated companies and subsidiaries of associates	Related companies	Municipality of Milan	Companies controlled directly and indirectly Municipality of Milan	Municipality of Brescia	Companies controlled directly and indirectly unicipality of Brescia	Related parties individuals	Total related parties	% effect on the balance sheet item
Revenues	6,091	5	12	166	57	21	2	-	263	4.3%
Revenues from the sale of goods and services	5,953	5	12	166	57	21	2		263	4.4%
Operating expenses	4,370	9	7	7	4	4	-	-	31	0.7%
Expenses for raw materials and services	4,211		7		4			-	11	0.3%
Other operating expenses	159	9		7		4		-	20	12.6%
Labour costs	442	-	-	-	-	-	-	1	1	0.2%
Financial balance	(50)	-	2	-	-	3	-	-	5	(10.0%)
Financial income	65	-	-	-	-	3	-	-	3	4.6%
Affiliates	2	-	2	-	-	-	-	-	2	100.0%

The complete financial statements are included in the section “Condensed half-year consolidated financial statements” of this report pursuant to Consob Resolution no. 17221 of March 12, 2010.

It should be noted that during the half-year, A2A S.p.A. made grants totalling 1.9 million euro to foundations that have been included on a voluntary basis among related parties. Specifically, these involve: Fondazione AEM, Fondazione ASM, Fondazione LGH E.T.S., Comitato Banco dell'Energia Onlus, Fondazione Teatro alla Scala, Fondazione Brescia Musei and Associazione Centro Teatrale Bresciano.

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With regard to the compensation paid to the corporate governance bodies, reference shall be made to the document “Remuneration Report – 2024” available on the website www.gruppoa2a.it.

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Significant non-recurring events and transactions, pursuant to Consob Communication No. DEM/6064293 of July 28, 2006

38) Significant non-recurring events and transactions, pursuant to Consob Communication No. DEM/6064293 of July 28, 2006

During the first half of the year, the Municipality of Cinisello Balsamo paid Unareti S.p.A. the indemnity in execution of the award at the conclusion of the dispute that had arisen since 2006 over the valuation of the gas distribution network returned to the Municipality in February 2006. The total economic impact amounted to 15 million euro and was recorded under the item "Result from non-recurring transactions", positive for 6 million euro, and the item "Financial income" for 9 million euro.

Guarantees and commitments with third parties

millions of euro	06 30 2024	12 31 2023
Guarantees received	1,137	1,074
Guarantees provided	2,637	2,461

Guarantees received

Guarantees received amounted to 1,137 million euro (1,074 million euro at December 31, 2023) and included 498 million euro for sureties and security deposits issued by subcontractors to guarantee the proper execution of the work assigned and 561 million euro for sureties and security deposits received from customers to guarantee the regularity of payments and guarantees received by the Acinque Group for 56 million euro and guarantees received by the AEB Group for 22 million euro.

Guarantees provided and commitments with third parties

Guarantees provided amounted to 2,637 million euro (2,461 million euro at December 31, 2023), of which for obligations undertaken in the loan agreements of 122 million euro. These guarantees have been issued by banks for 1,610 million euro, insurance companies for 31 million euro and the parent company A2A S.p.A., as parent company guarantee, for 876 million euro and guarantees provided by the Acinque Group for 72 million euro and guarantees provided by the AEB Group for 48 million euro.

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Group companies hold third party assets under concession, relating mainly to the integrated water cycle, amounting to 66 million euro.

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1) Transactions as per IFRS 3 revised

In 2024, the A2A Group completed the following acquisition of investments, which fall within the provisions of IFRS 3:

- acquisition by Acinque S.p.A. of 70% of Agesp Energia S.r.l., a company operating in the electricity and gas sale sector and in the district heating sector.

The transaction summarized above is classified as business combination in accordance with international standard IFRS 3 “Business Combinations”; the Group fully consolidated the companies through the application of the acquisition method prescribed by IFRS 3, by virtue of the control obtained on the entities acquired.

IFRS 3 requires all business combinations to be accounted for using the acquisition method within twelve months from acquisition. The acquirer must therefore recognize all the identifiable assets, liabilities and contingent liabilities relating to the acquisition at their fair values at the acquisition date and highlight the eventual recognition of goodwill.

The fee transferred in a business combination is determined at the date of acquisition of control and is equal to the fair value of assets transferred, liabilities incurred, and any equity instruments issued by the acquirer. Costs directly attributable to the transaction are recognized in the income statement when incurred. At the date of acquisition of control, the net equity of the investee companies is determined by attributing to individual assets and liabilities their fair value, except in cases where the IFRS provisions provide a different valuation criterion. Any residual difference with respect to the purchase cost, if positive, is recognized under the item “Goodwill” (hereinafter also goodwill); if negative, it is recognized in the income statement.

Business combination Agesp Energia S.r.l.

On January 3, 2024, Acinque S.p.A., a company 41.34% owned by A2A S.p.A., acquired 70% of the shareholding in Agesp Energia S.r.l., a company operating in the electricity and gas sale sector and in the district heating sector. The acquisition was concluded for a value of 26 million euro (payment took place for 18 million euro at the closing of the operation and for 8 million euro will take place in July 2024) and generated goodwill equal to 20 million euro, which will be allocated with the Purchase Price Allocation process within the time frame established by IFRS 3.

2) Financial risk management

The A2A Group operates in the electricity, natural gas and district heating industry and is exposed to various financial risks in performing its activity:

- a) commodity risk;
- b) interest rate risk;
- c) exchange rate risk not related to commodities;
- d) liquidity risk;
- e) credit risk;
- f) equity risk;
- g) default and covenant non-compliance risk.

The commodity price risk, related to the volatility of energy commodity prices (gas, electricity, fuel oil, coal, etc.) and prices of environmental securities (EUA/ETS emission rights, green certificates, white certificates, etc.), consists of the possible negative effects that a change in the market price of one or more commodities may have on the cash flows and income prospects of the company, including the exchange rate risk related to the same commodities.

Interest rate risk is the risk of additional financial costs as the result of an unfavourable change in interest rates.

Currency risk not related to commodities is the risk of higher costs or lower revenues because of an unfavourable change in exchange rates between currencies.

Liquidity risk is the risk that financial resources will not be sufficient to meet established financial and business obligations in a timely manner.

Credit risk is the exposure to potential losses deriving from non-performance of commitments by commercial, trading and financial counterparties.

Equity risk is the possibility of incurring losses due to an unfavorable change in the price of shares.

Default and covenant non-compliance risk represent the possibility that loan agreements or bond regulations to which one or more Group companies are party contain provisions allowing the counterparties, banks or bondholders, to ask the debtor for immediate reimbursement of the amounts lent if certain events take place.

Details on the risks to which the A2A Group is exposed are provided below.

a. Commodity risk

a.1) Commodity price risk and exchange rate risk involved in commodity activities

The Group is exposed to price risk, including the related currency risk, on all of the energy commodities that it handles, namely electricity, natural gas, heat, coal, fuel oil and environmental certificates; the results of production, purchases and sales are similarly affected by fluctuations in the prices of such energy commodities. These fluctuations act both directly and indirectly, through formulas and indexing in the pricing structure.

To stabilize cash flows and to assure the Group's economic and financial stability, A2A S.p.A. has an Energy Risk Policy that sets out clear guidelines to manage and control the above risks, based on guidance by the Committee of Chief Risk Officers Organizational Independence and Governance Working Group (CCRO) and the Group on Risk Management of Eurelectric. Reference was also made to the Accords of the Basel Committee on bank supervision and the requirements laid down in international accounting standards on how to recognize the volatility of commodity price and financial derivatives in the income statement and balance sheet.

In the A2A Group, assessment of this kind of risk is centralized at the holding company, which has established a Group Risk Management Organizational Unit as part of the Planning, Finance and Control Organizational Unit. This unit has the task to manage and monitor market and commodity risks, to create and evaluate structured products, to propose financial energy risk hedging strategies, and to support senior management in defining the Group's energy risk management policies.

Each year, the Board of Directors of A2A S.p.A. sets the Group's commodity risk limits approving the PaR and VaR proposed (prepared in the Risk Committee) in conjunction with approval of the Budget/Business Plan; Group Risk Management supervises the situation to ensure compliance with these limits and proposes to senior management the hedging strategies designed to bring risk within the set limits, if exceeded.

The activities that are subject to risk management include all of the positions on the physical market for energy products, both purchasing/production and sales, and all of the positions in the energy derivatives market taken by Group companies.

For the purpose of monitoring risks, industrial and trading portfolios have been separated and are managed in different ways. The industrial portfolio consists of the physical and financial contracts directly relating to the Group's industrial operations, namely where the objective is to enhance production capacity also through the wholesaling and retailing of gas, electricity and heat.

The trading portfolio comprises all contracts, both physical and financial, entered into to supplement the profits made from the industrial activities, i.e. all contracts that are ancillary though not strictly necessary to the industrial activity.

In order to identify trading activity, the A2A Group follows the Capital Adequacy Directive and the definition of assets held for trading provided by International Accounting Standard (IFRS) 9: namely assets held for the purpose of short-term profit taking on market prices or margins, without being for hedging purposes, and designed to create a high-turnover portfolio.

Given that they exist for different purposes, the two portfolios have been segregated and are monitored separately with specific tools and limits. More specifically, the trading portfolio is subject to particular risk control and management procedures as laid down in Deal Life Cycle documents.

Senior management is systematically updated on changes in the Group's commodity risk by the Group Risk Management Unit, which controls the Group's net exposure. This is calculated centrally on the entire asset and contract portfolio and monitors the overall level of economic risk assumed by the industrial and trading portfolios (Profit at Risk - PaR, Value at Risk - VaR, Stop Loss).

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a.2) Commodity derivatives, analysis of transactions

Derivatives of the industrial portfolio considered hedges

The hedging of price risk by means of derivatives focuses on protecting against the volatility of energy prices on the power exchange (IPEX-EEX), stabilizing electricity price margins on the wholesale market with particular attention being paid to fixed price energy sales and purchases and stabilizing price differences deriving from various indexing mechanisms for the pricing of gas and electricity. To that end, hedging contracts were executed during the year on electricity purchase and sale agreements and on contracts to hedge the fee for the use of electricity transport capacity between the areas of the IPEX market (CCC contracts); hedging contracts were also concluded for the purchase and sale of gas so as to protect sales margins and at the same time keep the risk profile to within the limits set by the Group's Energy Risk Policy.

As part of the optimization of the portfolio of greenhouse gas emission allowances (see Directive 2003/87/EC), the A2A Group has stipulated Future contracts on the ICE ECX (European Climate Exchange) price. These are considered hedging transactions from an accounting point of view in the event of demonstrable surplus/deficit quotas.

The fair value at June 30, 2024 was -9.9 million euro (-2.3 million euro at December 31, 2023).

Derivatives of the industrial portfolio not considered hedges

Again with a view to optimizing the Industrial Portfolio, was the stipulation of Option contracts on the price of electricity with delivery in Italy and Future contracts on the price of the ICE ECX (European Climate Exchange) stock exchange. These do not qualify as hedging transactions from an accounting point of view as they fail to meet the requirement set out in the accounting standards.

The fair value at June 30, 2024 was 0.8 million euro (1.1 million euro at December 31, 2023).

Derivatives of the Trading Portfolio

As part of its trading activity, the A2A Group has taken out Future contracts on major European energy stock exchanges (EEX, ICE) and Forward and Option contracts on the price of electricity with delivery in Italy and neighboring countries such as France, Germany and Switzerland. The Group has also stipulated Future contracts on the ICE ECX (European Climate Exchange) stock exchange price. Also as part of trading activities, Future and Forward contracts were stipulated for the market price of gas (ICE-Endex CEGH, PEGAS).

The fair value at June 30, 2024 was -70.4 million euro (-26.9 million euro at December 31, 2023).

a.3) Energy Derivatives, risk assessment of Industrial Portfolio derivatives

PaR¹ or Profit at Risk, is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by the A2A Group that are attributable to the industrial portfolio. It is the change in the value of a financial instruments portfolio within set probability assumptions as the result of a shift in the market indices. The PaR is calculated using the Montecarlo Method (at least 10,000 trials) and a 99% confidence level. It simulates scenarios for each relevant price driver depending on the volatility and correlations associated with each one, using as the central level the forward market curves at the balance sheet date, if available. By means of this method, after having obtained a distribution of probability associated with changes in the result of outstanding financial contracts, it is possible to extrapolate the maximum change expected over a time horizon given by the accounting period at a set level of probability. Based on this methodology, over the time horizon of the accounting period and in the event of extreme market movements and at a 99% confidence level, the expected maximum negative change in financial derivatives outstanding at June 30, 2024 was 225.681 million euro (113.328 million euro at December 31, 2023).

The following are the results of the simulation with the related maximum variances:

millions of euro	06 30 2024		12 31 2023	
	Worst case	Best case	Worst case	Best case
Profit at Risk (PaR)				
Confidence level 99%	(225.681)	450.668	(113.328)	145.548

¹ Profit at Risk: statistical measurement of the maximum potential negative deviation of the margin of an asset portfolio in case of unfavourable market changes over a given time horizon and with a defined confidence interval.

The A2A Group therefore expects, with a 99% probability, not to have changes compared to the fair value at December 31, 2023 exceeding 225.681 million euro of its entire portfolio of financial instruments due to commodity price fluctuations. If there are any negative changes in the fair value of hedge derivatives, these would be compensated by changes in the underlying physical.

a.4) Energy Derivatives, risk assessment of Trading Portfolio derivatives

VaR² (Value at Risk) is used to assess the impact that fluctuations in the market price of the underlying have on the financial derivatives taken out by the A2A Group that are attributable to the trading portfolio. It is the negative change in the value of a financial instruments portfolio within set probability assumptions as the result of an unfavorable shift in the market indices. VaR is calculated using the RiskMetrics method with a holding period of 3 days and a confidence level of 99%. Alternative methods are used for contracts where it is not possible to perform a daily estimate of VaR such as stress test analysis

Based on this method, in the case of extreme market movements, with a confidence level of 99% and a holding period of 3 days, the maximum estimated loss on the derivatives in question was 0.467 million euro at June 30, 2024 (0.480 million at December 31, 2023). In order to ensure closer monitoring of activities, VaR and Stop Loss (the sum of VaR, P&L Realized and P&L Unrealized) limits are also set.

The following are the results of the assessments:

millions of euro	06 30 2024		12 31 2023	
	VaR	Stop Loss	VaR	Stop Loss
Value at Risk (VaR)				
Confidence level 99%, holding period 3 days	(0.467)	(0.467)	(0.480)	(0.480)

b. Interest rate risk

The Group is exposed to the risk that changes in the interest rate curve result in changes in economic results, cash flows and the value of assets and liabilities measured at fair value. The volatility of financial expenses associated to the performance of interest rates is monitored and mitigated through a policy of interest rate risk management aimed at identifying a balanced mix of fixed-rate and variable rate loans and the use of derivatives that limit the effects of fluctuations in interest rates.

The book value and type of gross debt at June 30, 2024 are shown in the table below:

millions of euro	06 30 2024			12 31 2023		
	Before hedging	After hedging	% after hedging	Before hedging	After hedging	% after hedging
Fixed rate	5,059	5,165	87%	5,431	5,548	87%
Variable rate	885	779	13%	920	803	13%
Total	5,944	5,944	100%	6,351	6,351	100%

2 Value at Risk: statistical measurement of the maximum potential drop in the fair value of an asset portfolio in the event of unfavorable movements in the market with a given time horizon and confidence level.

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At June 30, 2024, the following are the hedging instruments for interest rate risk:

millions of euro		06 30 2024		12 31 2023	
Hedging instrument	Hedged asset	Fair value	Notional	Fair value	Notional
IRS	Floating rate loan subsidiaries	2.4	23.3	2.4	25.4
Total		2.4	23.3	2.4	25.4

With reference to the accounting treatment, hedging derivatives for interest rate risk can be classified as follows:

millions of euro									
Accounting treatment	Type of derivatives	Financial assets				Financial liabilities			
		Notional at		Fair value at:		Notional at		Fair value at:	
		06 30 2024	12 31 2023	06 30 2024	12 31 2023	06 30 2024	12 31 2023	06 30 2024	12 31 2023
Cash flow hedge	IRS	-	-	-	-	23.3	25.4	2.4	2.4
Total		-	-	-	-	23.3	25.4	2.4	2.4

Derivatives on interest rates at June 30, 2024 in cash flow hedge refer to the following loans:

Loan	Derivative	Accounting
A5 variable rate bank loan, maturity December 2025, residual debt at June 30, 2024 of 3.3 million euro.	IRS on 100% of the amount of the loan until maturity thereof. At June 30, 2024, the fair value was positive for 0.1 million euro.	The loan is measured at amortized cost. The IRS is a cash flow hedge, with 100% recognized in a specific equity reserve.
VOLTA GREEN ENERGY variable rate bank loan, maturity December 2026, residual debt at June 30, 2024 of 0.7 million euro.	IRS on 100% of the amount of the loan until maturity thereof. At June 30, 2024, the fair value was positive for 0.03 million euro.	The loan is measured at amortized cost. The IRS is a cash flow hedge, with 100% recognized in a specific equity reserve.
LA CASTILLEJA ENERGIA variable rate bank loan, maturity December 2034, residual debt at June 30, 2024 of 25.7 million euro.	IRS on 75% of the amount of the loan until December 2030. At June 30, 2024, the fair value was positive for 2.3 million euro.	The loan is measured at amortized cost. The IRS is a cash flow hedge, with 100% recognized in a specific equity reserve.

The Group performs sensitivity analysis by estimating the effects on the value of financial statement items relating to the portfolio of financial instruments deriving from changes in the level of interest rates.

In particular, the sensitivity analysis measures the potential impact on the Income Statement and shareholders' equity of different market scenarios that would determine the change in fair value of derivative financial instruments and the change in financial expenses related to the portion of gross debt not hedged.

These market scenarios are obtained by shifting the reference interest rate curve at the reporting date up and down in parallel.

Keeping all other variables constant, the pre-tax result would be influenced by changes in the level of interest rates as follows:

millions of euro	Effect on the Income Statement (before tax)		Effect on Equity (before tax)	
	-50 bps	+50 bps	-50 bps	+50 bps
Change in financial expenses on gross variable-rate debt after hedging	1.0	(1.0)	-	-
Change in fair value of derivative financial instruments classified as non-hedge	-	-	-	-
Change in fair value of derivative financial instruments classified as hedge (excluding BCVA as per IFRS 13):				
Cash flow hedge	-	-	(0.4)	0.3
Fair value hedge	-	-	-	-

c. Exchange rate risk not related to commodities

The Group is exposed to the risk that changes in exchange rates with respect to the currency of account may lead to changes in its results of operations and cash flows. In relation to exchange rate risk other than that included in the price of commodities, the hedging instrument at June 30, 2024 is as follows:

millions of euro		06 30 2024		12 31 2023	
Hedging instrument	Hedged asset	Fair value	Notional	Fair value	Notional
Cross Currency IRS	Fixed rate bond in foreign currency	(19.6)	98.0	(10.7)	98.0
Total		(19.6)	98.0	(10.7)	98.0

With regard to the accounting treatment, it is specified that the hedging derivative above is in cash flow hedge with full recognition in the equity reserve.

In particular, the underlying of the Cross Currency IRS derivative refers to the bond at fixed rate of 14 billion yen with maturity 2036 bullet issued in 2006.

A cross currency swap contract was stipulated for the entire duration of this loan, which converts the principal and interest payments from yen into euro.

At June 30, 2024, the fair value of the hedge was negative for 19.6 million euro.

It should be noted that a 10% positive shift in the EURJPY forward curve, with a consequent depreciation of the JPY, would result in a worsening of the fair value and, consequently, of the impact on shareholders' equity of 3.9 million euro. Conversely, a 10% negative shift in the EURJPY forward curve, resulting in an appreciation of the JPY, would result in an improvement in fair value of 6.5 million euro.

This sensitivity analysis was performed with the aim of calculating the effect of changes in the forward curve of the euro/yen exchange rate on the fair value ignoring any impact on the adjustment due to the bCVA.

d. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations in a timely manner or that it is able to do so under unfavorable economic conditions due to situations of tension or systemic crisis or to the changed perception of its riskiness by the market. This risk includes: i) the risk related to the company's inability to raise new funds (Funding Risk) and, ii) the risk related to the company's inability to liquidate assets on the market in a timely manner and at market conditions (Liquidity Market Risk).

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One of the main factors influencing the market's perceived riskiness is the creditworthiness of A2A assigned by rating agencies. This judgement plays a very important role because it influences the ability of A2A to access sources of financing as well as the related costs. A deterioration in creditworthiness could lead to a limitation of access to the capital market and/or financing costs with a negative impact on the economic, financial and equity situation. A2A has a medium- and long-term rating of BBB (stable outlook) with S&P and Baa2 (stable outlook) with Moody's.

The profile of the Group's gross debt maturities is as follows:

millions of euro	Accounting Balance 06 30 2024	Portions maturing within 12 months	Portions maturing beyond 12 months	Portions maturing by				
				06 30 2026	06 30 2027	06 30 2028	06 30 2029	After
Bonds	4,849	354	4,495	597	-	795	-	3,103
Financial payables for rights of use*	177	39	138	31	23	20	16	48
Loans from banks and other lenders	918	171	747	105	84	77	77	404
Total	5,944	564	5,380	733	107	892	93	3,555

It does not include fair value derivatives included in the Net Financial Position.
(*) compresi leasing finanziari.

The risk management policy, both in the short and medium/long term, is realized through (i) a debt management strategy diversified by funding sources with a balanced maturity profile, (ii) access to various sources of financing in terms of market and counterparty and (iii) maintenance of financial resources, consisting of both liquidity and committed credit lines, sufficient to meet expected and unexpected commitments over a given time horizon.

At June 30, 2024, the Group had a total of 4,253 million euro, as follows:

- (i) committed revolving credit lines of 1,560 million euro, of which: a) 560 million euro maturing in 2025, b) 800 million euro maturing in 2026, c) 200 million euro maturing in 2028, unused;
- (ii) signing of a 600 million euro term loan with a syndicate of banks for the acquisition of electricity network assets in certain areas of Lombardy, in the provinces of Milan and Brescia, announced in March 2024 (line available but not disbursed);
- (iii) term loan EIB available and not yet disbursed of 200 million euro maturing 2043;
- (iv) cash and cash equivalents totaling 1,893 million euro, including 1,741 million euro at the Parent Company level.

In addition, A2A maintains a Bond Issuance Program (Euro Medium Term Note Program), the size of which is 7 billion euro; at June 30, 2024, 2,250 million euro is available.

Over the years, A2A has embarked on a path of issues with ESG characteristics, in the form of Green Bonds and Sustainability-Linked Bonds. For A2A, the failure to meet certain sustainability KPI (ESG) targets can lead to an increase in the financing costs of the debt instruments to which these KPIs are linked. In particular, A2A issued two Sustainability-Linked Bonds, the first in 2021 with a 10-year maturity and the second in 2022 with a 6-year maturity: for both bonds, the failure to reach the target related to the chosen KPI will result in a coupon increase of 25 basis points.

The following table represents the repayment schedule of financial liabilities (excluding payables for rights of use and including trade payables). The amounts shown in the table are future cash flows, nominal and non-discounted, determined with reference to the remaining contractual maturities, for the principal and interest portions. The undiscounted nominal flows of derivative contracts on interest rates are also included. Finally, any revocable financial lines used and current accounts payable are due within the next financial year.

06 30 2024 millions of euro	1-3 MONTHS	4-12 MONTHS	BEYOND 12 MONTHS
Bonds	39	365	5,145
Loans from banks and other lenders	16	166	875
Total financial flows	55	531	6,020
Payables to suppliers	896	46	8
Total trade flows	896	46	8

12 31 2023 millions of euro	1-3 MONTHS	4-12 MONTHS	BEYOND 12 MONTHS
Bonds	341	67	5,498
Loans from banks and other lenders	21	309	769
Total financial flows	362	376	6,267
Payables to suppliers	872	25	8
Total trade flows	872	25	8

e. Credit risk

Credit risk relates to the possibility that a counterparty, commercial or trading, may be in default, or fail to respect its commitment in the manner and timing provided by contract. This type of risk is managed by the Group through specific procedures (Credit Policy, Energy Risk Management procedure) and appropriate mitigation actions.

This risk is overseen by both the Credit Management function allocated centrally (and the corresponding functions of the operating companies) and the Group Risk Management Organizational Unit responsible for supporting the Group companies with reference to both commercial and trading activities. Risk mitigation is through the prior assessment of the creditworthiness of the counterparty and the constant verification of compliance with exposure limit as well as through the request for adequate guarantees.

The credit terms granted to customers as a whole have a variety of deadlines, in accordance with applicable law and market practice. In cases of delayed payment, default interest is charged as explicitly prescribed by the underlying supply contracts or by current law (application of the default rate as per Legislative Decree 231/2002).

Trade receivables are stated in the balance sheet net of any write-downs; the amount shown is considered to be a correct reflection of the realizable value of the receivables portfolio. For the aging of trade receivables, reference is made to note "Trade receivables".

f. Equity risk

At June 30, 2024, the A2A Group was not exposed to equity risk.

In particular, it should be noted that the parent company A2A S.p.A. did not hold any treasury shares at June 30, 2024.

As prescribed by IAS/IFRS, treasury shares do not constitute an equity risk as their purchase cost is deducted from equity, and even if they are sold any gain or loss on the purchase cost does not have any effect on income statement.

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g. Covenants non-compliance risk

Bonds, loans, leases and committed revolving bank lines present terms and conditions in line with market practice for each type of instrument. In particular, they envisage:

- negative pledge clauses whereby the parent company undertakes not to pledge its assets and those of its material subsidiaries (as defined in the relevant documentation from time to time), subject to certain exceptions and a maximum permitted threshold, specifically identified;
- cross-default clauses, whereby, in the event of an event of default (exceeding specific materiality thresholds) on a specific financial indebtedness of the parent company and, in some cases, its material subsidiaries (as defined in the relevant documentation from time to time), a default also occurs on other loans or financial debt of the parent company that may become immediately due;
- pari passu clauses, whereby the parent company's bonds and financial obligations have the same level of seniority as its other present and future non-secured and non-subordinated bonds or financial obligations.

The bonds issued by A2A S.p.A. include (i) senior unsecured bonds for a nominal amount of 4,750 million euro (book value at June 30, 2024 equal to 4,766 million euro) issued as part of the EMTN Program, which provide to investors a Change of Control Put option in the event of a change of control of the parent company resulting in a consequent downgrade of the rating to sub-investment grade level in the following 180 days (if within these 180 days, the company's rating returns to investment grade, the option may not be exercised); (ii) a bond in yen placed privately with a maturity in 2036 for a nominal amount of 98 million euro (book value at June 30, 2024 equal to 81 million euro), which provides to the investor a Put option in the event that the rating of the parent company is lower at BBB- or equivalent level (sub-investment grade).

In June 2024, A2A S.p.A. issued its first "hybrid" subordinated perpetual bond with a nominal value of 750 million euro. This bond is characterized by its potentially perpetual duration (with the obligation to be redeemed only in the event of certain events, including, inter alia, the dissolution or liquidation of the company) and by its subordination, according to which the instrument is subordinated to all of the company's financial debts and has a level of "seniority" superior only to that of ordinary shares or other financial instruments qualifying as "equity".

The loans stipulated by A2A S.p.A. with the European Investment Bank (EIB), for a total nominal debt of 495 million euro (in addition to a further 200 million euro not yet disbursed) and a book value of 497 million euro, of which 175 million euro have a maturity of more than five years, include i) a credit rating clause (if rated lower than BBB- or equivalent sub-investment grade) that provides for the obligation of A2A to inform EIB in the event of a rating downgrade and, in such circumstance, the right of EIB to request additional guarantees from A2A and, where such guarantees are not provided or are not satisfactory to EIB, the right to request early repayment of the loan, and ii) a clause for the parent company's change of control, with the right for the bank to invoke, subject to notice to the company containing the reasons, early repayment of the loan.

A loan of the subsidiary Agripower (formerly Fragea), whose residual debt at June 30, 2024 was 1.6 million euro, is secured by collateral on the property and plant financed.

The committed revolving bank lines of A2A S.p.A., for a total of 1,560 million euro, provide a Change of Control clause which, in the event of a change of control of the parent company causing a Material Adverse Effect, allows the majority of banks lending the line to request the line to be extinguished and any amounts drawn down to be repaid.

Some Acinque, and LA CASTILLEJA ENERGIA bank loans include financial covenants, as shown in the relevant table below.

At June 30, 2023, one of the three covenants in the Acinque EIB loan contract (Net Financial Debt/Ebitda) was not met. With reference to the exceeding of the covenant as described above, it should be noted that Acinque requested the European Investment Bank to issue a waiver and that the Bank granted, subject to the issue by A2A S.p.A., a first demand guarantee for the entire amount financed in favor of the Bank, which took place in the second half of 2023 and with maturity on December 31, 2024. As at December 31, 2023 and June 30, 2024, this covenant was met.

A2A Group - Financial covenants with valuation at June 30, 2024

Società	Lender	Level of reference	Level recognized	Date of recognition
ACINQUE	BEI	Available cash flow/net financial debt ≥ 14.0%	49.51%	06/30/24
		Financial debt/equity ≤ 75.0%	48.43%	06/30/24
		Net financial debt/Ebitda ≤ 3.0	1.65x	06/30/24
ACINQUE	Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A.	Net financial debt/Ebitda ≤ 4.0	2.86x	12/31/23
		Net financial debt/Equity ≤ 1.0	50.40%	12/31/23
ACINQUE	Banca Sella	Net financial debt/Ebitda ≤ 4.0	2.8x	12/31/23
LA CASTILLEJA ENERGIA	CaixaBank	Debt Service Coverage Ratio ≥ 1.05x or not ≤ 1.10x for four consecutive Calculation Dates	1.35x	06/30/24
		Senior Debt / Equity ratio ≤ 85%	75%	06/30/24

The financial covenants provided for in the ACINQUE loan contracts with Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A. and Banca Sella have an annual valuation at December 31; thus, no value was recognized at June 30, 2024.

Analysis of forward transactions and derivatives

Tests were performed to determine whether these transactions qualify for hedge accounting in accordance with International Accounting Standard IFRS 9.

In particular:

- 1) transactions qualifying for hedge accounting under IFRS 9: can be analyzed between transactions to hedge cash flows (cash flow hedges) and transactions to hedge fair value of assets and liabilities (fair value hedges). For the cash flow hedges, the accrued result is included in gross operating margin when realized on commodity derivatives and in the financial balance for interest rate and currency derivatives, whereas the future value is shown in equity. For fair value hedge transactions, the impacts in the Income Statement are recorded within the same line of the financial statements.
- 2) transactions not considered as hedges for the purposes of IFRS 9, can be:
 - a. margin hedges: for all hedging transactions of cash flows or the market value in line with internal risk policies, the accrued result and future value are included in gross operating margin for commodity derivatives and in the financial balance for interest rate and currency derivatives;
 - b. trading transactions: the accrued result and future value are recognized above gross operating margin for commodities transactions and in financial income and expense for interest rate and currency transactions.

The use of derivatives in the A2A Group is governed by a coordinated set of procedures (Energy Risk Policy, Deal Life Cycle) which are based on industry best practices and designed to limit the risk of the Group being exposed to commodity price fluctuations, based on a cash flow hedging strategy.

The derivatives are measured at fair value based on the forward market curve at the balance sheet date, if the asset underlying the derivative is traded on markets with a forward pricing structure. In the absence of a forward market curve, fair value is measured on the basis of internal estimates using models that refer to industry best practices.

The A2A Group uses "continuous-time" discounting to measure fair value. As a discount factor, it uses the interest rate for risk-free assets, identified in the Euro Overnight Index Average (EONIA) rate and represented in its forward structure by the Overnight Index Swap (OIS) curve. The fair value of the cash flow hedges has been classified on the basis of the underlying derivative contracts in accordance with IFRS 9.

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In compliance with the provisions of IFRS 13, the fair value of an over-the-counter (OTC) financial instrument is determined taking into account the non-performance risk. To quantify the fair value adjustment attributable to this risk, A2A has, in line with best market practices, developed a proprietary model called the “bilateral Credit Value Adjustment” (bCVA), which takes into account changes in the creditworthiness of the counterpart as well as the changes in its own creditworthiness.

The bCVA has two addends, calculated by considering the possibility that both counterparties go bankrupt, known as the Credit Value Adjustment (CVA) and the Debit Value Adjustment (DVA):

- the CVA is a negative component and contemplates the probability that the counterparty will default and at the same time that A2A has a receivable due from the counterparty;
- the DVA is a positive component and contemplates the probability that A2A will default and at the same time that the counterparty has a receivable due from A2A.

The bCVA is therefore calculated with reference to the exposure, measured on the basis of the market value of the derivative at the time of the default, the Probability of Default (PD) and the Loss Given Default (LGD). This latter item, which represents the non-recoverable portion of the receivable in the case of default, is measured on the basis of the IRB Foundation Methodology as stated in the Basel 2 accords, whereas the PD is measured on the basis of the rating of the counterparties (internal rating based where not available) and the historic probability of default associated with this and published annually by Standard & Poor's.

Applying the above method did not result in significant changes in fair value measurements.

Instruments outstanding at June 30, 2024

A) On interest and exchange rates

The following analyses show the notional amounts of derivative contracts stipulated and not expired at the reporting date, by maturity:

millions of euro	Notional value (a)						Balance sheet value (b)	Progressive effect to the Income statement at 06 30 2024 (c)
	Due within 1 year		Due in 1 to 5 years		Due over 5 years			
	to be received	to be paid	to be received	to be paid	to be received	to be paid		
Interest rate risk management								
Cash flow hedges as per IFRS 9		4.2		8.7		10.4	2.4	-
Not considered hedges as per IFRS 9								
Total derivatives on interest rates	-	4.2	-	8.7	-	10.4	2.4	
Exchange rate risk management								
Considered hedges as per IFRS 9								
- on commercial transactions								
- on non-commercial transactions						98.0	(19.6)	
Not considered hedges as per IFRS 9								
- on commercial transactions								
- on non-commercial transactions								
Total derivatives on exchange rates	-	-	-	-	-	98.0	(19.6)	-

(a) Represents the sum of the notional value of the elementary contracts that derive from any dismantling of complex contracts.

(b) Represents the net receivable (+) or payable (-) recognized in the balance sheet following the measurement of derivatives at fair value.

(c) Represents the adjustment of derivatives to fair value recognized progressively over time in the Income Statement from stipulation of the contract until the current date.

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B) On commodities

The following is an analysis of the commodity derivative contracts outstanding at the balance sheet date set up for the purpose of managing the risk of the fluctuations in the market prices of commodities.

		Volume by Maturity			Notional Value	Fair value	
		Due within 1 year	Due within 2 years	Due within 10 years		Balance sheet value (*)	Progressive effect to the Income statement (**)
Energy product price risk management	Unit of measurement	Quantity			Millions of euro	Millions of euro	Millions of euro
A. Cash flow hedges as per IFRS 9, including:						(9.9)	-
- Electricity	TWh	0.4	0.1		32.4	(2.5)	
- Oil	Bbl						
- Coal	Tonnes						
- Natural Gas	TWh	0.6	0.1	0.1	29.1	(4.4)	
- Natural Gas	Millions of cubic metres						
- Exchange rate	Millions of dollars						
- Emission rights	Tonnes	197,154	23,000	35,000	20.9	(3.0)	
B. considered fair value hedges as per IFRS 9						-	-
C. not considered hedges as per IFRS 9 of which:						(69.6)	(43.8)
C.1 hedge margin						0.8	(0.3)
- Electricity	TWh	0.4	0.2		7.6	(1.0)	(1.0)
- Oil	Bbl						
- Natural Gas	Degrees day						
- Natural Gas	TWh						
- CO2 emission rights	Tonnes	391,000			28.4	1.8	0.7
- Exchange rate	Millions of dollars						
C.2 trading transactions						(70.4)	(43.5)
- Electricity	TWh	20.1	14.3	0.8	3,298.5	(35.6)	39.2
- Natural Gas	TWh	126.5	28.9	4.2	6,145.8	3.0	(44.9)
- CO2 emission rights	Tonnes	19,898,000	629,000	114,000	1,424.9	(37.8)	(37.8)
- Environmental Certificates	MWh						
- Environmental Certificates	Tep						
Total						(79.5)	(43.8)

(*) Represents the net receivable (+) or payable (-) recognized in the balance sheet following the measurement of derivatives at fair value.

(**) Represents the adjustment of derivatives to fair value recognized over time in the Income Statement from stipulation of the contract to the present date.

Financial and operating results for derivative transactions at June 30, 2024

Effects on the balance sheet

The following table shows the balance sheet figures at June 30, 2024, for derivative transactions.

millions of euro	Note	Total
Assets		
Non-current assets		2
Other non-current assets - Derivatives	5	2
Current assets		917
Other current assets - Derivatives	8	917
Total assets		919
Liabilities		
Non-current liabilities		20
Other non-current liabilities - Derivatives	19	20
Current liabilities		996
Trade payables and other current liabilities - Derivatives	20	996
Total liabilities		1,016

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Effect on the income statement

The following table sets out the income statement figures at June 30, 2024 arising from the management of derivatives.

millions of euro	Note	Realised during the period (1)	Change in fair value during the period	Amounts recognized in the income statement
Revenues	24			
Revenues from the sale of goods				
Energy product price risk management and exchange rate risk management on commodities				
- considered hedges as per IFRS 9		20	-	20
- not considered hedges as per IFRS 9		105	(1,306)	(1,201)
Total revenues from the sale of goods		125	(1,306)	(1,181)
Operating expenses	25			
Expenses for raw materials and services				
Energy product price risk management and exchange rate risk management on commodities				
- considered hedges as per IFRS 9		(9)	-	(9)
- not considered hedges as per IFRS 9		(99)	1,262	1,163
Total expenses for raw materials and services		(108)	1,262	1,154
Total recognized in Gross operating income (*)		17	(44)	(27)
Financial balance	31			
Financial income				
Interest rate risk management and equity risk management				
Income on derivatives				
- considered hedges as per IFRS 9		-	-	-
- not considered hedges as per IFRS 9		5	-	5
Total		5	-	5
Total financial income		5	-	5
Financial expenses				
Interest rate risk management and equity risk management				
Expenses on derivatives				
- considered hedges as per IFRS 9		-	-	-
- not considered hedges as per IFRS 9		-	-	-
Total		-	-	-
Total Financial expenses		-	-	-
Total recognized in financial balance		5	-	5

(*) The figures do not include the effect of the net presentation of the negotiation margin of trading activities

(1) Realized without physical delivery.

Classes of financial instruments

To complete the analyses required by IFRS 7 and IFRS 13, the following table sets out the various types of financial instrument that are to be found in the various balance sheet items, with an indication of the accounting policies used and, in the case of financial instruments measured at fair value, an indication of where changes are recognized (income statement or equity).

The last column of the table shows the fair value of the instrument at June 30, 2024, where applicable.

Criteria to measure the reported amount of financial instruments							
millions of euro	Note	Financial instruments measured at fair value with changes recognized in:			Financial instruments measured at amortized cost	Amount as stated in the consolidated balance sheet	Fair value (*)
		Income statement	Equity				
		(1)	(2)	(3)			
Assets							
Other non-current financial assets							
Financial assets measured at fair value of which:							
- unlisted		1				1	n.a.
- listed						-	-
Financial assets held to maturity					-	-	-
Other non-current financial assets					71	71	71
Total other non-current financial assets	3					72	
Other non-current assets	5		2		208	210	210
Trade receivables	7				2,741	2,741	2,741
Other current assets	8	914	3		437	1,354	1,354
Current financial assets	9				43	43	43
Cash and cash equivalents	11				1,893	1,893	1,893
Liabilities							
Financial liabilities							
Non-current and current bonds	16 and 21		81		4,768	4,849	4,849
Other non-current and current financial liabilities	16 and 21				1,095	1,095	1,095
Other non-current liabilities	19		20		201	221	221
Trade payables	20				3,042	3,042	3,042
Other current liabilities	20	984	12		734	1,730	1,730

(*) The fair value has not been calculated for receivables and payables not related to derivative contracts and loans as the corresponding carrying amount is a good approximation to this.

(1) Financial assets and liabilities measured at fair value with the changes in fair value recognized in the Income Statement.

(2) Cash flow hedges.

(3) Financial assets available for sale measured at fair value with profit/loss recognized in equity.

(4) Loans and receivables and financial liabilities measured at amortized cost.

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Fair value hierarchy

IFRS 7 and IFRS 13 require that fair value classification of financial instruments to be based on the quality of the input source used to calculate the fair value.

In particular, IFRS 7 and IFRS 13 set out three levels of fair value:

- level 1: this level consists of financial assets and liabilities for which fair value is based on (unadjusted) prices for identical assets or liabilities quoted on active official or over-the-counter markets;
- level 2: this level consists of financial assets and liabilities for which fair value is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;
- level 3: this level consists of financial assets and liabilities for which fair value is based on unobservable market data. This level includes instruments measured on the basis of internal estimates made using proprietary methods based on best sector practice.

An analysis of the assets and liabilities included in the three fair value levels is set out in the following fair value hierarchy table.

millions of euro	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value	3		2		2
Other non-current assets	5		2		2
Other current assets	8	912	1	4	917
Total assets		912	5	4	921
Non-current financial liabilities	16	81			81
Other non-current liabilities	19		20		20
Other current liabilities	20	990	1	5	996
Total liabilities		1,071	21	5	1,097

Sensitivity analysis for financial instruments included in level 3

As required by IFRS 13, the following table sets out the effects arising from changes in the unobservable parameters used in calculating fair value for financial instruments included in level 3 of the hierarchy.

Financial instrument	Parameter	Parameter change	Sensitivity (millions of euro)
Commodity Derivatives	Probability of Default (PD)	1%	0.000
Commodity Derivatives	Loss Given Default (LGD)	25%	0.000
Commodity Derivatives	Price of underlying	1%	(0.018)
Commodity Derivatives	Volatility of underlying	1%	(0.013)
Commodity Derivatives	Correlation of underlying	1%	0.028

3) Update of the main legal and tax disputes still pending

Adequate provisions are provided where necessary for the disputes and litigation described below.

It is noted that if there is no explicit reference to the presence of a provision, the Group assessed the corresponding risk as possible without appropriating provisions in the financial statements.

Please note that below reference is made only to: (i) developments of litigations already reported in the 2023 Consolidated Financial Report, without the extensive description of the individual positions, for which please refer to the Report, (ii) new litigations of the same level of significance, and (iii) material subsequent events relating to litigations not reported in the 2023 Consolidated Financial Report due to protracted inactivity of the litigation.

A2A S.p.A.

Reorganization of Edison - compensation cases

Carlo Tassara: first lawsuit for damages against EDF and A2A S.p.A. second instance before the Court of Appeal of Milan

We await the filing of the sentence after the Court of Appeal set deadlines for the filing of defense briefs at the hearing on May 8, 2024.

Carlo Tassara: second lawsuit for damages against Transalpina dell'Energia and A2A S.p.A. First instance

The case was adjourned to the hearing for closing arguments set for March 18, 2025, after the case was deemed ripe for decision by an order filed on June 26, 2024 following the hearing on June 25, 2024.

Class Action notified by ordinary shareholder - complaint judgment

It is pending the filing of the decision on the complaint after the hearing on November 15, 2023.

Derivations of public water for the production of hydroelectricity in Lombardy

The Court of Cassation at the beginning of 2024 (ref. Ordinances nos. 4800 and 4383 of 2024) dismissed the appeals of A2A and Linea Green with respect to the so-called recognitory additional fee for expired concessions in Lombardy; similarly, a number of appeals concerning the so-called temporary continuation were dismissed (ref. Ordinance no. 14545/2024). The companies are therefore abandoning similar pending litigation in order to reduce their exposure to legal fees. On the other hand, the case concerning the so-called final additional fee, instituted in February 2024 before the Superior Court of Public Waters, is still pending.

In addition, appeals were rooted against the Lombardy and Friuli regional regulations of derivation fees resulting from the provisions introduced by Conversion Law No. 12/2019 of Decree-Law No. 135/2018, regarding the free transfer of energy and regarding the variable and fixed components of the state fee. With regard to the free transfer of electricity, the Court of Cassation has ruled recognizing the legitimacy of this charge limited to expired concessions (Ordinance 15888/2024).

The Lombardy regional regulation on the competitive awarding of expired concessions was also challenged. In December 2023, the Lombardy Region approved the resolution calling for the reassignment by tender of the expired Resio concession Linea Green S.p.A.; the Company challenged the resolution both in defense of its rights and legitimate interests as outgoing concessionaire (making the assets available and enhancing their value), and raising profiles of unreasonableness and illegitimacy of the proceedings. The subsequent invitation to tender was also judicially challenged.

In general, for disputes relating to public water derivation fees, the companies allocated adequate provisions for risks on a prudent basis, the quantification of which also takes into account the payments - subject to any subsequent repayment upon the final outcome of the respective legal proceedings - of certain positions, for the sole purpose of preventing additional costs.

Shareholders' Agreement between A2A and Pessina Costruzioni for the management of ASM NOVARA S.p.A.

At the first hearing on May 22, 2024, the two lawsuits summarized respectively by A2A S.p.A. and Pessina Costruzioni S.p.A. were joined; having acknowledged the impossibility of reaching a settlement, the case was adjourned to September 18, 2024.

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Public Prosecutor's Office at the Court of Sondrio 1067/2024 R.G.N.R.

Preliminary investigations are underway against certain A2A S.p.A. employees following the death during working hours of an A2A employee as a result of an accident that occurred on November 24, 2023.

At present, only known are the allegations made in notices of indictment and minutes of the ATS Montagna contesting violations of the Legislative Decree 81/08 and manslaughter (Article 589 of the Criminal Code).

A2A Energiefuture S.p.A.

Monfalcone Plant (RNR 195/17 Public Prosecutor of Gorizia)

At the hearing on May 7, 2024, the judge withdrew the reservation made on March 12, 2024, read out the sentence of non-suit for the legal person and set a hearing on the merits for September 20, 2024 for the natural person.

The sentence including grounds, filed on May 21, 2024, sets out the grounds for the non-usability or invalidity of a list of investigative documents, which is the basis of the decision towards the legal person and also effective towards the natural person.

San Filippo del Mela power plant Court of Messina 678/2023 RGNR

Preliminary investigation proceedings against A2A Energiefuture S.p.A. and one of its employees are still pending for the investigation of the violation of Article 256 of Legislative Decree 152/2006 (unauthorized waste management activities) and of Article 25 undecies paragraph 2 letter b) of Legislative Decree no. 231/2001, as well as towards the employee of Article 452 quaterdecies of the Criminal Code (organized illegal waste trafficking activities).

Linea Ambiente S.r.l. – Grottaglie landfill

Taranto Court of Appeal Proceedings 515/2023 R.G. App.

The first hearing held on May 14, 2024 also necessitated a further postponement to November 19, 2024 due to the incompatibility of some of the judges appointed to the panel.

Court of Taranto no. 5400/19 R.G. Administrative Responsibility

We await the hearing of October 07, 2024.

Amsa S.p.A.

Milan Public Prosecutor's Office - Criminal Proceeding no. 33490/16 R.G.N.R. Court of Appeal of Milan

We await the setting of the first hearing after the notification of the appeals against Sentence 13661/2023 of October 2, 2023, filed on January 18, 2024 with reasons.

Acinque S.p.A. (formerly ACSM-AGAM S.p.A.)

Acinque S.p.A. (formerly ACSM-AGAM S.p.A.) and Acinque Ambiente S.r.l. (formerly Acsm Agam Ambiente S.r.l.): lawsuit for damages against the Municipality of Varese regarding the municipal sanitation concession

Acinque S.p.A. and Acinque Ambiente S.r.l. held that the conditions did not exist for challenging the sentence filed on February 27, 2024, which declared Acinque S.p.A. action inadmissible and rejected Acinque Ambiente S.r.l. claims for compensation.

Monza Public Prosecutor's Office - Criminal Proceeding no. 1931/2021 R.G.N.R.

After the first preliminary hearing set for April 5, 2024, the Preliminary Hearing Judge, due to the need to serve the notice of the hearing on all AEB S.p.A. shareholder municipalities, as injured parties, ordered a postponement of the hearing to June 28, 2024. At that hearing, the Judge reserved the decision on the procedural objections raised by the defense counsel until September 20, 2024.

The next dates for the preliminary hearing have already been scheduled for September 20, 2024, October 18, 2024, 8 and November 15, 2024.

The alleged offenses are Article 353-bis of the Criminal Code. (Disturbance of the freedom of the procedure for choosing a contractor), and article 353 of the Criminal Code (Bid rigging).

None of the members of the current A2A Board of Directors is involved in the reported preliminary investigations.

A2A Ambiente S.p.A.

Busto Arsizio Public Prosecutor's Office - Criminal Proceeding no. 9079/2021 R.G.N.R. (formerly no. 24/2017 R.G.N.R.) and Criminal Proceedings 1961/2023 R.G.N.R. against unknown persons

No update after the hearing on February 1, 2024 already commented on in the Financial Statements as at December 31, 2023.

On February 16, 2024 and on June 20, 2024, police forces and an Expert Technical Consultant carried out an inspection at the Gerenzano landfill site and acquired documentation relating to plant management/operation and emission control data, by delegation of the same Public Prosecutor, within the framework of new proceedings against unknown persons.

* * *

The following information is provided in connection with the main litigation of a fiscal nature.

A2A gencogas S.p.A. (formerly Abruzzoenergia S.p.A.) - General IRES/IRAP/VAT audit for fiscal years 2014 and 2015

There are no updates. A risk provision of 2 million euro has been recognized.

A2A S.p.A. - Registration tax for transfer of business unit and sale of the investment Chi.na.co. S.r.l.

There are no updates. The risks provision recognized for 1.4 million euro was fully used for the payment of the amounts requested with the liquidation notice.

A2A S.p.A. (merging company of AMSA Holding S.p.A.) - VAT Tax assessments for tax years from 2001 to 2005

There are no updates. No provisions for risks have been recognized.

A2A Ciclo Idrico S.p.A. - IMU assessment notices of Municipality of Montichiari for the years 2013-2018

On November 22, 2022, the company filed an appeal and a hearing is pending. A risk provision of 0.7 million euro has been recognized.

A2A Energia S.p.A. (merging company of Linea Più S.p.A.) - General IRES/IRAP/VAT audit for fiscal years 2013 and 2014

At the hearing of June 10, 2022, the Regional Tax Commission of Milan rejected the Office's appeal. The terms for the filing of the appeal for Cassation by the Office are pending. A risk provision of 10.3 million euro has been recognized.

A2A Ambiente S.p.A. - Tax audit on sulphur dioxide and nitrogen oxides SO₂ NO_x emissions for the 2014 and 2019 tax periods

On November 7, 2022, the company filed an appeal, which was upheld by the CGT II of Naples at the hearing on May 3, 2023. The second instance sentence became final because the Office did not appeal in Cassation Court. The risk provision of 0.5 million euro has been released.

Linea Ambiente S.r.l. - General IRES/IRAP/VAT audit for fiscal years 2017-2019

An invitation to cross-examination was served on June 29, 2023. A risk provision of 0.326 million euro has been recognized.

* * *

The company has availed itself of the possibility permitted by article 70, paragraph 8 and article 71, paragraph 1-bis of the Issuers' Regulations, and hence of derogating from the requirement to make an information document available to public in the event of significant mergers, spin-offs, share capital increases by means of the contribution of assets in kind, acquisitions and disposals.

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**Attachments
to the Notes
to the Half-yearly
condensed consolidated
financial statements**

1. List of companies included in the consolidated report

Company name	Registered office	Share capital (thousands of euro unless otherwise indicated)	% of shareholding consolidated by Group at 06 30 2024 (line-by-line consolidation)	Shareholding %	Shareholder
Scope of consolidation					
Unareti S.p.A.	Brescia	965,250	100.00%	100.00%	A2A S.p.A.
A2A Calore & Servizi S.r.l.	Brescia	150,000	100.00%	100.00%	A2A S.p.A.
A2A Smart City S.p.A.	Brescia	3,448	100.00%	100.00%	A2A S.p.A.
A2A Energia S.p.A.	Milan	3,000	100.00%	100.00%	A2A S.p.A.
A2A Ciclo Idrico S.p.A.	Brescia	70,000	100.00%	100.00%	A2A S.p.A.
A2A Ambiente S.p.A.	Brescia	250,000	100.00%	100.00%	A2A S.p.A.
A2A Montenegro d.o.o.	Podgorica (Montenegro)	100	100.00%	100.00%	A2A S.p.A.
A2A Energiefuture S.p.A.	Milan	50,000	100.00%	100.00%	A2A S.p.A.
A2A gencogas S.p.A.	Milan	450,000	100.00%	100.00%	A2A S.p.A.
A2A Services & Real Estate S.p.A.	Milan	1,050	100.00%	100.00%	A2A S.p.A. (81.33%) Ambiente Energia Brianza S.p.A. (8.38%) Acinque S.p.A. (10.29%)
A2A Airport Energy S.p.A.	Milan	5,200	100.00%	100.00%	A2A Calore & Servizi S.r.l.
Termica Cologno S.r.l.	Milan	1,000	100.00%	100.00%	A2A Calore & Servizi S.r.l.
Retragas S.r.l.	Brescia	34,495	91.60%	91.60%	A2A S.p.A. (87.27%) Unareti S.p.A. (4.33%)
Camuna Energia S.r.l.	Cedegolo (BS)	900	89.00%	89.00%	A2A S.p.A. (74.50%) Linea Green S.p.A. (14.50%)
A2A Alfa S.r.l. in liquidation	Milan	100	70.00%	70.00%	A2A S.p.A.
Proaris S.r.l. in liquidation	Milan	1,875	60.00%	60.00%	A2A S.p.A.
Azienda Servizi Valtrompia S.p.A.	Gardone Val Trompia (BS)	8,939	74.80%	74.80%	A2A S.p.A. (74.55%) Unareti S.p.A. (0.25%)
Yada Energia S.r.l.	Milan	4,000	100.00%	100.00%	A2A Energia S.p.A.
LaboRAEE S.r.l.	Milan	90	100.00%	100.00%	Amsa S.p.A.
Ecolombardia 4 S.p.A.	Milan	13,515	68.78%	68.78%	A2A Ambiente S.p.A.
Sicura S.r.l.	Milan	1,040	96.80%	96.80%	A2A Ambiente S.p.A.
Sistema Ecodeco UK Ltd	Canvey Island Essex (UK)	250 (GBP)	100.00%	100.00%	A2A Ambiente S.p.A.
A.S.R.A.B. S.p.A.	Cavaglià (BI)	2,582	70.00%	70.00%	A2A Ambiente S.p.A.
Nicosiambiente S.r.l.	Milan	50	99.90%	99.90%	A2A Ambiente S.p.A.
Bioase S.r.l.	Sondrio	677	70.00%	70.00%	A2A Ambiente S.p.A.
Aprica S.p.A.	Brescia	10,000	100.00%	100.00%	A2A Ambiente S.p.A.
Amsa S.p.A.	Milan	10,000	100.00%	100.00%	A2A Ambiente S.p.A.
Bergamo Servizi S.r.l.	Brescia	10	100.00%	100.00%	Aprica S.p.A.
A2A Integrambiente S.r.l.	Brescia	10	100.00%	100.00%	A2A Ambiente S.p.A. (74%) Aprica S.p.A. (1%) Amsa S.p.A. (25%)
A2A Trezzo Ambiente S.r.l.	Brescia	11,000	90.00%	90.00%	A2A Ambiente S.p.A. (86%) A2A Calore & Servizi S.r.l. (4%)

Company name	Registered office	Share capital (thousands of euro unless otherwise indicated)	% of shareholding consolidated by Group at 06 30 2024 (line-by-line consolidation)	Shareholding %	Shareholder
A2A Security S.c.p.a.	Milan	52	99.81%	99.81%	A2A S.p.A. (45.96%) Unareti S.p.A. (18.37%) A2A Ciclo Idrico S.p.A. (10.49%) Amsa S.p.A. (9.14%) A2A gencogas S.p.A. (3.95%) A2A Ambiente S.p.A. (4.33%) A2A Calore & Servizi S.r.l. (2.60%) A2A Energiefuture S.p.A. (1.93%) A2A Energia S.p.A. (0.19%) A2A Energy Solutions S.r.l. (0.19%) Linea Green S.p.A. (0.19%) LD Reti S.r.l. (0.19%) Linea Ambiente S.r.l. (0.19%) A2A Smart City S.p.A. (0.19%) Acinque S.p.A. (0.19%) Aprica S.p.A. (0.38%) Retragas S.r.l. (0.19%) Lereti S.p.A. (0.19%) Azienda Servizi Valtrompia S.p.A. (0.19%) Acinque Energia S.r.l. (0.19%) Acinque Tecnologie S.p.A. (0.19%) Reti Valtellina Valchiavenna S.r.l. (0.19%) Acinque Farmacie S.r.l. (0.19%)
WALDUM TADINUM ENERGIA S.r.l.	Gualdo Tadino (PG)	10	90.00%	90.00%	A2A Ambiente S.p.A.
LumEnergia S.p.A.	Villa Carcina (BS)	300	99.97%	99.97%	A2A Energia S.p.A.
A2A Energy Solutions S.r.l.	Milan	4,000	100.00%	100.00%	A2A S.p.A.
ES Energy S.r.l.	Jesi (AN)	10	50.00%	50.00%	A2A S.p.A.
A2A Rinnovabili S.p.A.	Milan	50,000	100.00%	100.00%	A2A S.p.A.
Fair Renew S.r.l.	Milan	10	60.00%	60.00%	A2A Rinnovabili S.p.A.
renewA21 S.r.l.	Milan	20	100.00%	100.00%	A2A Rinnovabili S.p.A.
renewA22 S.r.l.	Milan	220	100.00%	100.00%	A2A Rinnovabili S.p.A.
renewA23 S.r.l.	Milan	20	100.00%	100.00%	A2A Rinnovabili S.p.A.
renewA24 S.r.l.	Milan	20	100.00%	100.00%	A2A Rinnovabili S.p.A.
renewA25 S.r.l.	Milan	20	100.00%	100.00%	A2A Rinnovabili S.p.A.
Des Energia Tredici S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
CS Solar2 S.r.l.	Milan	15	100.00%	100.00%	A2A Rinnovabili S.p.A.
Flabrum S.r.l.	Milan	100	100.00%	100.00%	A2A Rinnovabili S.p.A.
Solar italy V S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Cilea Energia S.r.l.	Milan	-	100.00%	100.00%	A2A Rinnovabili S.p.A.
Tosti Energia S.r.l.	Milan	-	100.00%	100.00%	A2A Rinnovabili S.p.A.
Bellini Energia S.r.l.	Milan	-	100.00%	100.00%	A2A Rinnovabili S.p.A.
Corelli Energia S.r.l.	Milan	-	100.00%	100.00%	A2A Rinnovabili S.p.A.
Monteverdi Energia S.r.l.	Milan	-	100.00%	100.00%	A2A Rinnovabili S.p.A.
Gash 1 S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Gash 2 S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Volta Green Energy S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Mogorella S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Juwi Development 12 S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Juwi Development 13 S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
A2A Storage S.r.l.	Milan	10	100.00%	100.00%	A2A Rinnovabili S.p.A.
Parco Solare Friulano 2 S.r.l.	Milan	10	70.00%	70.00%	A2A Rinnovabili S.p.A.

8.1

1. List of companies included in the consolidated report

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2. List of shareholdings in companies carried at equity

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3. List of holdings in other companies

Company name	Registered office	Share capital (thousands of euro unless otherwise indicated)	% of shareholding consolidated by Group at 06 30 2024 (line-by-line consolidation)	Shareholding %	Shareholder
VGE 01 S.r.l.	Milan	10	70.00%	70.00%	Volta Green Energy S.r.l.
VGE 02 S.r.l.	Milan	10	100.00%	100.00%	Volta Green Energy S.r.l.
VGE 03 S.r.l.	Milan	10	100.00%	100.00%	Volta Green Energy S.r.l.
VGE 04 S.r.l.	Milan	10	100.00%	100.00%	Volta Green Energy S.r.l.
VGE 06 S.r.l.	Milan	10	100.00%	100.00%	Volta Green Energy S.r.l.
R2R S.r.l.	Milan	10	60.00%	60.00%	A2A Rinnovabili S.p.A.
R2R 01 S.r.l.	Milan	10	100.00%	100.00%	R2R S.r.l.
R2R 02 S.r.l.	Milan	10	100.00%	100.00%	R2R S.r.l.
R2R 03 S.r.l.	Milan	10	100.00%	100.00%	R2R S.r.l.
R2R 04 S.r.l.	Milan	10	100.00%	100.00%	R2R S.r.l.
LD Reti S.r.l.	Lodi	32,976	95.60%	95.60%	A2A S.p.A.
Linea Green S.p.A.	Cremona	7,000	100.00%	100.00%	A2A S.p.A.
Linea Ambiente S.r.l.	Rovato (BS)	1,400	100.00%	100.00%	A2A Ambiente S.p.A.
AGRIPOWER S.p.A.	Milan	600	100.00%	100.00%	A2A Ambiente S.p.A.
DONNA RICCA BIOENERGIA S.R.L. SOCIETA' AGRICOLA	Milan	10	51.00%	51.00%	AGRIPOWER S.p.A.
IUMAGAS BIOENERGY SOCIETA' AGRICOLA A R.L.	Milan	50	51.00%	51.00%	AGRIPOWER S.p.A.
MARSICA AGROENERGIA S.R.L.	Milan	60	54.02%	54.02%	AGRIPOWER S.p.A.
PONZANO BIOENERGIA SOCIETA' AGRICOLA A R.L.	Milan	40	51.00%	51.00%	
PRATI BIOENERGIA SOCIETA' AGRICOLA A R.L.	Bologna	40	100.00%	100.00%	AGRIPOWER S.p.A.
ROBERTA BIOENERGIA S.R.L.	Milan	10	51.00%	51.00%	AGRIPOWER S.p.A.
SAN QUIRICO BIOENERGIA SOCIETA' AGRICOLA A R.L.	Milan	160	100.00%	100.00%	AGRIPOWER S.p.A.
SCALENGHE BIOGAS SOCIETA' AGRICOLA S.R.L.	Milan	10	82.00%	82.00%	AGRIPOWER S.p.A.
STROVINA BIOENERGIA SOCIETA' AGRICOLA A R.L.	Milan	40	51.00%	51.00%	AGRIPOWER S.p.A.
TORRE ZUINA SOCIETA' AGRICOLA A R.L.	Milan	10	51.00%	51.00%	AGRIPOWER S.p.A.
VITTORIA BIOENERGIA S.R.L.	Milan	50	75.00%	75.00%	AGRIPOWER S.p.A.
CONSORZIO UMBRIA BIOENERGIA	Zola Predosa (BO)	1	90.02%	90.02%	AGRIPOWER S.p.A.
Asm Energia S.p.A.	Vigevano (PV)	2,511	45.00%	45.00%	A2A Energia S.p.A.
Acinque S.p.A.	Monza	197,344	41.54%	41.34%	A2A S.p.A.
Lereti S.p.A.	Como	86,450	100.00%	100.00%	Acinque S.p.A.
ComoCalor S.p.A.	Como	3,516	51.00%	51.00%	Acinque S.p.A.
Reti Valtellina Valchiavenna S.r.l.	Sondrio	2,000	100.00%	100.00%	Acinque S.p.A.
Acinque Energia S.r.l.	Lecco	17,100	99.75%	99.75%	Acinque S.p.A.
Acinque Ambiente S.r.l.	Varese	4,500	100.00%	100.00%	Acinque S.p.A.
Acinque Tecnologie S.p.A.	Monza	6,000	100.00%	100.00%	Acinque S.p.A.
Acinque Innovazione S.r.l.	Monza	21,800	100.00%	100.00%	Acinque S.p.A.
Acinque Farmacie S.r.l.	Sondrio	100	100.00%	100.00%	Acinque S.p.A.
Agesp Energia S.r.l.	Busto Arsizio (VA)	1,500	70.00%	70.00%	Acinque S.p.A.
Acinque Energy Greenway S.r.l.	Monza	8,464	70.00%	70.00%	Acinque Tecnologie S.p.A.

Company name	Registered office	Share capital (thousands of euro unless otherwise indicated)	% of shareholding consolidated by Group at 06 30 2024 (line-by-line consolidation)	Shareholding %	Shareholder
A2A E-MOBILITY S.r.l.	Milan	1,000	100.00%	100.00%	A2A S.p.A.
Ambiente Energia Brianza S.p.A.	Seregno (MB)	119,496	34.95%	33.52%	A2A S.p.A.
A2A Illuminazione Pubblica S.r.l.	Brescia	19,000	100.00%	100.00%	Ambiente Energia Brianza S.p.A.
Gelsia S.r.l.	Seregno (MB)	20,345	100.00%	100.00%	Ambiente Energia Brianza S.p.A.
RetiPiù S.r.l.	Desio (MB)	110,000	100.00%	100.00%	Ambiente Energia Brianza S.p.A.
VGE 05 S.r.l.	Seregno (MB)	10	90.00%	90.00%	Ambiente Energia Brianza S.p.A.
Gelsia Ambiente S.r.l.	Desio (MB)	4,671	100.00%	100.00%	Ambiente Energia Brianza S.p.A. (70%) A2A Integrambiente S.r.l. (30%)
4NEW S.r.l.	Milan	811	100.00%	100.00%	A2A Rinnovabili S.p.A.
4NEW MONTE GRIGHINE S.r.l.	Milan	10,000	100.00%	100.00%	4NEW S.r.l.
CERVETERI ENERGIA S.r.l.	Milan	21	100.00%	100.00%	4NEW S.r.l.
DE - STERN 12 S.r.l.	Milan	50	100.00%	100.00%	4NEW S.r.l.
STCS S.r.l.	Milan	10	100.00%	100.00%	4NEW S.r.l.
LA CASTILLEJA ENERGIA SL	Madrid (ES)	4	100.00%	100.00%	GLOBAL ONEGA SL
SISTEMES ENERGETICS CONESA I SOCIEDAD LIMITADA	Madrid (ES)	3	100.00%	100.00%	RESPETO AL MEDIO AMBIENTE SL (50%) GLOBAL ONEGA SL (50%)
GLOBAL ONEGA SL	Madrid (ES)	10	100.00%	100.00%	4NEW S.r.l.
RESPETO AL MEDIO AMBIENTE SL	Madrid (ES)	3	100.00%	100.00%	4NEW S.r.l.
3 New & Partners S.r.l.	Milan	25,000	100.00%	100.00%	A2A Rinnovabili S.p.A.
3 New & Partners rinnovabili S.r.l.	Milan	10	100.00%	100.00%	3 New & Partners S.r.l.
Mimiani wind S.r.l.	Milan	100	100.00%	100.00%	3 New & Partners S.r.l.
Daunia Calvello S.r.l.	Milan	100	100.00%	100.00%	3 New & Partners rinnovabili S.r.l. (51%) A2A Rinnovabili S.p.A. (49%)
Daunia Serracapriola S.r.l.	Milan	2,000	100.00%	100.00%	3 New & Partners rinnovabili S.r.l. (70%) A2A Rinnovabili S.p.A. (30%)

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2. List of shareholdings in companies carried at equity

Company name	Registered office	Share capital (thousands of euro)	Shareholding %	Shareholder	Carrying amount at 06 30 2024 (thousands of euro)
Shareholdings in companies carried at equity					
PremiumGas S.p.A. in liquidation	Busto Arsizio (VA)	120	50.00%	A2A Alfa S.r.l. in liquidation	-
Ergosud S.p.A.	Rome	81,448	50.00%	A2A gencogas S.p.A.	-
Metamer S.r.l.	San Salvo (CH)	2,000	50.00%	A2A Energia S.p.A.	3,060
NETCITY S.r.l.	Pescara	20	49.00%	A2A Energia S.p.A.	1,692
SET S.r.l.	Toscolano Maderno (BS)	104	49.00%	A2A S.p.A.	1,245
Messina in Luce S.c.a.r.l.	Monza	20	70.00%	Acinque Tecnologie S.p.A. (55%) A2A Illuminazione Pubblica S.r.l.(15%)	11
Serio Energia S.r.l.	Concordia sulla Secchia (MO)	1,000	40.00%	A2A S.p.A.	275
Visano Soc. Trattamento Reflui S.c.a.r.l.	Brescia	25	40.00%	A2A S.p.A.	10
Blugas Infrastrutture S.r.l.	Mantova	14,300	27.51%	A2A S.p.A.	4,549
COSMO Società Consortile a Responsabilità Limitata	Brescia	100	52.00%	A2A Calore & Servizi S.r.l.	136
Crit S.c.a.r.l.	Cremona	548	33.00%	A2A S.p.A.	69
G.Eco S.r.l.	Treviglio (BG)	500	40.00%	Aprica S.p.A.	2,925
Bergamo Pulita S.r.l.	Bergamo	10	50.00%	A2A Ambiente S.p.A.	106
Fratelli Omini S.p.A.	Novate Milanese (MI)	260	30.00%	A2A Ambiente S.p.A.	6,815
ASM Codogno S.r.l.	Codogno (LO)	1,898	49.00%	Aprica S.p.A.	3,198
Prealpi Servizi S.r.l. in liquidation	Varese	5,451	12.47%	Acinque S.p.A.	-
Società Agricola Mattioli Energia S.r.l.	Finale Emilia (MO)	20	20.00%	AGRIPOWER S.p.A.	492
Total shareholdings					24,583

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3. List of holdings in other companies

Company name	Shareholding %	Shareholder	Carrying amount at 06 30 2024 (thousands of euro)
Immobiliare-Fiera di Brescia S.p.A.	0.90%	A2A S.p.A.	
AQM S.r.l.	7.80%	A2A S.p.A. (752%) LumEnergia S.p.A. (0.28%)	
AvioValtellina S.p.A.	0.18%	A2A S.p.A.	
Banca di Credito Cooperativo dell'Oglio e del Serio s.c.	n.s.	A2A S.p.A.	
L.E.A.P. S.c.a.r.l.	8.29%	A2A S.p.A.	
Guglionesi Ambiente S.c.a.r.l.	1.01%	A2A Ambiente S.p.A.	
S.I.T. S.p.A.	0.19%	Aprica S.p.A.	
Stradivaria S.p.A.	n.s.	A2A S.p.A.	
DI.T.N.E. S.c.a.r.l.	1.79%	A2A S.p.A.	
E.M.I.T. S.r.l. in liquidation	10.00%	A2A S.p.A.	
COMIECO	5.63%	A2A Ambiente S.p.A.	
CONAPI S.c.a.r.l.	20.00%	A2A Ambiente S.p.A.	
Casalasca Servizi S.p.A.	13.88%	Aprica S.p.A.	
Confidi Toscana S.c.a.r.l.	n.s.	Linea Ambiente S.r.l.	
Credito Valtellinese	n.s.	Linea Ambiente S.r.l.	
Futura S.r.l.	1.00%	A2A Calore & Servizi S.r.l.	
Comodepur S.c.p.a. in liquidation	9.81%	Acinque S.p.A.	
T.C.V.V.V. S.p.A.	0.25%	Acinque S.p.A.	
Lago di Como Gal S.c.a.r.l.	3.00%	Acinque S.p.A.	
Cantù Arena S.p.A.	1.86%	Acinque Innovazione S.r.l.	
CIAL-CONSORZIO IMBALLAGGIO ALLUMINIO	0.82%	A2A Ambiente S.p.A.	
COREVE	0.68%	A2A Ambiente S.p.A.	
COREPLA-CONSORZIO RECUPERO PLASTICA NAZIONALE	3.04%	A2A Ambiente S.p.A.	
RICREA-CONSORZIO NAZIONALE RICICLO E RECUPERO IMBALLAGGI ACCIAIO	n.s.	A2A Ambiente S.p.A.	
CIC-CONSORZIO ITALIANO COMPOSTATORI	n.s.	A2A Ambiente S.p.A.	
Musa S.c.a.r.l.	7.00%	A2A S.p.A.	
Total investments in other companies			1,545

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**Evolution
of the regulation
and impacts on the
Business Units
of the A2A Group**

DL no. 181 of December 9, 2023, converted into Law no. 11 of February 2, 2024 (Energy Security DL)

It provides for simplification measures and activities in particular to support production from RES. Interventions of specific interest include:

- overcoming the demand-side PUN (Single National Price): as of January 1, 2025, the application of zonal prices is also established for end customers, providing for a transitional period in which an equalization mechanism is introduced to compensate for the differentials between the zonal price and the reference price (i.e. PUN Index GME) calculated by the GME in continuity with the PUN. The criteria for the implementation of the provisions of the DL were defined by the MASE Ministerial Decree of April 18, 2024, which established that equalization should be implemented throughout 2025 and entrusted ARERA with the task of defining a possible overrun, also differentiated by customer categories, no earlier than twelve months after the adoption of the measure. The ARERA detailed regulation is currently being finalized;
- provision of a mechanism (so-called energy release) for energy-intensive companies to develop renewable capacity (at least 200 kW), also through a third party, with the possibility of requesting an advance of a share of RES energy from the GSE for 36 months through the signing of two-way contracts (CfD). Following the commissioning of the RES plant (no later than 40 months after the conclusion of the CfD with the GSE), the amount of energy advanced by the GSE will be subject to repayment over the following 20 years. A MASE Ministerial Decree with detailed regulations is awaited;
- simplification of authorization procedures for RES plants and establishment of a single digital portal where information on existing authorization procedures for RES, storage and grid interventions can be concentrated;
- simplification of the authorization procedure for the construction of air-cooled condensation systems in thermoelectric power plants or cooling of the fluid in the condensation circuit with a thermal power exceeding 300 MW already equipped with water-cooled condensation systems that do not entail an increase in power and take place on existing surfaces, providing that the intervention is subject only to prior communication to the MASE (and not AU), with related simplifications in terms of EIA and AIA.

9.1

Generation and Trading Business Unit

Remuneration of the availability of production capacity: start of capacity market from 2022

The capacity remuneration mechanism (so-called capacity market) aims to ensure the adequacy of the electricity system in the face of sudden peaks in demand or supply shortages. The instrument is configured as a contract for differences entered into with Terna S.p.A. and awarded following a tender in which producers acquire the right to receive a bonus (in euro/MW/year) with respect to the obligation to offer all the capacity committed in the MGP and the capacity not accepted as a result of the energy markets on MSD, returning to Terna S.p.A. the difference - if positive - between the market benchmark prices and a strike price (in euro/MWh).

In 2019, auctions were held for the delivery years 2022 and 2023 in which A2A S.p.A. was awarded approximately 5 GW/year, of which approximately 120 MW relating to new capacity for 2022 and 240 MW for 2023, contracted for 15 years at a price of 75,000 euro/MW/year.

In 2022, the auction for the 2024 delivery took place, where A2A S.p.A. contracted about 4.9 GW, of which about 4 GW of existing capacity at 33,000 euro/MW/year and about 790 MW of new capacity contracted for 15 years between CCGT, photovoltaic and electrochemical storage (in particular: 20 MW at 70,000 euro/MW/year and 770 MW at 48,110 euro/MW/year).

In relation to the new Sermide and Piacenza repowering plants, contracted to be delivered in 2023, A2A S.p.A. paid a penalty of approximately 1 million euro for failure to comply with the obligation to appoint 50% of the new CDP on relevant plants in each year of delivery.

The mechanism has been the subject of appeals both at national level and at the EU Court of Justice. At the EU level, the Sentence of September 7, 2022 rejected the appeals with the conclusion of the dispute, and also

at the national level, several sentences of the Lombardy Regional Administrative Court rejected the related appeals. Some national judgments are pending in connection with the 2024 delivery auction.

The auction for the 2025 delivery will be held on July 25 (cap at 45,000 euro/MW/year for existing capacity and 85,000 euro/MW/year for new capacity), while those for the 2026, 2027 and 2028 deliveries will be held by February 2025.

The new regulations introduced a number of innovations compared to the previous ones including: the elimination of contractual termination for non-fulfilment of offer obligations; the introduction of prolonged non-fulfilment (that which is required for three months, even non-consecutive months, or for a minimum number of hours and a minimum share of capacity even in only one of the critical summer months defined by Terna); the introduction of an additional derating rate for power plants that are unavailable at the most critical times of the system in the year 2022 in the event of failure to declare retrofitting interventions to increase their availability; the possibility of mutual relief between existing and new capacity, with the obligation, however, to offer/nominate 100% of the new capacity on relevant units and the return of the premium delta between the value awarded for the new capacity and that for the existing capacity in the event of compliance with this obligation through existing capacity; the introduction of a penalty in the event of a delay in the commercial start-up of plants with new capacity. Finally, the possibility is provided for contracting parties with newly contracted capacity for deliveries in 2022, 2023 and 2024 to adhere to the new discipline.

San Filippo del Mela: essentiality regime

In 2024, the San Filippo del Mela fuel oil plant of A2A Energiefuture S.p.A. was once again included in the list of essential plants

and admitted to the cost reintegration regime pursuant to Resolution 502/2023/R/eel.

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Brindisi: forward procurement of resources for voltage regulation

In 2019, the Brindisi plant of A2A Energiefuture S.p.A., pursuant to Resolution 675/2018/R/eel and the subsequent tender procedure announced by Terna S.p.A., was awarded a ten-year contract for the supply of

reactive energy amounting to 286 MVar at a weighted average price of 28,098 euro/MVar/year. The total for the first half of 2024 amount is 5.11 million euro.

Incentives for production from renewable sources: state of the art

In the first half of 2024, the GSE auctions for the allocation of incentive tariffs for renewable electricity production under the Ministerial Decree of July 4, 2019, the duration of which was extended until the incentive power quotas were exhausted. In particular, during the 13th auction, the project VGE 06 S.r.l. (29.4 MW wind plant in the municipality of Banzi) was awarded an incentive tariff of 75.2 euro/MWh for 20 years. The 14th procedure opened in February 2024 and ended at the end of March: of the 688.9 MW available, 295.9 MW were allocated. The remaining quota (about 390 MW) was therefore reallocated in the 15th procedure, which opened at the end of June 2024.

At June 30, 2024, the incentives paid by the GSE to the A2A Group's plants powered by renewable sources amounted to 31.7 million euro.

GSE incentive type millions of euro	
Feed-in tariff	12.3
TO and RID	3.3
Energy account (FV)	16.1
Total	31.7

At the end of June, two long-awaited measures were issued by the MASE.

The first is the Decree for the incentives of innovative electrical renewable sources (so-called DM RES II), aimed at supporting RES characterized by still very high generation costs compared to market quotations i.e:

- Offshore wind (with fixed or floating foundations)
- Biogas with capacity less than 300 kW
- Biomass with capacity less than 1 MW
- Thermodynamic solar
- Photovoltaic floating (off-shore and on inland waters)
- Geothermoelectric
- Tidal, wave and other forms of marine energy

The incentives are allocated through competitive procedures to be held in the period 2024-2028, with separate power quotas per source. In total, the quotas amount to 4,590 MW, of which 3,800 MW dedicated to offshore wind power, with an auction base tariff of 185 euro/MWh, for a duration of 25 years.

The incentive will be disbursed in two ways:

1. for plants with capacity less than or equal to 300 kW (later reduced to 200 kW as from 2026), the GSE directly collects the electricity fed into the grid by the plant, recognizing the tariff due in the form of an all-inclusive tariff;
2. for plants above 300 kW, the energy remains at the producer's disposal and the GSE applies a Contract for Differences comparing the value of the incentive tariff and the hourly zonal price and, if the difference is positive, pays the difference on the energy fed into the grid in favor of the producer. If the difference is negative, it balances or requests the corresponding amounts from the producer.

ARERA has estimated an impact of the measure on domestic users of around 13-15 euro/year. The estimate corresponds to an annual cost of 1.7-1.8 billion euro for the first 20 years (with an average reference electricity price of 60-70 euro/MWh).

The second measure is the Ministerial Decree containing the Regulation for the identification of surfaces and areas suitable for the installation of renewable energy plants (so-called DM Eligible Areas), which, in addition to identifying the criteria for the identification by the Regions of the Eligible and Non-Eligible Areas for the construction of RES plants, allocates among them the target of 80 GW of additional RES by 2030 (so-called Burden Sharing).

The regions will have 180 days to identify, by means of a regional law, the eligible and non-eligible areas according to the following criteria:

- maximization of the areas identified in order to facilitate the allocated burden sharing;
- possibility of classifying areas as suitable by source, size and type of plant;
- possibility to save the areas already eligible ex lege (referred to in Article 202(8) of Legislative Decree 199/2021);
- areas subject to protection pursuant to Article 10 and Article 136(1)(a) and (b) of Legislative Decree no. 42 of January 22, 2004 (cultural heritage and buildings/ areas of considerable public interest). The regions will also be able to identify a buffer from these areas depending on the type of plant and the property being protected, up to a maximum of 7 kilometres (with the exception of renovations).

Once the 180-day deadline for the adoption of regional laws has expired unsuccessfully, the MASE proposes to the President of the Council the adoption in the Council of Ministers (CdM) of draft regulatory acts of a substitutive nature.

Lastly, the measure does not affect the provisions for the construction of photovoltaic plants in agricultural areas in Decree-Law no. 63 of May 5, 2024 (so-called DL Agricoltura currently in the process of being converted into law) that introduces a ban on the construction of new photovoltaic plants with ground-mounted modules on agricultural land (with some exceptions, including installations

in disused quarries/mines, revamping or repowering that do not entail an increase in the area occupied, sites in the availability of FS Group companies or motorway concession companies, etc.).

Excluded from the prohibition are photovoltaic plants aimed at setting up Energy Communities, included in projects implementing PNRR measures, and projects with enabling, authorization or environmental assessment procedures already started at the date of entry into force of the DL.

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Market Business Unit

Removal of the electricity greater protection service for non-vulnerable domestic customers

Resolution 362/2023/R/eel, as amended by Resolution 600/2023/R/eel, set July 1, 2024 as the end date of the electricity greater protection service for non-vulnerable domestic customers¹. Those who have not chosen a free market offer by that date will automatically be served within the Gradual Protection Service (STG), which will be provided until March 31, 2027. The operators were selected through a special auction, organized on January 10 by Acquirente Unico S.p.A.: the lots were awarded on the basis of the lowest price offered, expressed in euro/POD/year, to cover the marketing and imbalance costs not already recognized by ARERA.

Out of a total of 26 lots, A2A Energia S.p.A. was awarded the South Area 2 (Cagliari, Naples, Oristano Municipality, South Sardinia) with an offer of approximately 29 euro/POD/year and the South Area 10 (Agrigento, Caltanissetta, Palermo and Trapani) with an offer of 6.4

euro/POD/year. Since many lots were awarded with negative price bids, the relevant component, which is applied to end customers and takes a unique value at national level, reflects these bids and is equal to -73 euro/POD/year. It should be noted, finally, that from a total of about 4.5 million POD allocated at auction, the POD were reduced to about 3.8 million when transferred to STG. At the end of the STG supply period, customers who have not yet chosen an offer on the free market may be re-supplied by the same company awarded the service with the application of the most convenient offer.

Vulnerable domestic customers continue instead, even after July 1, 2024, to be supplied in the greater protection service by the current operators until activation of the vulnerability protection service. The ARERA usual quarterly tariff updates apply to them.

Gradual protection service for small electricity companies

Resolution 119/2024/R/eel defined the rules for the allocation of the small business STG for the second delivery period, from July 1, 2024 to March 31, 2027, coinciding with the equivalent STG of non-vulnerable domestic customers.

The insolvency procedures organized by Acquirente Unico S.p.A. involved approximately 94,000 small businesses (compared to 200,000 in the first round)

divided into 7 lots, awarded based on the lowest price offered, expressed in euro/MWh, to cover marketing and imbalance costs not already recognized by ARERA.

A2A Energia S.p.A. was awarded 2 lots: Area 2 (Lazio, Friuli-Venezia Giulia, Valle d'Aosta) with an offer of 2.84 euro/MWh and Area 6 (Campania, Marche, Sardinia) with an offer of 2.24 euro/MWh.

Removal of the gas protection service for non-vulnerable domestic customers and condominiums

Resolutions 100/2023/R/com and 102/2023/R/gas defined the accompanying path for customers still under gas protection until the termination of the service scheduled for January 1, 2024, as well as identified vulnerable customers² who will maintain the right to regulated supply conditions.

Customers still served under gas protection regime received in September 2023 a communication from

their seller, differentiated based on whether or not they meet the vulnerability requirement, informing them that the service is no longer provided and that they can switch to the free market by signing a new offer. In the absence of a choice, at the end of the service, the vulnerable customer continues to be supplied by the current seller at a tariff defined by ARERA (former protection) while the non-vulnerable customer is

¹ Legislative Decree 210/2021 defined as vulnerable domestic customers with one of the following conditions:

- are in an economically disadvantaged condition or have a serious health condition requiring the use of electricity-powered medical/therapeutic equipment (or where persons in such a condition are present);
- are at least 75 years old;
- are persons with disabilities within the meaning of Article 3 of Law 104/1992;
- have utilities in an emergency housing facility following calamitous events;
- have utilities on a smaller, non-interconnected island.

² LD no. 115 of August 9, 2022 ("Aiuti bis" LD) defined gas vulnerable customers as civil customers:

- who are economically disadvantaged within the meaning of Article 1(75) of Law 124/2017;
- who are among the disabled within the meaning of Article 3 of Law 104/1992;
- whose utilities are located in the non-interconnected smaller islands;
- whose utilities are located in emergency housing facilities following calamitous events;
- over 75 years of age.

charged a variable PLACET offer (so-called PLACET as an exception), where the seller only

defined the annual fixed component (sales charge).

Vendor list in the electrical sector

Ministerial Decree MiTE no. 164 of August 25, 2022 established the Vendors List in the electricity sector, defining the requirements (technical, financial and honorableness) for registration, permanence and exclusion from the List. All authorized Group companies have completed the registration process.

On June 24, 2024, the MASE, as provided for

in Article 8 of Ministerial Decree No. 164 of August 25, 2022, published the list of the 35 entities authorized to sell electricity, including Gelsia S.r.l., to be subject to sample checks for 2024. The check will be mostly documentary and will aim to verify the truthfulness of the declarations made to meet the requirements.

Components covering marketing costs on gas protection and electricity higher protection

Resolutions 112/2024/R/gas and 262/2024/R/eel have updated downwards, respectively, the QVD components (validity period April 1, 2024 – March 31, 2025) and PCV (validity period July 1, 2024 – June 30, 2025).

There was an increase in the RCV fee (which covers the costs incurred by the operator of the greater electricity protection).

PCV €/POD/year	APRIL 1, 2023 JUNE 30, 2024	JULY 1, 2024 JUNE 30, 2025
	Single national	Single national
Domestic POD*	69.17	40.00

(*) From July 1, 2024, only vulnerable domestic customers will be covered by the greater protection service

RCV €/POD/year	APRIL 1, 2023 JUNE 30, 2024		JULY 1, 2024 JUNE 30, 2025	
	C-North	C-South	C-North	C-South
RCV	27.04	30.71	37.89	40.05
RCV sm*	39.63	42.92	60.37	62.30
RCVi	21.63	24.57	30.31	32.04

(*) Remuneration recognized to minor separate companies (≤ 10 MIO POD)

QVD €/PDR/year	APRIL 1, 2023 MARCH 31, 2024		APRIL 1, 2024 MARCH 31, 2025	
	€/PDR/year	c€/cm	€/PDR/year	c€/cm
Domestic PDR*	63.36	0.7946	58.93	0.7946

(*) From January 1, 2024, only vulnerable domestic customers are covered by the gas protection service

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Award of the safeguard service for the two-year period 2023-2024

A2A Energia S.p.A. was also awarded the safeguard service for the two-year period 2023-2024, and was awarded the following lots: lot 1 (Liguria, Piedmont, Valle d'Aosta, Trentino-Alto Adige), lot 2 (Lombardy), lot 3 (Veneto, Emilia-Romagna, Friuli-Venezia-Giulia) and lot 4 (Marche, Tuscany and Sardinia) for approximately 33,700 POD and 2.15 TWh.

The award value (parameter Ω) was equal to: 29.97 €/MWh for lot 1, 15.90 €/MWh for lot 2, 24.97 €/MWh for lot 3 and 21.95 €/MWh for lot 4.

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Waste Business Unit

Waste Pricing Method for the second regulatory period 2022-2025 (MTR-2)

Resolution 389/2023/R/idr updated the criteria for recognition of the efficient operating costs for the regulatory period 2024-2025 (MTR-2), confirming the general approach and establishing the rules for defining the access tariffs to the mixed waste and OFMSW treatment plants. Resolution 7/2024/R/rif updated the WACC for the period 2022-2025, setting them at 6.3% for the municipal hygiene service and 6.6% for the treatment service (only to “minimum plants”).

With reference to the urban hygiene service, in H1 2024, the process was initiated for the A2A Group companies to define the 2024-2025 “raw PEF”, which were subsequently submitted for approval by the entities territorially competent (ETC) and validation of ARERA. Up to now, the Authority’s approvals have only concerned the PEF for the years 2022-2025, while subsequent Resolutions for the 2024-2025 updates will be planned.

			PEF tariff revenue (millions of euro)			
ARERA Resolution	Municipality	Operator	2022	2023	2024	2025
544/2022/R/rif	Milan	Amsa S.p.A.	303.3	306.1	306.1	306.1
731/2022/R/rif	Brescia	Aprica S.p.A.	35.3	35.9	36.7	37.2
61/2023/R/rif	Bergamo	Aprica S.p.A.	20.1	20.5	20.1	20.3
116/2023/R/rif	Cremona	Aprica S.p.A.	10.6	10.7	10.9	11.1
131/2023/R/rif	Como	Aprica S.p.A.	14.2	14.4	14.7	14.9
610/2023/R/rif	Lodi	Aprica S.p.A.	7.8	7.8	7.8	7.8
246/2024/R/rif	Saronno	Amsa S.p.A.	5	5	5.1	5.2
259/2024/R/rif	Corsico	Amsa S.p.A.	3.7	3.7	3.7	3.7

In most cases, in continuity with 2022-2023 and in the presence of assignments obtained after tenders, ETC availed itself of the option of preserving any efficiencies already achieved, applying the value envisaged by the previous contracts (if lower than the maximum value of the MTR-2) subject to compliance with the economic-financial balance of operations.

In addition, the ETC will have to adjust their existing contracts in accordance with the service contract scheme defined in Resolution 385/2023/R/idr within 30 days of the adoption of the relevant 2024-2025 biennial tariff update determinations.

Treatment regulation: ARERA compliance with Council of State Sentences

With reference to treatment, ARERA has introduced asymmetrical regulation, to be determined by the individual ETC (in Lombardy by the Region). The Authority has established, as a criterion for the identification of regulated tariff plants (“minimum” plants) the presence of a rigid market with a strong and stable excess of demand, in addition to the following alternative conditions: i) having committed capacity for flows guaranteed by sector scheduling; ii) having been identified

as “minimum” during scheduling by the competent parties.

Sentences nos. 10548 and 10550 of the Council of State sanctioned the annulment of the provisions of MTR-2 in the part that regulates “minimum” plants subject to tariff regulation, confirming that the task of identifying the “minimum” plants for closing the cycle is a prerogative of the State, through the instrument of the National Waste Management Plan (PNGR), and not of ARERA.

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In compliance with the aforementioned sentences, Resolution 7/2024/R/rif amended the waste tariff method, de facto confirming the discipline of the “minimum” plants, due to the re-proposal of the criteria for their identification in the PNRR in 2022, however, making their implementation start from 2024.

In light of the Council of State’s rulings, the Regions, following a preliminary investigation activity that has certified the presence of the critical issues envisaged by the PNRR, must identify the plants whose entry tariffs, in the absence of market conditions, are regulated by ARERA (“minimum” plants) from the others whose entry tariffs are defined by the market (“additional” plants).

Region	Resolution deed	Decision
Lombardy	Regional Council Resolution XII/2373 of May 20, 2024	Confirmation by the Region that the treatment plants for the undifferentiated fraction and OFMSW are “additional” with the exclusion of integrated plants, in continuity with the provisions of Regional Council Resolution no. 5777/2021
Piedmont	Note from the Environment, Energy and Territory Directorate, Environmental Services Sector of May 24, 2024	Classification of regional plants - both OFMSW and undifferentiated - as “additional”
Campania	Being defined	There are no updates to Regional Council Resolution No. 190/2022, which had identified the Caivano TMB and the Acerra TMV as “minimums” for the years 2022 and 2023

Quality regulation of the municipal waste management service (2023-2025)

Resolution 15/2022/R/rif approved the “Consolidated act for the regulation of the quality of the municipal waste management service” (TQRIF), providing from January 1, 2023 for a set of minimum and homogeneous contractual and technical quality obligations for all managements (regardless of how the service is entrusted), alongside quality indicators and related general standards differentiated by regulatory schemes, identified in relation to the actual starting quality level, determined by the ETC on the basis of the services provided for in the Service Contract and/or in the Quality Charter. Most of the managed municipalities, including

the Municipality of Milan, were placed in Scheme I in 2022.

The reporting of technical quality obligations and standards for 2023 closed on May 31, 2024.

Resolution 15/2022/R/rif also introduces the obligation to adopt a single “Quality Charter of the integrated urban waste management service” in compliance with the provisions of the TQRIF: to date, most of the urban hygiene companies have finalized with their ETC the approval process for the new Service Charter, after sharing it with the Consumer Associations.

Monitoring and transparency obligations on the efficiency of separate collection and municipal waste treatment plants

Resolution 387/2023/R/rif introduced a first set of indicators on the efficiency and quality of separate collection as well as the reliability of treatment plants.

The monitoring of these indicators starts in 2024, with the first transmission to ARERA in 2025.

Establishment of equalization systems also in the municipal waste sector

Resolution 386/2023/R/rif introduced equalization systems in the waste sector, providing for two components applied to the TARI to be paid by users from January 1, 2024:

- UR1 to cover the costs of managing waste accidentally fished out of the sea and waste voluntarily collected, amounting to 0.10 euro/user;
- UR2 to cover the benefits recognized for exceptional and calamitous events, amounting to 1.50 euro/user.

Biomethane production incentive framework

The MITE Decree of September 15, 2022 introduced a new incentive mechanism for the production of biomethane to be used not only in transport but also in other uses and which will cover the period 2022-2024. The new instrument is characterized by quotas and competitive procedures organized by the GSE

concerning a contract for two-way differences that considers the difference between the tariff resulting as outcome of tender procedures and the average monthly price of methane (including the guarantee of origin). Projects will also receive a capital grant of up to 40% of the costs, using PNRR funds.

Starting with the third competitive procedure, opened on December 22, 2023, the tariffs and maximum eligible costs have been adjusted for inflation, as provided for by LD 57/2023 ("Rigassificatori" LD). In this competitive procedure, the A2A Group was awarded the incentive tariff for three biomethane plants (all relating to biogas plant conversion projects): these are the plants located in San Fiorano (LO) and Livorno Ferraris (VC) by Agripower S.p.A. and the Scalenghe Biogas Società Agricola plant located in the municipality of Turin. The total capacity of the 3 projects amounts to 1,400 Scm/h.

A2A Ambiente S.p.A. obtained the pre-qualification from the GSE for 4 biomethane production plants from organic waste

incentivized with the CIC mechanism provided for by the previous MiSE MD March 2, 2018. The plants of Lacchiarella and Cavaglià came into operation in 2022, while those of Corteolona and Castelleone benefiting from the extension of the Ministerial Decree of August 5, 2022, came into operation during 2023.

Resolution 220/2023/R/gas introduced a number of changes to the procedure for connecting biomethane plants to the natural gas grid, with the aim of simplifying and accelerating the connection process and, at the same time, optimizing the cost for the system by entrusting Snam S.p.A. with the task of evaluating the different connection solutions.

Adjustments under Provision CIP 6/92 by the GSE

As a result of a dispute dating back in time and that had affected the gas protection tariffs for Thermal Years 2010-11 and 2011-12, the GSE also had to recalculate the CEC component (i.e. avoided fuel cost) of the electricity transfer price under Provision CIP 6/92. These restatements also affected some of

the A2A Group's waste-to-energy and biogas plants, which at the time, were covered by that incentive scheme: the balance in favor of the companies now forming part of the Waste BU amounts to over 19 million euro (from which the portion pertaining to the Acerra waste-to-energy plant will be subtracted).

Legislative Decree no. 36 of March 31, 2023 - Public Contracts Code in implementation of article 1 of Law no. 78 of June 21, 2022, delegating the Government in the field of public contracts

Legislative Decree, in force since April 1, 2023 and effective from July 1, 2023, introduces the new procurement code by replacing the current Legislative Decree 50/2016. The new code:

- is characterized by the push for digitalization of the procurement contracts lifecycle;
- stipulates that the EU thresholds, i.e. the value above which Community attention and the related "Europeanisation" of calls for tenders are triggered, are periodically re-determined by a measure of the EU Commission;
- for tenders below the "Community threshold" the procedures available to contracting authorities are direct awarding and the negotiated procedure after consultation of economic operators;
- defines the contents of the two design levels, namely the technical-economic feasibility project and the executive project;
- states that minimum environmental criteria, among other things, must be indicated in calls for tenders.

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Directive (EU) 2023/959 of the European Parliament and of the Council of May 10, 2023 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 on the establishment and operation of a market stabilization reserve in the Union system for greenhouse gas emission allowance trading

The Directive amends Directive 2003/87 by providing:

- an increase in greenhouse gas emission reductions;
- the reporting and monitoring of emissions, as of January 1, 2024, of municipal waste incineration plants with a total rated thermal input exceeding 20 MW;
- the lowering of the hydrogen and synthesis gas capacity limit for the application of the ETS, now 5 tons per day (previously 25t);

- a new chapter regulating further activities, including the release of fuels for consumption in the residential, commercial and transport sectors.

The deed sets two deadlines for transposition:

December 31, 2023 and June 30, 2024 only for the regulation of Chapter IV-bis with the exception of the reporting of historical emissions by 2025 (art. 30-septies, paragraph 4), which must be transposed by the earliest indicated deadline.

MD no. 59 of April 4, 2023 - Regulations for the waste traceability system and the national electronic waste traceability register pursuant to article 188-bis of Legislative Decree no. 152 of April 3, 2006

The MD introduces the new waste traceability system (so-called RENTRI), regulating in particular:

- the models and formats of the chronological waste register and the identification form, also indicating how they are to be filled in, stamped and kept;
- the modalities of registration with RENTRI and related fulfillments, by those who are obliged or those who voluntarily join it;
- the operation of RENTRI including the way in which data is transmitted;
- how RENTRI data will be shared with the Higher Institute for Environmental Research (Ispira) for inclusion in the Waste Register;
- the modalities of coordination between Mud and the fulfillments transmitted to RENTRI.

The date of registration depends on the activity carried out and the number of employees of each individual company. In the most restrictive case, registration will be

required from December 15, 2024 and within 60 days thereafter. Also from the same date, the new C/S and FIR register models will come into force.

In relation to the operational modalities of RENTRI, future decrees are planned to regulate:

- the operational modalities to ensure the transmission of data to RENTRI and its functioning;
- instructions for operators to access and register with RENTRI;
- IT requirements to ensure the interoperability of RENTRI with the systems adopted by operators;
- how to fill in the FIR and the C/S Register;
- the requirements for consultation services by the administrations concerned;
- manuals and concise guides to support operators and users;
- how the support tools work.

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2024 provisional reference tariffs for the distribution and metering of natural gas

Resolution 186/2024/R/gas approved the 2024 provisional reference tariffs for natural gas distribution and metering activities.

RAB GAS value underlying 2024 provisional reference tariffs millions of euro	Unareti	ASVT	LD Reti	Reti Più	Acinque Group (1)	Total
Centralized Capital	48	1	11	13	12	85
RAB Distribution	919	13	174	155	152	1,414
RAB Metering	114	1	21	37	27	201
Total	1,082	15	206	205	192	1,700

(1) Includes Lereti S.p.A. and Reti Valtellina Valchiavenna S.r.l.. The RAB values of Lereti S.p.A. are expressed net of the 4 locations (Varese, Brinzio, Casciago and Lozza) where the assets are owned by the municipalities.

The increase in RAB values compared to last year is largely attributable to the recalculation of the rate of change in gross fixed capital formation in the first part of 2024 through Resolution 173/2024/R/gas, in order to

incorporate the effect of the extraordinary adjustments published by ISTAT in October 2023 to adequately intercept the extraordinary inflationary dynamics of the immediately preceding period.

Tariff regulation for the natural gas distribution and metering service 2020-2025

Resolution 570/2019/R/gas (approving the RTDG 2020-2025) was challenged by many natural gas distributors, including Unareti S.p.A. and, to date, the court proceedings have ended with the annulment of some aspects of the RTDG 2020-2025 concerning the definition and recognition, as well as the updating, of the operating costs of natural gas distribution. As part of these proceedings, a material error was also found in the calculations made for the definition of the starting level of the recognized operating costs for distribution activities and the related annual reduction (so-called X-Factor). In response to this, on the one hand, the Authority adopted Resolution no. 409/2023/R/gas with which it corrected the material error, consequently redefining both the X-Factor for the 2020-2025 period and the 2020-2022 definitive and 2023 provisional reference tariffs, with an impact at the A2A Group level, of approximately 1.7 million euro and, on the other hand, by way

of Resolution no. 231/2024/R/gas, it initiated proceedings to comply with the rulings issued at the conclusion of the previously mentioned proceedings, fixing their conclusion by December 31, 2024.

The RTDG 2023-2025 (second regulatory half-period) introduced, as the main innovation of interest, a mitigation mechanism of the negative impacts on the parametric allowed revenues to cover distribution operating costs resulting from the closure of gas Points of Redelivery (PoR) as a consequence of the increasing electrification. This mechanism, based on trigger logics to be activated upon the occurrence of certain conditions³, will be operated within the equalization framework (and, therefore, with full monetary manifestation in the year following the accrual year).

³ See Resolution 737/2022/R/Gas, Annex A (RTDG), art. 45.2.

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Reform of the regulation of the natural gas metering service

Resolution 269/2022/R/gas reformed the regulation of the natural gas metering service by providing: (i) a fixed time limit (90 days) beyond which the gas smart meter installed is considered in any case to be in service (i.e. remotely read and controlled) and, therefore, (ii) applicability to them of the monthly reading obligations, (iii) the sending of measurement data to the SII by the 7th day of the month, (iv) an articulated system of indemnifications in favor of both end customers and distribution users and (v) mechanisms for mitigating the burden on distributors for the recognition of such indemnifications aimed at taking into account the

actual technical limitations of the remote reading and management systems.

The provisions came into force partly in October 2022 (new compensation mechanisms for distribution users) and partly in April 2023 (commissioning, frequency of metering data collection, making them available to the SII and compensation to end customers). Within the scope of the 2023 RTDG equalization, which will take place in the second part of 2024, will be the first application of the mechanism for compensation granted to end customers under (iv).

Reorganization of metering activities at entry and exit points of the natural gas transport network

Resolution 512/2021/R/gas as amended approved the "Regulation of the metering service on the natural gas transportation network (RMTG)", which defines, with reference to the metering plants pertaining to the perimeter of the natural gas transportation network, the responsibilities and scope of metering and meter reading activities, the minimum and optimal plant requirements, performance and maintenance requirements, and commercial quality levels of the metering activity.

The new regulation places greater responsibility on the owners of the metering plant and those responsible for the reading activity through an articulated system of penalties and compensation aimed at providing an adequate price signal for non-compliance with the required service quality levels and thus stimulate

interventions aimed at upgrading the metering plants, resulting in an improvement in their performance; to this end, the compensation is quantified by referring to the market price of natural gas with a cap - introduced by Resolution 433/2023/R/gas - equal to 30 euro/MWh. This system will take effect from 2024, after the coordination (2022) and first performance monitoring (2023) phases, taking into account, among other things, the potential new features regarding metering plants subject to this regulation (greater than 200 Qero) and the quantification of penalties for metering plants in the ownership of natural gas distribution companies (at the value of Gas Not Accounted - GNC -, currently equal to 6.86 euro/MWh) recently consulted by Snam Rete Gas S.p.A. at the Authority's instigation.

Empowering mechanism applied to natural gas distributors in delta in-out management

Resolution 386/2022/R/gas defined a mechanism for making distribution companies responsible for managing the so-called Delta IO (i.e. the difference between the gas injected into the distribution network measured at the Re.Mi (citygate) cabin and the gas withdrawn at the end-customer's PoR/interconnection points with other networks) aimed at intercepting the most manifest and macroscopic inefficiency situations.

The mechanism is based on the comparison, for each citygate, between the minimum and maximum admissible reference values of the Delta IO calculated for homogeneous groups of plants and the actual Delta

IO value of the specific citygate and on the consequent valorization of the result by means of a reference unit price of gas should the actual value fall outside the "exemption band" determined by the minimum and maximum admissible values; the calculation excludes gas quantities relating to localized losses and fraudulent withdrawals detected and appropriately quantified by the distributors.

The first application will be made in the second part of 2024 with reference to the three-year period 2020-2022 using the outcomes of the multi-year adjustment session of the gas settlement process.

Gas Settlement and incentive mechanism applied to natural gas distributors

Resolution 555/2022/R/gas introduced, among other things, a mechanism managed by the SII and aimed at incentivizing natural gas distributors to rectify, as quickly

as possible, withdrawal data that have not positively passed the consistency check in the balancing or adjustment session carried out on the basis of specific

technical criteria laid down by the SII itself in implementation of the relevant regulatory provisions.

The mechanism provides for a penalty calculated by valorizing the number of sterilizations carried out by the SII by means of a unit amount differentiated according to the gauge of the meter installed on the PoR,

applying to this calculation an allowance equal to one sterilization/PoR. The first application of the mechanism is scheduled for 2024, taking into account the sterilizations carried out in the February and July 2024 adjustment sessions for the years 2020 to 2022 and 2023, respectively, and in the balancing sessions from April to December 2023.

Revenues allowed for the natural gas transport and metering service 2023-2024

Resolution 216/2024/R/gas approved the tariff fees for natural gas transportation and metering activities for 2025 and the corresponding reference revenues, while Resolution 234/2023/R/gas had approved the allowed revenues for 2024.

Under the RTTG 2024-2027 approved by Resolution 139/2023/R/gas, the allowed

revenues may differ from the reference revenues for the calculation of tariff fees as a result of the application of the ROSS (Regulation by Objectives of Spending and Service) criteria specific to this activity, defined by Resolution 497/2023/R/com. In view of this, the Authority has adopted a number of provisions aimed at minimizing these differences.

Value of the RAB of Retragas S.r.l. underlying the reference revenues for the calculation of the 2024 and 2025 tariff fees	2025 tariffs	2024 tariffs
millions of euro		
RAB Transport	57.2	54.4
RAB Metering	1.9	1.4
Total RAB	59.1	55.8

The already approved 2024 and 2025 reference revenues will be affected by the ex post application of the new ROSS tariff logics. In particular, for the purpose of calculating the final admissible revenues, the following will be used instead of estimated data: (i) the actual Fast Money of year t, resulting from dividing the actual total expenditure (opex+capex) of year t with the regulatory capitalization rate

and (ii) the actual Slow Money of year t-1, resulting from dividing the total expenditure (opex+capex) of year t-1 with the regulatory capitalization rate.

The 2025 benchmark revenue will also be affected by the TIWACC update of the WACC effective January 1, 2025.

Pilot projects in the natural gas sector

Resolution 590/2023/R/gas approved the ranking of pilot projects eligible for the incentive provided for by Resolution 404/2022/R/gas, which had allocated a ceiling of 35 million euro to finance experiments in the gas distribution sector lasting up to three years and falling within the following project areas:

- methods and tools for optimized network management (green gas development, reduction of fugitive emissions);
- innovative uses of existing infrastructure (green gas development);
- innovation interventions on the regulated

infrastructures of the natural gas supply chain (increasing energy efficiency, digitalizing networks).

The table shows the 4 pilot projects approved by ARERA for the A2A Group's gas distributors: the total financing obtained exceeds 4.3 million euro, of which 1.3 million euro disbursed in May 2024 by CSEA as an ex-ante advance on the approved financing.

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Project	Company	Project description	Tariff contribution allowed
Smart Grid project: Dynamic pressure management	Unareti	Reduction of fugitive methane emissions by varying the operating pressure of the network according to demand trends, optimizing characteristic parameters	925,328 €
Energy recovery: Macconago turboexpanders	Unareti	Integration with turboexpanders with the rolling lines of the Remi di Macconago cabin, to recover the energy dissipated during gas decompression	1,031,182 €
Reverse flow plant pilot project	LD Reti	The project proposes the construction and operation of a plant for the compression of BioCH ₄ volumes fed into the distribution network and exceeding the consumption of end customers, into the transmission network by exploiting the DSO PoR	621,345 €
RetiPiù Smart Less CO ₂	RetiPiù	Reduction of fugitive emissions from underground pipelines of methane gas distribution systems by their preventive detection using cathodic protection and vibro-acoustic analysis (for PE sections)	1,776,519 €

2024 provisional reference tariffs for the distribution and metering of electricity

Resolution 206/2024/R/eel approved the 2024 provisional reference tariffs for distributors with more than 25,000 POD.

RAB ELECTRICITY value underlying 2024 provisional tariffs	Unareti	LD Reti	RetiPiù	Reti Valtellina Valchiavenna	Total
millions of euro					
RAB Distribution	943	61	26	22	1,052
RAB Measure (BT only, excluding 2G*)	28	1	3	1	33
Total RAB (excluding 2G)	971	62	29	23	1,085

(1) Limited to Unareti, the pro-forma RAB attributable to the 2G smart Meters (whose recognition is by means of a fixed instalment calculated using the so-called French method) can be estimated at approximately 91 million euro.

The 2024 provisional tariffs represent the first application to the electricity distribution and metering sector of the new ROSS (Regulation by Objectives of Spending and Service) tariff method, approved in its common terms also for gas transportation and electricity transmission by Resolution 163/2023/R/eel, subsequently better defined in its general criteria by Resolution 497/2023/R/eel and, lastly, specifically for electricity distribution and metering activities by Resolution 630/2023/R/eel approving the regulatory framework on tariffs (TIT, TIME and TIC) for the period 2024 - 2027.

The new method covers distributors with more than 25,000 POD and overcomes the hybrid approach of rate of return for capital costs and price cap for operating costs. Its main features are: (i) to be focused on the individual legal entity and (ii) on the total annual spending actually incurred (operating costs + investments) as well as (iii) to consider new parameters such as the regulatory capitalization rate and the cost baseline (in the first phase of application only operating cost), both set for a two-year period ex-ante by the Authority for the specific operator.

The regulatory capitalization rate allows the actual total spending to be divided into (i) Slow Money and (ii) Fast Money. Slow Money represents the share of total spending relating to the year's investments considered for tariff purposes and which, therefore, goes to increase

the regulatory invested capital that then, amortized with the regulatory useful lives and revalued with the deflator of gross investments calculated on an annual basis, generates the remuneration share (through application of the WACC, defined by the TIWACC) and the amortization share included in the allowed revenues; the Slow Money share may, potentially, differ from the amount of investments actually recorded in the year. The Fast Money, instead, represents the part of revenues allowed to cover the actual operating costs eligible for regulatory purposes, excluding those that cannot be made efficient (so-called "on top", the subject of full recognition).

Furthermore, in order to incentivize the operator to efficiency, the ROSS method provides for a system so-called "menu regulation" which allows the individual operator to access, for a period with a predefined duration, a low or high potential incentive scheme (SBP and SAP respectively) according to which the operator can retain a higher or lower share (50% or 75% in the 3 years following the first, in which the retention is 100%) of the possible extra-efficiency (or, symmetrically, sustain a higher or lower share of the possible extra-efficiency) resulting from the comparison, on an annual basis, between the actual total spending and the spending baseline defined by the regulator and which, at present, is fully attributed to the Fast Money share. For 2024, the operating spending baseline has been calculated

from the actual spending incurred in 2022 carried forward to 2024 by means of the actual annual inflation 2023 and 2024 (for the latter initially using the best available estimates, while the actual figure will be used at the end of the year); it will subsequently be updated by applying the actual annual inflation and an efficiency rate (X-Factor) of 0 for SBP and 0.5% for SAP.

Lastly, in order to take into account potential source costs not present in the actual operating costs of the year t-2 at the basis of the definition of the operating cost baseline,

a specific parameter called the Z-Factor has been provided for, which can be activated by means of a separate request by the distributor concerned and subject to the approval of the Authority, and which is the subject of subsequent, specific reporting. Unareti S.p.A. submitted this activation request, which is currently being analyzed by the Authority's Offices, which has, however, approved on a transitional basis an increase in the operating cost baseline of an amount equal to 50% of the requested amount.

Technical and commercial quality of electricity distribution activities

Resolution 617/2023/R/eel⁴ approved the new regulation of the technical and commercial quality of the electricity distribution business as set out in the TIQD and TIQC 2024-2027, respectively.

While for the commercial aspects the novelties essentially relate to the updating of the amounts of the automatic indemnities to take account of inflation, the technical regulation envisages numerous novelties aimed at accentuating, consistently with the new ROSS method, the focus of the incentive regulation on the annual performance of the individual operator with respect to its historical track record for the individual territorial areas managed by the same, with an improving impact for the areas in penalties (and specularly, with a worsening impact for the areas in bonus) with respect to the previous method.

The new TIQD also introduces a new incentive mechanism for development interventions on distribution networks carried out by distributors with more than 100,000 POD and, therefore, subject to the preparation of the Development Plan (ref. Resolution 296/2023/R/eel), which incorporates the previous incentive system for interventions to increase resilience. There is a first application phase, which includes investments started as of January 1, 2024 (application by February 28, 2024), and a full application phase that covers investments started between January 1, 2025 and December 31, 2027 (application by June 30, 2026). In both phases, the amount of the incentive will be based on the value of the net benefits from the admitted investments and a cap system⁵ will be applicable. Unareti S.p.A. applied for admission to this mechanism in February 2024.

2G Smart Metering Systems for the metering of low voltage electrical energy and approval of PMS2 by Unareti S.p.A.

Resolution 278/2020/R/eel approved Unareti S.p.A.'s 2G smart metering system (PMS2) commissioning plan. This Plan provides for the replacement of around 1.3 million meters with a massive phase planned for the period 2020-2024 (the Brescia area was completed in 2021 and installation is now concerning the Milan area). The progress of the plan is substantially in line with the forecasts, despite the difficulties

caused, in recent years, by the so-called semiconductor crisis and the consequent impact on the procurement of meters. Following the last reporting of the investments made (year 2022), which amounted to approximately 21 million euro, the application of the planned regulatory mechanisms (IQI Matrix) generated a net penalty of modest amount.

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⁴ Resolution approving the output-based and commercial quality regulations for electricity distribution and metering services, effective January 1, 2024, contained in the new TIQD (technical/technical quality) and TIQC (commercial quality), respectively.

⁵ The cap is set at 13% of the minimum between the expected and actual investment value.

Tariff regulation of withdrawals and injections of reactive energy

As of January 1, 2024, the revision of the regulation relating to reactive energy has been completed, which now provides for, in particular, (i) the elimination of the mere prohibition on the input of reactive energy previously in force and the introduction, in its place, of specific fees to be applied to such inputs, differentiated - like those applicable to withdrawals - by voltage level (HV, MV and Other Uses LV > 16.5 kW) and time slot (F1, F2 and F3), (ii) the broadening of the scope of application also to points of interconnection between distribution networks or between these and the transmission network, and lastly (iii) the simplification of the fee structure, with the definition of a single fee scale applicable to withdrawals of reactive energy (over 33% of active energy) and one for reactive energy injections for the points of end customers and MV and LV interconnections.

With regard to interconnection points falling within the homogeneous areas identified by Terna S.p.A. in coordination with distributors (i.e. areas characterized by the greatest impact of reactive energy exchanges on grid voltages and voltage control costs), specific mechanisms were introduced aimed, on the one hand, at shortening the time it takes to implement the interventions agreed upon between the competent distribution companies and Terna S.p.A., consisting in the application of an increase in the applicable unit fee and in the return of fees paid for reactive energy injections in the 24 months prior to the start of the compensation intervention and, on the other hand, at guaranteeing a good level of performance of the intervention itself, through the cancellation of the fees applicable to injections if the annual availability targets are met.

Instruments to protect distributors' credit: general system charges and network charges

Resolution 119/2022/R/eel established a mechanism in favor of electricity distributors aimed at guaranteeing, under certain conditions, the reinstatement of credits not otherwise recoverable relating to general system charges and network charges. This mechanism also admits credits relating to transport contracts that were not terminated due to the regulatory provisions applicable in cases of corporate crisis and, limited

to network charges, provides for an exemption and a minimum threshold to the recognizable amounts.

Some distributors of the A2A Group participated in the 2024 session of the mechanism and will have to receive from CSEA a total of approximately 0.5 million euro, equal to the net balance of new eligible credits and the amounts already collected from defaulting distribution users and previously recognized under the mechanism.

Activities of ARERA in the regulation and control of the Integrated Water Service (SII)

Approval of the Water Tariff Method for the fourth regulatory period 2024-2029 (MTI-4)

ARERA Resolution 639/2023/R/idr approved the new water tariff method for the period 2024-2029 (MTI-4), confirming the general approach with some novelties:

- extension of the regulatory period to 6 years, as opposed to the 4 years that had characterized the previous methods, with a view to greater stability and certainty;
- definition of "plants whose construction cannot be delayed any longer" in areas where the operator has not yet achieved the necessary economic and industrial capacity to carry out such infrastructure works, and which opens the way for the project finance instrument;
- update of the coverage rate for financial and tax expenses to 6.13% (vs. 4.8%);
- confirmation of the average sector cost for electricity for 2022 (recognized in the 2024 tariffs) of 0.2855 euro/kWh, guaranteeing full cost recovery upon application;

- from 2026 sharing of the savings (equal to 50%) that the operator achieves in electricity procurement compared to an appropriately increased benchmark of 15%. The benchmark is set equal to a portfolio developed from the costs incurred by a sample of Operators and set equal to 70% variable price and 30% fixed price;
- energy and environmental sustainability incentive mechanism to reward the reuse of purified wastewater and the reduction of purchased electricity.

Tariff updates for Group Operators are being prepared. Awaiting the approvals by the competent Area Governing Body (EGA), the Operators are applying provisional tariffs pursuant to Article 8.2(a) of Resolution 639/2023/R/idr with the following increases with respect to 2023:

- A2A Ciclo Idrico S.p.A. - Brescia Area: +0%
- Lereti S.p.A. - Como Area: + 8.45%
- Lereti S.p.A. - Varese Area: +0%

Lereti S.p.A. filed an appeal with the Regional Administrative Court (TAR) against the decision of the Como EGA, which had recognized 15.3 million euro for past items for the two-year period 2010-2011, but had not granted the request for recognition of these items also for the period 2001-2009.

With Sentence no. 1708/2023, the Regional Administrative Court affirmed the right of Lereti S.p.A.:

- a) to the application of the deflator and default interest on 2010-2011 past due items. With Resolution no. 13/2024, the Como EGA approved only the application of interest on arrears at the legal rate from November 2020 until settlement, in the amount of 933 thousand euro. The Company also challenged this measure on the grounds that it did not properly comply with the provisions of the Sentence;
- b) to the economic-financial rebalancing of the cost/revenue differential for the period 2001-2009 upon application to be submitted to the Area Governing Body pursuant to Article 29 of the Agreement regulating the relations between the Area Office and Lereti S.p.A. EGA is currently in the process of determining the economic-financial imbalance for the years 2001-2009.

Transfer of ASVT S.p.A. overdue operations to Acque Bresciane S.r.l. in the Province of Brescia

With Resolution no. 17/2022, the Brescia EGA concluded the preliminary investigation process concerning the determination of the residual value (initial RV) as at December 31, 2021 of ASVT S.p.A. expired operations and transmitted it to ARERA for final approval.

Pursuant to the agreements signed between the parties on April 27, 2023, starting from June 1, 2023, Acque Bresciane S.r.l. took over from ASVT S.p.A. in the management of the service, even if the actual cessation of activities by ASVT S.p.A. will occur on December 31, 2025.

On March 31, 2023, ASVT S.p.A. collected 33.8 million euro equal to 80% of the RV plus 4.5 million euro equal to the value of the other components (payables/receivables) as emerging from the balance sheet as at December 31, 2022.

With Resolution no. 11/ 2024, the Brescia EGA approved the residual value (final RV) updated to May 31, 2023 equal to 74.2 million euro and quantified the adjustment that Acque Bresciane S.r.l. must recognize to ASVT S.p.A., net of the initial RV, equal to 32 million euro. The further adjustments provided for in Article 31(b) of Annex A to Resolution 639/2023/R/idr will be recognized during the MTI-4 tariff update.

In addition, Resolution no. 11/2024 establishes the deferral of the disbursement to ASVT S.p.A. of 10% of the differential between the final RV and the initial RV (equal to 3.2 million euro) as guarantee of the economic compensation between the companies in the event of negative adjustments.

Company	Number expired operations	Initial RV* (millions of euro) at 12/31/2021	Final RV* (millions of euro) at 05/31/2023	Differential (millions of euro)
ASVT S.p.A.	15	42.2	74.2	32

* RV that considers the part related to investments

Transfer of the expired operation of Cernobbio by Lereti S.p.A. to Como Acqua S.p.A.

With Resolution no. 73/2022, the Como EGA concluded the preliminary investigation process concerning the determination of the RV of Cernobbio, quantifying it at 2.4 million euro as of December 31, 2021 and sending it to ARERA for final approval.

Pursuant to the agreement signed between the parties, Como Acqua S.r.l. took over from Lereti S.p.A. in the management of the Cernobbio aqueduct service as from January 1, 2023. Lereti S.p.A. collected the RV on February 28, 2023.

With Resolution no. 17/2024, the Como EGA approved the final RV as of December 31, 2022, quantifying it at 4 million euro, including

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both the portion related to investments and the additional adjustment items provided for in Article 31(b) of Annex A to Resolution 639/2023/R/idr.

Lereti S.p.A., compared to the RV calculated as at December 31, 2021, will have to collect a differential of approximately 1.6 million euro.

Activities of ARERA in the regulation and control of the district heating/cooling sector

Upon conversion into law of DL no. 13 of February 24, 2023 (so-called DL PNRR) an amendment was inserted that modified Article 10(17)(e) of Legislative Decree 102/2014, extending ARERA competences over the district heating sector by introducing cost-reflective regulation of tariffs⁶.

Resolution 638/2023/R/tlr approved the TLR transitional tariff method (MTL-T) for the calendar year 2024 based on the definition of a revenue constraint calculated according to the principle of the avoided cost of a gas boiler (while for non-methanized areas, reference is made to the pellet-fuelled boiler). The reference price is determined by applying the components foreseen by ARERA in the updates of the economic conditions of gas protection to a typical domestic user, with annual consumption equal to 16,700 Sm³, equipped with a G16 class gas meter (including excise and additional reference taxes of the area).

The avoided gas cost methodology was also corrected by including a cap of 10 euro/GJ (about 36 euro/MWh) to the gas price component to be applied to the share of heat produced from sources other than natural gas. Heat generation data for the year 2023 are used to calculate the share of production subject to this cap.

With regard to Group companies, the comparison between actual revenues and the revenue restriction calculated in accordance with the transitional method will be made at the end of 2024, the restriction being calculated on an annual basis and at the level of the individual operator. If the restriction is exceeded, the excess value will have to be returned to the end customers during the year 2025 (in a manner to be defined by ARERA). Finally, it is recalled that the transitional method provides for the application of a safeguard clause that allows operators, in the event that the restriction is exceeded, to limit the return to a maximum of 10% of actual revenues.

The tariff method at regime proposed by ARERA and due to come into force from 2025 is currently the subject of consultation by operators.

Below is a brief summary of the current regulatory framework of the sector:

- with effect from January 1, 2024, Resolution 344/2023/R/tlr (TITT) confirmed the previous transparency provisions. The intervention includes

the minimum contents of supply contracts and billing documents, the methods of publication of the prices charged by operators and other information on service quality and environmental performance.

- With effect from January 1, 2024, Resolution 346/2023/R/tlr (RQTT) confirmed most of the previous provisions on technical quality, introducing a specific standard on interruption management.
- Resolution 478/2020/R/tlr (TIMT) defined the metering regulation for the period January 1, 2022 - December 31, 2024, introducing service obligations and quality standards for the metering of energy supplied to users by defining minimum reading frequencies, obligations for the communication of readings by Operators, obligation to self-read, the definition of calculation methods for estimating and reconstructing consumption and rules for archiving data.
- Resolution 710/2022/R/tlr establishes the minimum requirements for meters and modifies the perimeter of the reading obligations by including remote meters with proximity reading (so-called walk-by) but postpones the completion of this regulation on the basis of a cost-benefit analysis. As part of said analyses, further proposals for action will be considered, including the replacement of existing meters and the introduction of mandatory remote management of utility substations.
- Resolution 537/2020/R/tlr extended also to the district heating sector the system of protections for the handling of complaints and the out-of-court settlement of disputes with end users.
- Annex A of Resolution 463/2021/R/tlr updated for the period January 1, 2022 - December 31, 2025 the regulation regarding connection fees and procedures for exercising the right of withdrawal (TUAR). Annex B to the same Resolution approved the Consolidated Act for the size classification of service operators for the period January 1, 2022 - December 31, 2025 (TUD), defining different obligations based on the size thresholds, which remain unchanged but are determined only by conventional power.
- Resolution 526/2021/R/tlr (RQCT) updated the provisions on commercial quality for the period January 1, 2022 - December 31, 2025, defining standard levels of services provided by Operators

⁶ Legislative Decree 102/2014 transposing Directive 2012/27/EC on energy efficiency had already attributed in Articles 9, 10 and 16 specific powers to the Authority also in the district heating/cooling sector, albeit only on specific non-tariff aspects, including the preparation of measures on connection and disconnection from the networks, right of withdrawal, commercial and technical quality of the service, and the manner in which the operators make public the prices of heat supply. The Authority is also entrusted with the task of implementing the provisions on metering, billing, access to consumer data in order to increase customer awareness and change consumer behaviour.

(including timeframes for simple and complex work estimates/execution, reactivation of the supply in the event of suspension due to arrears, deactivation of the supply requested by the user, reasoned responses to complaints and requests for information, etc.).

- GSE Procedures for the qualification of efficient district heating and cooling systems: during the first half of 2024, the A2A Group qualified 9 networks (8 networks of A2A Calore & Servizi S.r.l., including Brescia, Bergamo and Milan, and the network of Comocalor S.p.A.).

The MiTE Ministerial Decree of June 30, 2022 defined the criteria for the allocation of PNRR resources for the development of efficient district heating and cooling networks (200 million euro). A2A Calore & Servizi S.r.l. was awarded a project relating to the network in Bergamo (3.8 million euro), while Acinque Energy Greenway S.r.l. was awarded resources for the development of the Lecco network (11.9 million euro)⁷.

Opening of an investigation by the AGCM against A2A S.p.A., Comocalor S.p.A. and Acinque Ambiente S.r.l. for alleged abuse of dominant position in the district heating sector (A565)

On June 13, 2023, the AGCM resolved to initiate an investigation procedure against A2A S.p.A. (in its capacity as holding company), Comocalor S.p.A. and Acinque Ambiente S.r.l. for alleged breach of art. 3, par. 1 letter a) of Law 287/90, with particular regard to the abuse of a dominant position in the direct or indirect imposition of particularly onerous heat sale prices in the district heating sector (and above all not related to costs). Concurrently with the start of the investigation, AGCM officials carried out inspections on June 21 at the offices of A2A S.p.A. and Comocalor S.p.A. with the assistance of the Finance Police.

With a measure of November 28, AGCM resolved to subjectively extend the

proceedings and the objections that had arisen also to Acinque S.p.A., as it is responsible for the management and coordination of Comocalor S.p.A. and Acinque Ambiente S.r.l..

A2A S.p.A. was heard by the Investigation Department in December 2023 and, in order to obtain its exclusion from the proceedings, it subsequently filed a memorandum concerning the absence of management and coordination with respect to the companies in the Acinque perimeter (of which Comocalor S.p.A. and Acinque Ambiente S.r.l. are part).

The deadline for the conclusion of the proceeding was extended to November 29, 2024.

Acquisition by A2A S.p.A. of exclusive control of a business unit of E-Distribuzione S.p.A. (C12644)

On May 27, 2024, the AGCM was notified of the transaction whereby A2A S.p.A. acquired of a 90% stake in the share capital - and with it the exclusive control - of a newly incorporated limited liability company wholly owned by E-Distribuzione S.p.A. in favor of which

E-Distribuzione S.p.A. itself had previously transferred the business unit consisting of the set of assets and legal relationships for the exercise of the activity of distributing and metering electricity in the (West-South-East) Milan and Valtrompia districts.

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⁷ Law Decree 181/2023 (Law Decree on Energy Security) provided for the allocation of 96.7 million euro from the state budget to finance the winning projects of the PNRR call for proposals that were challenged by the EU Commission (due to the use of gas in thermal production). Only 14 of the 30 winning projects were deemed eligible by the Commission, while the remaining (including the project of Acinque Energy Greenway S.r.l.) will be financed with this new budget. This led to a scrolling of the initial ranking list with the entry of two more projects by A2A Calore & Servizi S.r.l. (Politecnico di Milano-Bovisa and Santa Giulia).

10

Risks and uncertainties

Risks and uncertainties

The A2A Group has a risk assessment and reporting process which is based on the Enterprise Risk Management method of the Committee of Sponsoring Organizations of the Treadway Commission (CoSO report) and best risk management practice and is in compliance with the Corporate Governance Code by Consob, which states: *"...Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks...."*

The Group has also adopted a specific procedure that defines in detail the roles, responsibilities and methodologies for the Enterprise Risk Management (ERM) process.

This process requires a risk model to be set up that takes account of the Group's characteristics, its multi-business vocation and the sector to which it belongs. This model is subject to periodic revision consistent with the evolution of the Group, and the context in which it operates. The methodology adopted is characterized by the regular identification of the risks to which the Group is exposed. In this context, an assessment process is carried out which, through the involvement of all its structures, allows the Group to identify the most important risks and establish the relative controls and mitigation plans. At this stage, the involvement of risk owners is essential as responsible for the identification, assessment and update of risk scenarios (specific events in which risk can materialize) related to activities of its competence and Focal Points that facilitate the continuous monitoring of risks, guaranteeing a timely flow of information to Risk Management. This phase is carried out with the support and coordination of the Group Risk Management organizational structure through operating methods that allow clearly identifying risks, the related causes and management methods.

The methodology adopted is modular and leverages on the fine-tuning of the experience gained and methods of analysis used: on the one hand, it aims to develop the risk assessment further with specific reference to the consolidation of the mitigation process and on the other to develop and integrate risk management activities in business processes. This evolution is carried out consistent with the gradual increase in the awareness of management and the business structures about risk management issues, achieved among other things through the use of specific training support provided by Group Risk Management.

The ERM process also supports the ISO 9001

certification on Quality, ISO 14001 on Environment and ISO 45001 on Occupational Health and Safety of Group companies.

Set out below is a description of the main risks and uncertainties to which the Group is exposed.

The consequences of the geo-political tensions linked to the crises between Russia and Ukraine and in the Middle East, having possible repercussions on more than one type of risk, are discussed in this opening section.

Achievement of the objectives defined in the business plan

Reference is made to the risks connected with failure to achieve or partial achievement of the development and profitability objectives outlined in the Business Plan, which could have both an economic and financial impact as a result of lower growth in the Group's margins and a reputational impact as a result of failing to meet the expectations of stakeholders with regard to sustainability commitments.

The company Business Plan confirms the ambitious growth targets set in previous years, mainly in terms of the circular economy (e.g. recovery of materials and energy, exploitation of heat otherwise dispersed, etc.) and energy transition (support for growth in renewable energy sources, exploitation of the electricity generation of combined cycle plants, increase in the customer base, support for the electrification of consumption). The main risk factors affecting the various areas of development include: possible critical issues related to authorizations and adverse territorial contexts, the presence of major competitors capable of hindering the achievement of market shares in domestic and foreign markets, uncertainties on the legislative and regulatory evolution related to the deregulation of domestic energy markets, and commercial risks related to the targets defined in the Plan adopted to increase the customer base.

In addition, ongoing geopolitical tensions, with particular reference to the effects on ship traffic in the Suez Canal, could lead to both difficulties in the procurement of certain materials used in the ordinary operation/ maintenance of plants as well as at the construction sites of development initiatives, and a potential increase in prices linked to the increase in ship transport costs (increase in insurance costs and re-routing by shipbuilders) with impacts on materials, equipment, machinery and services.

To support the realization of development initiatives, mainly organizational measures are highlighted, with

corporate structures focused on the analysis of the markets and development areas covered by the Plan, on the management of technical and engineering aspects, on the maintenance of relations based on transparency and collaboration with the territories, bodies and institutions involved, as well as commercial development initiatives that also envisage the use of innovative communication channels and methods. Of note is the recruitment of professionals with strong scientific-technological (STEM) skills. On the procurement front, we operate through careful planning of requirements that takes into account the lengthening of acquisition lead times, the contracting of backup suppliers, the increase of inventories of strategic materials when possible and, for certain product categories, an automatic updating of price lists to ISTAT indices.

To support the path of sustainable growth, ongoing training activities were initiated and focal points have been identified to support the process of increasing integration of sustainability principles in business processes, contribute to the definition of the objectives of the Sustainability Plan, promote and enhance new sustainability projects and encourage the circulation of information on these issues.

Legislative and regulatory risks

The A2A Group operates in sectors that are strongly regulated by the provisions of independent administrative authorities and deals with a multiplicity of stakeholders at various institutional levels. Regulation impacts not only on traditional natural monopoly sectors (such as transport energy infrastructure and the integrated water cycle) but also on free market sectors (in terms of market design and continuous enforcement of consumer protection). Since 2018, the Regulatory Authority for Energy Networks and Environment (ARERA) has taken over the regulation and control competences over the integrated waste cycle and in 2023, also over the setting of heat transfer prices in district heating¹.

Considering the significant contribution of

regulated activities to overall margins, the Group has adopted a policy of monitoring and managing regulatory risk in order to mitigate, as far as possible, its effects through a multi-layered control, which primarily involves collaborative dialogue with institutions (including the most important: ARERA, Autorità Garante della Concorrenza e del Mercato or AGCM, Autorità per le Garanzie nelle Comunicazioni, Autorità di Regolazione dei Trasporti, Ministero dell'Ambiente e della Sicurezza Energetica) and with the sector's technical bodies/entities (Gestore dei Servizi Energetici S.p.A., Gestore dei Mercati Energetici S.p.A., Terna S.p.A. and Snam S.p.A.) as well as active participation in trade associations.

The Regulatory Affairs and Competition organizational structure works in close liaison with the Business Units and implemented constantly updated monitoring and control tools (including the Regulatory Review produced every six months or the Regulatory Agenda drawn up at the time of the Budget/Plan) in order to consider the potential impacts of the regulation on various companies. The organizational structure also oversees regulatory risk for the Acinque and AEB Groups in order to manage its impact in a coordinated manner.

The main topics involved in current changes in regulations and legislation, with major potential effects on the Group, are as follows:

- the rules governing reallocations of large-scale hydroelectric concessions following Law no. 12/2019 which, in article 11-quater, provided for an overall reorganization of the subject, giving the Regions an increasingly important role (for the Lombardy Region, reference is made to the Regional Law no. 5/2020 as amended by subsequent Regional Law no. 19/2021)²;
- the annual renewal of the essentiality regime with reinstatement of costs for the San Filippo del Mela fuel oil power plant, which does not allow a medium-term vision of the site's future;
- the effects of potential delays related to the commissioning of the new Monfalcone CCGT scheduled for 2026. The new CCGT benefits

¹ During the conversion into law of the LD February 24, 2023, no. 13 (PNRR LD), an amendment was inserted that modified art. 10, paragraph 17, letter e), of Legislative Decree no. 102/2014, extending ARERA competences over the district heating sector with the introduction of a cost-reflective regulation of service tariffs: Resolution 638/2023/R/tlr approved the TLR Tariff Methodology, which defines a transitional economic regulation for calendar year 2024, based on a revenue constraint calculated using the avoided cost methodology (gas) for the end customer, while from 2025, the adoption of a full regime method (which should be RAB-based) is envisaged.

² With reference to the Resio (BS) concession, owned by Linea Green S.p.A. (a wholly-owned subsidiary of A2A S.p.A.), the Lombardy Region announced with R.C.R. 1602 of December 18, 2023 the start of the tender procedure, defining the essential elements of the notice to be issued in the following 120 days.

from the capacity market and a number of extensions for possible commissioning delays;

- the termination of the water service concessions and their transfer for consideration to the Single Area Operator (with particular reference in the immediate term to the municipalities that have expired and/or are being managed on a transitional basis by A2A Ciclo Idrico S.p.A. and those close to expiry of Lereti S.p.A. in the Como and Varese areas);
- the certification of energy savings and the consequent issue of White Certificates by Gestore dei Servizi Energetici S.p.A.;
- the impacts on the development of district heating following the recent start of the regulation by ARERA;
- any tenders for the allocation of the vulnerability protection service for electricity customers in this category;
- the possible impacts on the Group's municipal waste treatment plants in Lombardy should they be declared "minimum" - and therefore subject to tariff regulation - by the competent body (Lombardy Region), which must update the recognition every two years;
- the possible inclusion of waste-to-energy plants treating municipal waste in the ETS from 2028 and, potentially, for those treating special waste from the treatment of municipal waste, earlier than said expiry;
- the preliminary investigation procedure A565 initiated by the AGCM on June 13, 2023 against A2A S.p.A. (in its capacity as holding company), Comocalor S.p.A. and Acinque Ambiente S.r.l. for alleged breach of art. 3, par. 1 letter a) of Law 287/90, with particular regard to the abuse of a dominant position in the direct or indirect imposition of particularly onerous heat sale prices in the district heating sector.

Finally, it should be noted that in view of the numerous interventions of the AGCM on the sectors in which the A2A Group operates (in terms of initiating investigations for abuse of a dominant position and agreements, as well as fact-finding investigations, requests for information and moral suasion, particularly on the consumer protection side for alleged unfair commercial practices in the retail sale of electricity and gas, also in view of the completion of deregulation) the Board of Directors of A2A S.p.A. approved in 2019 the adoption of the Antitrust Compliance Program with the consequent appointment of a Person Responsible for its implementation. In 2020, the Antitrust Code of Conduct and an Antitrust Guideline were adopted, which regulates the rules of conduct that Group employees must observe in order to avoid antitrust violations (document available on the company Intranet). In the meantime, training sessions continued for the personnel of the various Business Units, and a specific training tool

was activated and disseminated to all Group personnel on an e-learning platform.

For a more detailed discussion of these risks, reference should be made to the section "Regulatory developments and impacts on the Business Units of the A2A Group".

Financial risks

Liquidity risks

Liquidity risk is the risk that the Group is unable to meet its obligations in a timely manner or that it is able to do so under unfavourable economic conditions due to situations of tension or systemic crisis or to the changed perception of its riskiness by the market. To manage this risk, the Group guarantees the maintenance of adequate financial resources, understood as liquid assets and committed and uncommitted credit lines, sufficient to meet unexpected commitments over a given time horizon. At June 30, 2024, the Group had cash resources equivalents totaling 1,893 million euro, as well as committed and unused credit lines totaling 2,630 million euro.

Liquidity risk management is also pursued by the Group through a Bond Issue Program (Euro Medium Term Note Program) whose size, large enough to allow the Group timely recourse to the capital market, is 7 billion euro. At June 30, 2024, 2,250 million euro was available.

The Group's ability to obtain loans in the banking or financial markets depends, among other things, on prevailing market conditions and the Group's rating at the time of the need for financing.

Risks associated with compliance with debt covenants

This risk exists if the loan agreements provide for the option by the lender, upon the occurrence of certain events, to request early repayment of the loan, thus entailing a potential liquidity risk for the Group. The section "Other Information/Covenants Non-Compliance Risk" of the half-year Financial Report illustrates in detail these risks related to the A2A Group. The same section also lists the loans that contain financial covenants.

Interest rate risks

Interest rate risk is related to the uncertainty associated with the trend in interest rates, changes in which can result in, given a certain amount and composition of debt, an increase in net financial expenses. The exposure to interest rate risk arises mainly from the variability of financing conditions, in the event of taking out new debt, and from the variability of cash flows related to the interest produced by the variable-rate portion of debt. The volatility of financial

expenses associated to the performance of interest rates is therefore monitored and mitigated through a policy of interest rate risk management aimed at identifying a balanced mix of fixed-rate and floating rate loans and the valuation of the use of derivatives (hedging and pre-hedging) that limit the effects of fluctuations in interest rates.

To provide a better understanding of the risks of interest rate fluctuations to which the Group is subjected every six months at December 31 and June 30, a sensitivity analysis was conducted of net financial expenses and valuation items of derivative financial contracts as a result of interest rate fluctuations. The section "Other Information/Interest Rate Risk" of the Half-year Financial Report illustrates the effects on the change in financial charges and in the fair value of derivatives resulting from a change in the forward curve of interest rates of +/- 50 bps.

Risks associated with industrial and business activities

Macroeconomic context risks

The Group's activities are sensitive to economic cycles and general economic conditions in the countries in which it operates. A slowing economy could determine, for example, a drop in consumption and/or of industrial production, having as a result a negative effect on the demand for electricity and of other carriers offered by the Group, thereby affecting the results and prospects and preventing the implementation of planned development strategies.

The first part of the year 2024 saw, at continental level, a relative change in the economic dynamics that characterized the previous year and that were linked to the current complex geopolitical and economic framework: the main economies of the eurozone are resuming moderate growth, also by virtue of a stabilization of energy commodity prices on the European markets, as a result of the effectiveness of the policies of diversification of natural gas supply sources undertaken at the time. The global economy continues, however, to be characterized by a climate of relative uncertainty, which affects both the volatility of commodity prices and supplies in general, and the timing of procurement of materials and equipment, with

possible impacts on manufacturing activities and international trade.

For the years to come, the continuation of tensions related to a possible reduction in gas and oil supplies from countries that have replaced Russia as suppliers, as well as the persistent difficulties in shipping traffic with the potential exacerbation of tensions in the Red Sea, may adversely affect the recovery path of economies, with a particular impact on western economies. The more or less pronounced effects will depend on the intensity and duration of the crisis.

Risks related to commodity and energy prices

Given the features of the sectors in which it operates, the Group is exposed to energy scenario risk, namely the risk linked to changes in the price of energy raw materials (electricity, natural gas), and the prices of CO₂ emissions allowances (EUA). Significant, unexpected and/or structural changes in commodity prices, especially in the medium term, may result in a reduction in the Group's operating margins and cash flows.

To mitigate these risks, the Group has approved an Energy Risk Policy that regulates the procedures by which commodity risk is monitored and managed, or the highest level of variability to which the result is exposed with reference to the trend of prices of energy commodities. Consistent with the provisions of the Policy, the commodity risk limits of the Group are defined and approved annually by the Board of Directors.

Market risk is mitigated by constantly monitoring the total net exposure of the Group's portfolio and addressing the main factors affecting the trend. Appropriate hedging strategies are defined, where necessary, designed to maintain this risk within the established limits, typically through hedging at 36 and 48 months.

The objective of stabilizing the cash flows generated by the asset portfolio and outstanding contracts is thus pursued through the management of physical contracts and derivative financial instruments, limiting to the extent possible, the volatility of the Group's economic and financial results following changes in commodity prices.

Social-environmental context risk

Possible opposition (the so-called “NIMBY - Not In My Back Yard” phenomenon) to the presence of plants promoted by certain stakeholders and amplified through the use of social media, due to a negative perception of certain activities (such as waste recovery and disposal or the installation of photovoltaic and wind farms) in the areas served, could hinder the regular operation of existing plants as well as the authorization process for new plants and therefore, the growth planned by the Group in some business areas.

To mitigate this risk, the Group has set up organizational structures dedicated to monitoring institutional relations, with local communities and the territory, in order to establish and maintain collaborative dialogue with the various stakeholders. Within this framework, the Group, in order to build consensus around its initiatives, participates in technical round tables with institutional counterparts, especially at local level, as well as through the organization of multi-Stakeholder forums designed to promote dialogue with the local community. The forum was established with the aim of identifying solutions that can respond in a targeted and effective manner to the needs and expectations of stakeholders and that allow promoting the environmental, economic and social sustainability activities carried out by the Company and the Group and services provided in the territory.

For the management of this risk, the Group has also adopted an IT platform for stakeholder and relationship mapping, which is useful for carrying out a gap analysis and supporting the planning of Stakeholder Engagement and improvement activities.

Risks related to climate change

The A2A Group has in place a system for identifying, assessing and managing risks related to climate change that is an integral part of the Group's Enterprise Risk Management process and, from this reporting year, takes on greater significance, as required by the new Corporate Sustainability Reporting Directive (CSRD).

Climate risks and opportunities are identified on the basis of three time horizons: short-term, up to one year (corresponding to the budget year), medium-term, from 2 to 5 years, and long-term, from the sixth year of the Plan until 2035. The choice of these horizons was based on the analysis of the climatic, economic, energy and regulatory reference context.

The climate risks identified for the A2A Group are the result of the materiality analysis carried out considering:

- the risk categories outlined in the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD);
- the businesses operated and services offered by the Group;

- climate-related hazards as classified by the EU Taxonomy and delegated acts issued in implementation of the EU Regulation 2020/852 on Green capital expenditures;
- the ESRS E1 Climate Change standard prepared under the Corporate Sustainability Reporting Directive (CSRD).

The Disclosure in accordance with the Recommendations of the TCFD, including the economic-financial assessment, is published in detail in the Integrated Financial Statements.

The Group carries out a systematic assessment of the climate risks it is exposed to by building a database that includes the adaptation and mitigation measures implemented. The knowledge base structured in this way will make it possible to identify the most relevant areas and to conduct future in-depth investigations on forecast climate parameters with a view to further refining their assessment and management.

A qualitative summary of the main risks related to the climate is presented below.

For physical climate risks (both chronic and acute), the A2A Group refers to the European Union's Climate-related Hazards Framework issued as part of the EU Taxonomy of Green Investments (Appendix A of the Delegated Regulation (EU) supplementing Regulation EU 2020/852 of the European Parliament and of the Council). Hazards related to temperature regimes, wind, precipitation and solid masses can generate impacts for Group companies in connection with the reduction or suspension of services and damage to company assets and/or persons.

Chronic climatic risks

The Group's hydroelectric and thermoelectric power production, the continuity of drinking water distribution services provided by the Group, biogas/biomethane productions, as well as sales of gas and heat for heating may be affected by unfavorable variations in the rainfall and temperature regime.

With reference to the hydroelectric sector, reductions in the availability of water resources may occur due to both a possible reduction in the total annual amount of rainfall and a change in its distribution throughout the year, possibly resulting in lower electricity production. Unfavorable winter rainfall patterns and rising temperatures can also impact the availability of high-altitude water resources. Reduced availability of water in hydroelectric can also lead to conflicts between various stakeholders as well as restrictions on the operation of plants.

With regard to the thermoelectric sector, in the event of rising summer temperatures of waterways, canals

or the sea, plant operation may be restricted due to difficulties in adequately cooling the thermoelectric cycle.

With reference to the integrated water cycle, prolonged periods of drought can lead to shortages of water resources for drinking water use, resulting in possible interruptions to the drinking water distribution service in the municipalities served, particularly in mountainous municipalities whose supply sources are most affected by fluctuations in rainfall.

With regard to biomass plants, chronic water shortages resulting from possible changes in the rainfall regime in the short to medium/long term entail risks of reduced availability of biomass from crops.

Sales of gas and heat for heating can be affected by particularly mild temperatures in the autumn and winter seasons.

All these factors can have an unfavorable impact on the Group's production, sales and reputation and, consequently, have negative economic-financial impacts.

Several actions are underway to mitigate these risks:

- to ensure optimum exploitation of water resources available for energy, the Group has established organizational structure dedicated to the development of analyses and engineering models to support the planning, both medium and short-term, of hydroelectric plants; production planning also makes use of the support of weather forecasts and the presence of expert people within the Group; moreover, investments are planned both to optimize the use of the available and derived water resources for hydroelectric purposes (pumping) and to energetically exploit the waters made available to other stakeholders before their release;
- with reference to the reduction of thermal energy demand by end users compared to what was planned, the Group, through the Business Plan, implements the following risk reduction strategies: a) development of district heating networks and increase in the number of customers; b) optimization of energy costs with thermal waste recovery projects and revamping of existing plants. In addition, the Group monitors investment support policies for the development and extension of TLR networks, including in the

area of efficient district heating, carries out studies on technological alternatives for heating, and participates in round tables with local authorities on environmental objectives;

- in order to guarantee, even in the long term, the supply of drinking water on a continuous basis, the A2A Group monitors and maps leaks from the water mains and intervenes with investments to reduce them (see the Aquarius project, installation of sensors - noise loggers - on the Brescia water mains, capable of detecting in real time the "noise" of a leak leaking from a pipe, guaranteeing a high level of operation and maintenance of the water mains, reducing intervention times and excavation and inconvenience to the road network and pedestrians); the Group also has an investment program in place for the interconnection of aqueducts and the search for new water supply sources, including through the use of innovative technologies.

Acute climatic risks

These are risks to Group's assets and business continuity as a result of risks arising from acute physical weather hazards (e.g., floods, landslides, water bombs, tornadoes, etc.) which affect Group and/or third-party plants and infrastructure.

As part of the operating activities of the electricity grids, the issue of continuity of service during periods of violent and concentrated heat waves and/or precipitation, affecting the areas served, generating reputational risks as a result of prolonged interruptions in the provision of the service.

In order to mitigate this risk, in addition to the usual maintenance activities, the Group planned and launched the strengthening of the interventions to rationalize the meshing of the grids, the construction and commissioning of new primary and secondary substations, a three-year plan to increase the resilience of the grid in agreement with ARERA as well as the expansion of remote asset management systems. There are also remote operational controls, advanced technical safety tools, emergency intervention teams as well as specific safeguards for infrastructure, which are more exposed to risks of interruption in the delivery of services. The "Milan heat wave preparation" Working Group was set up, responsible for coordinating the prevention

and management of disruptions and the related communication activities.

Periods of drought, such as the one that occurred in 2022, especially if in conjunction with heat waves, can lead to limitations in the operation of thermal power plants due to the possible lack of sufficient or sufficiently cool water to cool production cycles. Heat waves can lead to a drop in production efficiency for air-cooled plants.

Extreme weather phenomena such as floods and landslides can have a negative impact on the Group's assets (such as canals, distribution networks, dams, plants) as well as on third-party infrastructures necessary for the continuity of the Group's activities (e.g. electricity transmission lines). These factors can result in direct damage to assets and/or indirect damage due to the interruption of production activities. To mitigate this risk, the Group implemented emergency management plans and procedures.

In addition, insurance policies are in place to cover all physical weather risks in the presence of material damage to assets. These policies are extended to all assets of the A2A Group.

Moreover, the design and construction of plants (e.g., wind and photovoltaic) carried out while considering the features of the territory and local climatology (e.g., slope stability, windiness, etc.).

Climate change and health, safety and environment

The Group also takes into account the possible effects of climate change on people as well as the environment and land. Collection and urban hygiene activities, those for network services and at plants and construction sites involve workers being outdoors, who are particularly exposed to heat waves. The Group has identified this risk, which can affect both individual well-being and the risk of injury, and has put in place mitigation measures, such as the choice of light-weight fabrics in tenders for the supply of clothing, and awareness-raising and information to its employees, including through the activation of an alert system in the event of expected sharp rises in temperature.

Acute phenomena such as heavy rainfall and 'water bombs' can lead to flooding in plants and/or overflowing of containment tanks placed to protect any spills, with the risk of potential pollution of the soil or water bodies in the vicinity. To mitigate this risk, the Group modified the capacity of the containment systems in the most critical situations.

Transition risks

Finally, the Group is exposed to the risks associated with the transition to a low-carbon economy, which is expressed through regulatory amendments, technological innovation, changes in consumption

styles and stakeholder expectations. If these factors were not sufficiently taken into account in the definition of the Group's strategic choices, they could lead to economic and financial impacts due, for example, to the depreciation of industrial assets and possible reputation impacts. Changes in the regulatory framework of the Emission Trading Scheme (EUAs) and the possible inclusion of activities currently excluded in the mechanism could have an unfavorable impact on the Group. Uncertainties in the prices of CO₂ emission allowances (EUA) may give rise to unfavorable or favorable impacts on the profitability of power plants.

The Group has reaffirmed its commitment to decarbonization also in the 2024-2035 Plan, confirming its target to reduce the emission factor to 226 gCO₂/kWh by 2030, equal to a 47% reduction in the CO₂ emission factor compared to the 2017 value (425 gCO₂/kWh).

Not only that: with the 2024-2035 Plan, the Group also committed to decarbonizing its supply chain over the Plan horizon, setting a target on the calculation and reduction of scope 3 emissions, according to the following percentages: -5% in 2025, -10% in 2028 and -30% in 2035). The achievement of decarbonization targets is subject to the following main sources of uncertainty:

- possible geopolitical, market or climatic situations that could lead to an increase in the demand for energy from fossil sources, either to meet a possible higher domestic demand for energy or to compensate for any lower production from renewable sources (hydroelectric) and/or any lower imports;
- insufficient technological development, which may not adequately support the replacement of fossil production and/or the removal of carbon ("carbon removal") from processes that are inherently "carbon intensive" (hard-to-abate).

To mitigate these uncertainties, the Group analyzes and evaluates possible investment initiatives in line with the planned decarbonization pathway and carries out experiments and investments in carbon capture.

Operating risks due to the ownership and operation of electricity generation, cogeneration, waste treatment and recovery plants and distribution networks and plants

The Group manages production sites, infrastructure and services that are operationally and technologically complex (power plants, dams, waste recovery, treatment and disposal plants, heat cogeneration plants, electricity, gas and heat distribution networks, waste collection and urban hygiene services, integrated drinking water supply service, etc.). Accidental mechanical and/or electrical failures, infrastructural failures, fires, possible terrorist attacks, and labour unrest could result in damage to

assets and, in the worst cases, compromise the Group's production capacity, as well as the possibility of guaranteeing the continuity of services provided. Added to this, with specific reference to the current context, is the potential difficulty in procuring materials and supplies for routine maintenance of plants and infrastructure.

All these factors can also lead to cost increases, damage to third parties, as well as penalties imposed by the competent authorities.

In order to mitigate these risks, the Group realizes preventive management strategies aimed at reducing the probability of their occurrence and/or mitigating their impact. In addition, the Group has investments in place to ensure constant technological updating and adequate levels of plant maintenance, emergency management plans and procedures and a Crisis Plan that provides for the establishment of interdisciplinary management committees, organized at both Group and Business Unit level and coordinated among them.

The Group takes out insurance cover against any direct and indirect damage which may arise from other types of risk. As part of the insurance contract, inspections are carried out periodically on the plants and measures to improve the safety of assets and loss prevention are recommended/verified.

Information technology and operational technology risks

The A2A Group's activities are managed through IT (Information Technology) and OT (Operational Technology) systems and networks that support the main business processes, whether operational, administrative or commercial. In particular, the Group uses IT systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory, legal and tax requirements. In addition, the Group collects and stores at Data Centers, sensitive data, including intellectual property, business information and personal information of customers, service providers and employees. The functioning of these information and technology systems and networks, as well as the processing and storage capacity of this data in a secure manner, are fundamental to the Group's activities.

The increase in threats to the security of the IT infrastructure, due on the one hand, to the increasingly pervasive use of personal tools following the remoteness of work and on the other, to the increase in the probability of cyber attacks, including "state sponsored" ones, as well as forms of increasingly sophisticated cyber crime, represent a risk to the security of the Group's systems and networks and to the confidentiality, availability and integrity of its data. A security breach could expose the Group, its customers, service providers and employees to risks of misuse of information or systems, compromise and fraudulent use of confidential information, loss of financial resources, data manipulation and destruction as well as operational disruption. All of these factors could adversely affect the Group's reputation, competitive position, business and results; security violations of information systems could also result in litigation, fines and disqualification penalties, as well as operational and other costs.

To mitigate this risk, numerous actions are in place in the Group: outline of internal policies and procedures, issuing of specific policies that provide a cyber security risk analysis and management model integrated with company processes, tools for segregating access to information, progressive adoption of measures aimed at increasing security by requiring additional factors to verify the user (Multi Factor Authentication), procedures relating to the use of mobile devices, assessments concerning the vulnerability of systems and applications, specific software for malware research, specific training activities and tests to increase employee awareness (e.g. phishing e-mail simulations), periodic IT Security risk assessment activities to identify the most critical applications, internal audits focused on the resilience of the systems and effectiveness of the measures taken. In this regard, it is noted that a unified IT/OT treatment program has been defined and agreed upon among the organizational structures in charge of risk management, which monitors ongoing activities together with the mitigation initiatives identified during the year 2023 and which will be implemented in the coming years: thus, the Group's roadmap on cyber resilience has been organically divided into different sites, which in turn accommodate numerous initiatives per area of intervention.

Furthermore, we highlight the continuous improvement of the Security Operations

Center in order to increase the effectiveness of threat monitoring, as well as specific interventions to mitigate emerging risks, also following the consistent use of remote working methods. Lastly, it should be noted that in the course of 2022, the Company achieved ISO 27001 certification, an international standard for information security: with this in mind, the scope of the aforementioned standard will be extended, in order to achieve and standardize, at Group level, operating and management methods in the field of IT security.

Any inadequacies, fragmentations, unavailability and/or malfunctioning of the applications could compromise the Group's ability to operate within the set times and methods. These factors could result in a loss of reputation with customers as well as economic and financial impacts. In order to mitigate this risk, activities are underway to renew and/or replace existing platforms or to rationalize the application systems in use, particularly as regards the Customer Relationship Management and billing platforms supporting commercial activities. The initiatives listed above are aimed at achieving a gradual de-obsolescence of the Group's IT architecture with a view to streamlining operational activities as well as increasing the robustness of processed data against external threats.

There is also the risk of possible relevant and prolonged interruptions to information systems and company infrastructures as a result of potential events (natural or otherwise) affecting them, with potentially even critical consequences on the Group's ability to maintain the continuity of its systems. To mitigate this risk, the Group has finalized its Disaster Recovery (DR) plan, which provides for the recovery of the most critical applications and related enablers within specific time frames, periodic back-up and duplication of data. The DR plan can today count on the presence of two Data Centers (primary and back up), equipped with high levels of security in terms of service continuity; tests are periodically carried out to verify compliance with the continuity requirements of the systems at the two Data Centers, which consist firstly in the ability to restart the systems following their accidental shutdown, and secondly in compliance with recovery times (i.e. "RTO - Recovery Time Objective").

In any case, a strategy (Cloud Transformation) was outlined and undertaken aimed at transferring most of the Group's systems and applications to the cloud over the next few years, in order to make the information systems more usable and resilient. In this perspective, various agreements and MoU were signed with important players in the sector to outline a program for the gradual transfer of corporate applications and the simultaneous abandonment of the current physical Data Centers.

With reference to the Business Continuity Plan, critical processes were identified on the basis of evidence from the Business Impact Analysis and a Business Continuity Management System (SGCO) was arranged. Thanks also to the presence of the Disaster Recovery Plan mentioned above, some Group companies obtained the ISO 22301 (Business Continuity Management) certification. In the coming years, the certification scope will be extended to other Group subsidiaries.

Lastly, there is growing attention to the possible impact of the application of generative artificial intelligence (AI) systems on the businesses operated by the Group; in May 2024, the AI Act was approved at EU level, a first regulation of the subject at EU level that, adopted in all European nations, will impose a series of obligations and constraints on companies and institutions that make use of artificial intelligence in their information systems, in accordance with the degree of risk estimated. The A2A Group has already carried out an initial activity of recognizing and mapping AI applications by risk class, has drawn up and issued a policy on the use of Generative AI in the company which regulates, amongst other things, the control activities for the use of AI and has set up an ad hoc Working Group with the task of defining guidelines and requirements for the governance and management of risk, taking a census and classifying business applications that make use of AI and analysing their risk level in accordance with the AI Act, carrying out training activities, and drawing up the necessary guides for using the new technology.

Health and safety risks

The occurrence of such risks may occur both in the event of accidents or serious or very serious injuries affecting employees and workers of contractors and/or third parties and in the event of occupational illnesses. These risks are related to the Group's activities such as, for example, those related to operational services in the territory and the performance of operating and maintenance processes at the plants.

The occurrence of such risks may lead to the loss of reputation, as well as criminal, civil and/or administrative proceedings for violations of regulations, and/or sanctions, costs for compensation and/or increase in insurance premiums and, in the worst cases, interruption of plant operations, with consequent negative economic and financial impacts for the Group.

In order to mitigate these risks, the Group has set up organizational structures dedicated to the management of Health and Safety aspects at the parent company as well as at the Business Units, the individual companies and the main plants. The Group also maintains Health and Safety Management Systems certified in accordance with ISO 45001 for the parent company A2A and most of its Subsidiaries. The group's

main companies operating in the municipal collection and hygiene sector, which are particularly exposed to the risk of road accidents, are certified according to the ISO 39001 standard on road safety. In addition to specific compulsory training plans for each role and company assignment, Leadership in Health and Safety – LiHS training programs have been implemented and progressively extended also to all Business Units, which envisage at all levels emotional involvement on the issue of security and the dissemination of security culture through leaders identified within the operating areas.

For some Group companies, certification according to the SA8000 Standard has been obtained, which allows the organization to correctly manage and constantly monitor all activities and processes relating to workers' conditions (human rights, development, valorization, training and professional growth of people, health and safety of workers, non-discrimination, employment of minors and young people), with the requirements also extended to suppliers and subcontractors.

Environmental risks

The emergence of such risks may occur as a result of accidents in production processes and of the particular characteristics of the business carried out by the Group, which may lead to reactions by the public opinion about presumed repercussions on the environment and/or on the health of resident populations. These risks are related, for example, to the disposal of production residues, emissions from production processes, the management of waste collection, storage, treatment and disposal activities, water purification, the management of the emptying and maintenance of water reservoirs for electricity production, etc. All these factors can potentially lead to loss of reputation, criminal, civil and administrative proceedings, penalties, environmental reclamation and restoration costs and, in the worst cases, interruption of plant operations with consequent negative economic and financial impacts for the Group.

It is also noted that any amendments to the existing legislation could entail possible sanctions linked to the delayed implementation of the aforementioned changes, incremental and unforeseen costs and investments to ensure compliance with the new requirements

as well as operational and/or profitability impacts on certain industrial activities.

In order to mitigate these risks, the Group, in addition to implementing technical and technological systems for the prevention and reduction of pollution at the various industrial sites in compliance with sector regulations and in accordance with the best available techniques, has set up organizational structures dedicated to the management of environmental aspects at the parent company as well as at the Business Units, individual companies and the main plants. The Group also keeps the Environmental Management Systems certified according to the ISO 14001 standard active for the parent company A2A and for the main companies. For some sites, there are also registrations under the European EMAS Regulation.

With specific reference to the management of the Group's landfills, including those under post-operational management, it should be noted that monitoring of the values of pollutants in the water table is carried out on a regular basis and summary reports are sent to the relevant bodies. There are frequent checks carried out by as well as the execution of internal audits and by external certifiers for the maintenance, among others, of compliance with the UNI EN ISO 14001 standard.

The A2A Group has taken out insurance cover against damage arising from both accidental and gradual pollution in order to cover any residual environmental risk, i.e. against events caused by a sudden and unpredictable fact, and against the environmental damage inherent in continuing operations.

The Group is also active in monitoring the regulations in progress (in particular, a working group has been set up to monitor the regulatory provisions relating to the European Green Deal) and is also present on the technical panels set up by the associations in order to highlight any critical issues related to regulatory developments.

**Certification of the
Half-yearly condensed
financial statements
pursuant to art. 154-bis,
paragraph 5 of Legislative
Decree no. 58/98**

Certification of the Half-yearly condensed financial statements pursuant to art. 154-bis, paragraph 5 of Legislative Decree no. 58/98

1. The undersigned, Renato Mazzoncini, as CEO of A2A S.p.A., and Luca Moroni, as Financial Reporting Manager of A2A S.p.A. also considering the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998, as amended, hereby attest:

- the adequacy in relation to the characteristics of the company and
- the effective application

of administrative and accounting procedures for the preparation of the condensed half-year financial statements in the first half-year of 2024.

2. It is also certified that:

2.1 the condensed half-year financial statements as at 30 June 2024:

- a) have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- b) correspond to the information contained in the accounting ledgers and records;
- c) provide a true and fair representation of the equity, economic and financial situation of the issuer and the whole of the companies included in the scope of consolidation.

2.2 The half-year report on operations includes a reliable analysis of the references to the significant events occurred in the first six months of the year and their incidence on the condensed half-year financial statements, as well as a description of the main risks and uncertainties for the remaining six months of the year. The half-year report on operations also includes a reliable analysis of the information regarding transactions with related parties.

Milan, July 30, 2024

Renato Mazzoncini
(Chief Executive Officer)

Luca Moroni
(Financial Reporting Manager)

**Independent
Auditors'
Report**

Independent Auditors' Report



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Review report on the half-yearly condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
A2A S.p.A.

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in group equity and the consolidated cash flows statement and the related notes of A2A S.p.A. and its subsidiaries (the "A2A Group") as of June 30, 2024. The Directors of A2A S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of A2A Group as of June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 1th, 2024

EY S.p.A.

Signed by: (Enrico Lenzi), Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

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