

A2A, RESULTS AS AT 30 JUNE 2022

A2A, GROWTH IN INVESTMENTS FOR THE ECOLOGICAL TRANSITION AND CIRCULAR ECONOMY CONTINUES IN THE FIRST HALF OF THE YEAR

ECONOMIC AND FINANCIAL INDICATORS HOLD STRONG

THE EVOLUTION OF SUSTAINABLE FINANCE INSTRUMENTS CONTINUES

- **EBITDA at 708 million euro**, up 3% compared to H1 2021 **thanks to the diversification of the Group's businesses**.
- **Net Profit came in at 328 million euro**: down 12 million euro on the first half of 2021 (340 million euro).
- **Revenues** amounted to **9,788 million euro**, up 141.5% year-on-year, mainly due to the increase in energy commodity prices, with a comparable effect on the growth of supply costs.
- **Capex amounted to 463 million euro**, up 12% compared to the same period of the previous year.
- **Net Financial Position stands at 4,587 million euro** (4,113 million euro at 31 December 2021). Net of changes in the scope of consolidation for the period, the NFP increased by 65 million euro, after investments of 463 million euro, dividend payments of 283 million euro and proceeds from the sale of certain real estate assets of 221 million euro.

Energy Transition

A2A consolidates its position among renewable energy operators in Italy and launches its activities abroad: the acquisition of wind and photovoltaic portfolios has been finalised. This transaction comes in addition to the one carried out in the first quarter concerning the acquisition of a platform dealing in renewable energy plants construction, development and management.

- **Further contribution to decarbonisation and flexibility of the Italian electricity system**: A2A was awarded 5.4 GW of capacity, including 1.3 GW of new capacity in the capacity market auction for the delivery year 2024.

Sustainability

- 238 GWh of green energy, produced from photovoltaic and wind sources in the first half of 2022 (+58% compared to the first six months of 2021)
- +25% green energy sold compared to the first half of 2021 (3TWh vs 2.4TWh)

Group's commitment to sustainable finance continues: in the first half of the year, A2A successfully issued two bonds for a total of 1.1 billion euro (a second Sustainability-Linked Bond for 500 million euro and a third Green Bond for 600 million euro).

Following these transactions, the portion of sustainable debt to the Group's total gross debt as at 30 June 2022

reached 55% (31% as at 30 June 2021).

In addition, A2A subscribed to a new 410 million euro Sustainability-Linked revolving credit line linked to the achievement of three objectives in the Social and Governance spheres and purchased a Civil and General Liability insurance solution linked to the achievement of five sustainability targets concerning occupational health and safety.

The Board of Directors of A2A S.p.A. has examined and approved the Half Year Financial Report at 30 June 2022

Milan, 29 July 2022 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Marco Patuano, the Board examined and approved the Half Year Financial Report at 30 June 2022.

*In a scenario strongly characterised by the continuing effects of the geopolitical and economic crisis and the increasingly evident effects of climate change, the diversification of business activities has enabled the Group to confirm its solidity and capacity to react", commented Chief Executive Officer **Renato Mazzoncini** - "In the first half of the year, A2A further increased its investments in strategic infrastructure for the ecological transition in order to overcome the emergency and contribute to the country's energy independence. We confirm our goal of growth in renewables and the circular economy, counting on the potential offered by water, sun, wind and waste, our raw materials".*

The first half of 2022 saw the further exacerbation of continued bullish pressures on the energy commodities market, also fuelled by critical geopolitical scenarios and the worsening drought with a direct impact, among other negative effects, on hydropower production.

Amidst a complex and difficult framework, the A2A Group appropriately managed the effects of this juncture by monitoring commodity risks as well as financial and credit exposure, thus mitigating the impacts that the turbulence in the energy markets could have generated.

In the first half of 2022, the average value of the PUN (Single National Price) Base Load almost quadrupled compared to the same period in 2021 to €249/MWh (€67/MWh in 2021), driven by gas prices at all-time highs and CO₂. In fact, the average cost of gas at the PSV (Virtual Trading Point) in the period under review was €97.8/MWh, up 348% compared to the same period of the previous year, while CO₂ prices averaged €83.7/tonne (€43.8/tonne in the same period of 2021, +91%).

This strongly bullish price dynamic resulted in a turnover for the period of almost 10 billion euro, which more than doubled compared to the first half of the previous year (around 4 billion euro).

The A2A Group has continued to pursue a prudent strategy of stabilising margins and limiting the risk associated with price volatility, with total hedge of fixed-price electricity production and general recourse to advance contracting for both procurement and supplies to wholesale operators and end customers, while at the same time seizing opportunities on the market.

Thanks to this strategy and the diversification of its business, A2A achieved an operating margin that was higher than the previous year, albeit with different results among the Business Units in terms of sign and magnitude.

In the first half of 2022, despite the macroeconomic uncertainties, A2A continued its industrial growth, in line with its long-term strategy focused on energy transition and circular economy, increasing investments compared to the equivalent period of 2021 and concluding important growth transactions by external lines. In particular:

- **Capex for 463 million euro, representing an increase of 50 million euro (+ 12%)** over the first half of last year. In detail, development investments of 287 million euro (+13% compared to the same period of 2021) were made, aimed at recovering energy and materials, improving the quality of distribution networks, upgrading water and sewage networks, developing purification plants, growing wind power and photovoltaic plants, and contributing to the adequacy and safety of the national electricity grid and the digitalization of the Group;
- **M&A transactions for 536 million euro and focused on the energy transition segment.** In the six months under review, the Group accelerated the growth of its RES plants with the acquisition of:
 - two wind and photovoltaic portfolios located in Italy and Spain. As a result of this transaction, A2A's total installed renewable power is now 2.6 GW;
 - Volta Green Energy, a platform dedicated to the construction, development and management of renewable energy plants, with which A2A has acquired a pipeline of wind and photovoltaic projects with an expected installed capacity of around 800 MW. In this regard, it should be noted that contracts were signed by the Group through Volta Green Energy for the construction of a wind power plant in Sicily (Matarocco plant).

The Group also rationalised its gas distribution assets by selling non-strategic ATEMs for an amount of 127 million euro. The value of **M&A transactions net of the sale of non-strategic assets** is therefore **409 million euro**.

The following are the main economic indicators:

<i>Millions of euro</i>	6M 2022	6M 2021	Δ	Δ%
Revenues	9,788	4,053	+5,735	+141.5%
Gross Operating Margin – EBITDA	708	688	+20	+2.9%
Net Operating Income – EBIT	335	356	-21	-5.9%
Group net profit	328	340	-12	-3.5%

In the first half of 2022, the Group's **Revenues** amounted to **9,788 million euro, up 141.5%** compared to the previous year. The growth is mainly related to the trend in the energy scenario and is attributable to:

- approximately 57% to the wholesale energy markets, in particular electricity due to price increases; the contribution related to the growth of sold and intermediated market volumes is residual;
- more than 40% to retail markets mainly due to higher electricity, gas and heat unit prices. This increase is associated with a comparable growth of supply costs.

EBITDA equalled **708 million euro, an increase of 20 million** compared to the first half of 2021 (+3%).

Net of non-recurring items (+5 million in H1 2022, +4 in H1 2021), **Ordinary EBITDA increased by 19 million euro (+3%)**: the significant decline in margins recorded in the Market Business Unit was more than offset by the excellent results of the other businesses, especially the Generation & Trading Business Unit and the Waste Business Unit.

EBIT came in at **335 million euro, down 21 million** on the first half of 2021 (356 million euro). This contraction is attributable to the increase in EBITDA, which was more than offset by:

- the increase in depreciation and amortisation (31 million euro) mainly related to investments made by all BUs in the period July 2021 - June 2022 and the amortisation/depreciation of the assets of the new consolidated companies;
- 10 million euro higher net accruals to the provision for risks and provisions for bad debts, mainly related to the higher credit exposure to customers due to the exceptional increase in turnover, net of releases to excess provisions for risks due to the increase in discount rates.

Group Net Profit amounted to **328 million euro, down 3.5%** compared to the same period of 2021; excluding extraordinary items:

- the current year for a total of 142 million euro related to the capital gain, net of taxation, on the sale of certain assets (property and ATEMs deemed non-strategic disposal) and the impact of DL 21/2022 (the 'Taglia Prezzi Decree Law') and 50/2022 (the 'Aiuti Decree Law');
- the previous year for a total of 138 million euro related to the effects of the statutory - tax realignment of the Group's tangible and intangible assets

Ordinary Group Net Profit came in at **186 million euro**, down 16 million on the first half of 2021. The change is attributable to the decrease in EBIT, partly offset by the decrease in taxes due to lower taxable income.

Consolidated Net Financial Position at 30 June 2022 amounted to **4,587 million euro** (4,113 million euro as at 31 December 2021). Excluding changes in scope that took place during the period under review, of 409 million euro, NFP came to 4,178 million euro, recording net cash absorption of 65 million euro, after investments for 463 million euro, dividend payments for 283 million euro and collections for the sale of certain real estate assets for 221 million euro. This change is mainly attributable to the exceptional increase in trade receivables, particularly in the Market Business Unit, an effect related to the significant increase and volatility of commodity prices.

A2A Group – Results by Business Unit

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

<i>Millions of euro</i>	06.30.2022	06.30.2021	Change	Change %
Generation and Trading	221	150	71	47.3%
Market	8	120	-112	-93.3%
Waste	207	164	43	26.2%
Smart Infrastructure	285	264	21	8.0%
Corporate	-13	-10	-3	30.0%
Total	708	688	20	2.9%

Generation and Trading Business Unit

Revenues amounted to 7,890 million euro, up by 5,512 million euro (+232%) compared to the first half of the previous year. The significant change was mainly caused by the increase in the prices of electricity and gas; the higher volumes sold and intermediated made only a residual contribution.

EBITDA of Generation and Trading Business Unit amounted to 221 million euro, an increase of 71 million euro compared to 30 June 2021 (+47%). Net of the non-recurring items recorded in the two comparison periods (-12 million euro in connection with the 'Sostegni Decree' in H1 2022 and 2 million euro in H1 2021), ordinary EBITDA increased by 85 million euro.

The positive change is mainly attributable to:

- the extraordinary results achieved in the ancillary services market ("MSD"), thanks to the opportunities that emerged as a result of Terna's requests for critical grid conditions in the first half of the year;
- remuneration of the capacity market, thanks to the award of production capacity in auctions held by Terna to ensure the security of the system with resources that are always available;
- excellent performance of the trading portfolio;
- positive effects of the scenario on the industrial electricity portfolio, although considerably mitigated compared to those that the price surge could have produced, by the hedging policies adopted by the Group;
- contribution of photovoltaic and wind power plants (+87 GWh compared to the first half of 2021).

The positive impacts were partly offset by:

- lower hydroelectric production (-766 GWh, -36%), due to the low rainfall in the first half of this year, which led to a major water crisis, one of the most serious in the last 70 years, with negative impacts on hydroelectric generation;
- negative effects of the energy scenario on the gas portfolio.

Capex in the year under review amounted to approximately 63 million euro and included extraordinary maintenance work of more than 21 million euro, of which 12 million euro at thermoelectric plants and 7 million euro at the Group's hydroelectric plants and 1 million euro at the photovoltaic plants.

Development work totalling 41 million euro was also carried out, mainly aimed at contributing to the adequacy and safety of the national electricity system (gas turbine upgrades at the combined-cycle plants in Cassano and Chivasso and endothermic engine projects in Cassano). Finally, investments were made in wind and photovoltaic plants, aimed at accelerating the growth of the Group's renewable sources.

Market Business Unit

The revenues amounted to 3,822 million euro (1,503 million euro at 30 June 2021). The exceptional growth recorded is mainly attributable to higher unit prices for both electricity and gas, and to a very limited extent to higher quantities sold.

Market Business Unit EBITDA amounted to a positive 8 million euro (120 million euro as at 30 June 2021).

Approximately 80% of the reduction, concentrated in the first quarter of the year, is attributable to the decline in unit margins in the energy retail segment, both electricity and gas, due to:

- different distribution over time of the margins of fixed-price contracts compared to the previous year, with the same overall contractual margin, particularly penalising in the first quarter of the year and recovering during the year under review (for contracts with a duration coinciding with the calendar year) or in future years (for contracts providing for supply beyond the current year);

- negative impacts related to end-customer consumption, some of which differ from the contracted profiles, as a result of an extraordinarily high and very volatile price environment;
- imbalance charges, also emphasised by the current year's energy price level.

Operating costs were up from the first six months of the previous year, consistent with the increased commercial activity of the period.

These effects were partly offset by the positive contribution of business development, due to the increase in the number of mass-market customers and in volumes sold to large customers as well as in terms of commercial unit margins, which had a positive trend net of the impacts described above.

In particular, regarding the mass market segment (electricity and gas), points of delivery served in the semester exceeded 3 million units, of which 2 million in the free market, with an increase of around 175 thousand units compared to the end of 2021 thanks to the positive contribution of the commercial development and to the limited churn rate of the period.

In the first half of 2022, the Market Business Unit capex amounted to 31 million euro, involving:

- the energy retail segment with 26 million euro for capitalised 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, and the full-digital NEN start-up;
- the Energy Solution segment with 5 million euro for energy efficiency projects.

Waste Business Unit

In the first half of 2022, the Waste Business Unit recorded revenue of 714 million euro, up 17% compared to the same period in 2021 (612 million euro at 30 June 2021) mainly due to higher revenue from the sale of electricity and heat. Higher revenues from waste disposal and material recovery and the contribution of the companies acquired during 2021 also contributed to the increase.

EBITDA of Waste Business Unit equalled 207 million euro (164 million euro at 30 June 2021), up 43 million euro compared to the previous year.

The municipal waste treatment segment contributed to the excellent result for the period (+44 million euro compared to the first six months of 2021), thanks to:

- a very positive trend in electricity and heat sale prices of waste-to-energy plants due to the current scenario;
- the increase in prices for the conferral of urban waste, although offset by smaller quantities treated;
- the contribution of biomass-fuelled plants, due to both the incremental contribution of Agripower - consolidated from April 2021 - and the effect of the energy scenario.

The industrial waste treatment segment recorded an increase of approximately 1 million euro over the corresponding period of the previous year, mainly due to the larger quantities treated.

On the other hand, the waste collection segment made a negative contribution (-3 million euro), which was mainly penalised by the increase in the cost of fuel consumed by the vehicles used in the period under review and the loss of the concession for waste collection in the municipality of Varese as from 1 January 2022.

Investments for the first half of 2022 amounted to 104 million euro and regarded:

- development work amounting to 78 million euro, of which 39 million euro relating to waste-to-energy plants (in particular 21 million euro for the construction of the new Parona plant and 12 million euro for the flue gas purification line of the Brescia waste-to-energy plant) and 38 million euro to treatment

plants (approximately 28 million euro for the OFMSW plants of Lacchiarella and Cavaglià and 3 million euro for the new sludge plant of Parona);

- 26 million in maintenance work on waste-to-energy plants (13 million euro), treatment plants (8 million euro) and the collection sector (5 million euro).

Smart Infrastructures Business Unit

The Smart Infrastructures Business Unit's revenue for the period amounted to 786 million euro (618 million euro at 30 June 2021, +27%). The change is mainly related to higher revenues from district heating due to unit price dynamics.

EBITDA equalled 285 million euro (264 million euro at 30 June 2021).

Net of non-recurring items (+16 million euro in H1 2022; +4 million euro in -H1 2021), the Ordinary EBITDA of the Business Unit reached 269 million euro, up 9 million euro (+3%) with respect to the first six months of 2021. It should be noted that non-recurring items in the current year include 15 million euro for past tariff items related to the 2010/2011 years of the water cycle of the ACSM AGAM group.

The change in margins is distributed as follows:

- electricity and gas distribution networks (-16 million euro): decrease related to lower revenues allowed for regulatory purposes following the resolutions of the sector authority (ARERA) concerning the remuneration of capital, electricity loss equalisation, lower revenues from connection fees, and higher operating costs (charges for updating the gas fee related to ATEM Milan 1 and energy costs);
- district heating, +23 million euro: mainly due to increased unit margins due to the scenario effect;
- water cycle, -3 million euro: for higher operating costs (reimbursements for water losses and electricity costs);
- public lighting, + 5 million euro: for the adjustment of fees due to increased energy costs and higher revenues from EECs (Energy Efficiency Certificates).

Capex amounted to 241 million euro and regarded:

- in the electricity distribution segment, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary cabins, the extension of remote control, the refurbishment of the medium and low voltage network, the maintenance and upgrading of primary plants and capex in the launch of the 2G smart meter project (91 million euro);
- in the gas distribution subsector, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters (61 million euro);
- in the integrated water cycle sector, maintenance and development work carried out on the water transport and distribution network, as well as works and restoration works on the sewer networks and purification plants (40 million euro);
- district heating and heat management segment: development and maintenance of plants and networks for a total of 34 million euro.
- in the public lighting sector for new projects (8 million euro);
- in the Smart City segment, mainly laying optic fiber, radio frequencies and data centres (5 million euro);
- in the e-mobility sector for the installation of new electric charging stations (2 million euro).

Balance sheet

It is noted that the consolidation scope at 30 June 2022 changed compared to 31 December 2021 for to the following operations:

- the acquisition by A2A Rinnovabili S.p.A. of 100% of Volta Green Energy S.r.l. and 60% of R2R S.r.l., companies operating in the photovoltaic and wind power sectors, resulting in the line-by-line consolidation of seven companies;
- sale of the shareholding in Seasm S.r.l., previously consolidated on a line-by-line basis;
- the acquisition by A2A Rinnovabili S.p.A. of 100% of 4New S.r.l. and 3 New & Partners S.r.l., companies operating in the photovoltaic and wind power sectors, resulting in the line-by-line consolidation of eleven companies and the consolidation at equity of one company. A2A Rinnovabili S.p.A. also acquired directly and consolidated at equity Daunia Calvello S.r.l. and Daunia Serracapriola S.r.l.

Millions of euro

	06.30.2022	12.31.2021	Change
CAPITAL EMPLOYED			
Net fixed assets	8,713	8,026	687
- Tangible assets	5,769	5,588	181
- Intangible assets	3,265	3,125	140
- Shareholdings and other non-current financial assets (*)	316	73	243
- Other non-current assets/liabilities (*)	(75)	(93)	18
- Deferred tax assets/liabilities	381	424	(43)
- Provisions for risks, charges and liabilities for landfills	(703)	(797)	94
- Employee benefits	(240)	(294)	54
<i>of which with counter-entry to equity</i>	<i>(158)</i>	<i>(134)</i>	
Net Working Capital and Other current assets/liabilities	369	243	126
Net Working Capital:	493	601	(108)
- Inventories	432	204	228
- Trade receivables	3,390	3,291	99
- Trade payables	(3,329)	(2,894)	(435)
Other current assets/liabilities:	(124)	(358)	234
- Other current assets/liabilities (*)	25	(405)	430
- Current tax assets/tax liabilities	(149)	47	(196)
<i>of which with counter-entry to equity</i>	<i>195</i>	<i>55</i>	
Assets/liabilities held for sale (*)	-	147	(147)
<i>of which with counter-entry to equity</i>	<i>-</i>	<i>-</i>	
TOTAL CAPITAL EMPLOYED	9,082	8,416	666
SOURCES OF FUNDS			
Shareholders' equity	4,495	4,303	192
Total financial position after one year	5,696	4,309	1,387
Total financial position within one year	(1,109)	(196)	(913)
Total Net Financial Position	4,587	4,113	474
<i>of which with counter-entry to equity</i>	<i>(6)</i>	<i>20</i>	
TOTAL SOURCES	9,082	8,416	666

(*) Excluding balances included in the Net Financial Position

Net Fixed Assets

The “**Net fixed assets**” amounted to 8,713 million euro, up 687 million euro compared to 31 December 2021.

Changes are detailed below:

- Tangible assets increased by 181 million euro due to:
 - investments made for 304 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 151 million euro, to the development and maintenance of electricity distribution plants, the expansion and reconstruction of the medium and low voltage network, and the installation of new electronic meters for 93 million euro, the development of district heating networks for 30 million euro, the purchase of movable means to collect waste and other equipment for 9 million euro, investments focussed on developing the energy efficiency plan for 5 million euro, interventions on the optic fibre and gas transport network for 3 million euro, for the plan to increase efficiency with new LED light sources for 5 million euro; investments on the network of electric vehicle charging stations for 1 million euro and interventions on buildings for 7 million euro;
 - first-time consolidation of period acquisitions, accounting for a 155 million euro increase;
 - a net decrease for other changes of 35 million euro due to decreases in the provision for decommissioning and landfill closure and post-closure expenses of 57 million euro, increases in usage rights in accordance with IFRS16 of 23 million euro, and other decreases of 1 million euro;
 - decrease of 1 million euro arising from disposals in the period, net of accumulated depreciation;
 - a decrease of 242 million euro for the depreciation charge for the period;

- Intangible assets increased by 140 million euro on 31 December 2021, due to:
 - capex for 159 million euro related to the implementation of computer systems for 56 million euro, development and maintenance work in gas distribution plants and the replacement of medium and low-pressure underground pipes for 52 million euro; works on the water transport and distribution network, sewers and purification plants for 36 million euro; new acquisitions and maintenance of the customer portfolio for 12 million euro and other residual investments for 3 million euro;
 - first-time consolidation of period acquisitions, accounting for a 108 million euro increase;
 - a net decrease of 17 million euro for other changes, due to the decrease in environmental certificates of the industrial portfolio for 14 million euro, as well as the reclassification to assets held for sale of certain assets related to gas distribution networks considered non-strategic for the Group for 3 million euro, the sale of which was completed during the second quarter;
 - decrease of 1 million euro arising from disposals in the period, net of accumulated depreciation;
 - decrease of 109 million euro for the depreciation charge for the period.

- Shareholdings and other non-current financial assets, at 316 million euro, up by 243 million euro compared to 31 December 2021; The change is mainly due to the effects of the first consolidation of period acquisitions, amounting 235 million euro, for the acquisition of the 100% of the shareholding in 3 New & Partner S.r.l. which hold 50% of the shareholding in Daunia Wind S.r.l. and the acquisitions of 74.5% of Daunia Calvello S.r.l. and 65% of Daunia Serracapriola S.r.l. (of which 49% and 30% directly owned by A2A Rinnovabili S.p.A. and the remaining stake through Daunia Wind. These entities are not consolidated on a line-by-line basis considering that the principle of control shall not apply according to IFRS 10).. Other changes include increases in equity-investments in the amount of 4 million euro,

increases of 2 million euro for investments in innovative start-ups through Corporate Venture Capital projects, and 1 million euro for the payment to the Court of Taranto, following the request to deposit in a specific account, the residual amounts seized as part of the proceedings ongoing against the subsidiary Linea Ambiente S.r.l. The first-time consolidation effects of the period amounted to 1 million euro;

- other non-current assets and liabilities show a net increase of 26 million euro, net of the effects of first-time consolidation for the period of 8 million euro, due to higher receivables from the tax authorities for building bonus tax benefits due after one year in the amount of 13 million euro, higher receivables in the amount of 12 million euro for the recognition of prior-period items related to water service revenues, and other decreases in non-current assets in the amount of 1 million euro;
- deferred tax assets amounted to 381 million euro (424 million euro at 31 December 2021) and showed a net decrease of 43 million euro as a result of the change in cash flow hedge reserves and reserves arising from the application of IAS 19, partially offset by the effects of the first-time consolidation of 19 million euro;
- At 30 June 2022, provision for risks, charges and liabilities for landfills amounted to 703 million euro and showed a decrease of 94 million euro. The movement for the period is due to utilisations for the period of 20 million euro: 10 million euro related to the incurring of decommissioning and landfill costs for 10 million and the settlement of certain disputes; other decreases and releases of 97 million euro due mainly to an increase in the discount rates used to estimate future decommissioning and remediation costs. In addition, provisions for the period totalled 22 million euro and the contribution of the first-time consolidation amounted to 1 million euro;
- Employee benefits decreased by 54 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

“**Net Working Capital**”, defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to 493 million euro, down by 108 million euro compared to 31 December 2021. Comments on the main items are given below:

Inventories

<i>Millions of euro</i>	Balance at 12.31.2021	First-time consolidation	Changes during the period	Balance at 06.30.2022
- Materials	96		8	104
- Material obsolescence provision	(22)		(1)	(23)
- Fuel	122		195	317
- Others	8		(2)	6
Raw and ancillary materials and consumables	204	-	200	404
Third-party fuel	-		28	28
Total inventory	204	-	228	432

“Inventories” amounted to 432 million euro (204 million euro at 31 December 2021), net of the related obsolescence provision for 23 million euro, up 228 million euro compared to 31 December 2021. The increase is attributable to higher inventories of fuels for electricity generation and gas inventories for sales and storage activities of 195 million euro as a result of higher market prices, higher coal inventories with third parties of 28 million euro, and an increase in material inventories of 7 million euro.

Trade receivables

<i>Millions of euro</i>	Balance at 12.31.2021	First-time consolidation	Changes during the period	Balance at 06.30.2022
Trade receivables – invoices issued	1,124	8	144	1,276
Trade receivables – invoices to be issued	2,300	3	(19)	2,284
Bad debts provision	(133)		(37)	(170)
Total trade receivables	3,291	11	88	3,390

At 30 June 2022, 'Trade receivables' amounted to 3,390 million euro (3,291 million euro at 31 December 2021), an increase, net of the effects of first-time consolidation, of 88 million euro, mainly attributable to the increase in electricity and gas sales tariffs that occurred during the first half of the year, which in turn was caused by the increase in commodity prices and the instalments granted to electricity, gas and district heating customers, which more than offset the reduction due to seasonality.

The Bad debt provision of 170 million euro increased by a net 37 million euro with respect to 31 December 2021, due to net provisions for 45 million euro and period uses for 8 million euro.

Trade receivables ageing is detailed here below:

<i>Millions of euro</i>	06/30/2022	12/30/2021
Trade receivables of which:	3,390	3,291
Current	844	840
Past due of which:	432	284
<i>Past due up to 30 days</i>	<i>100</i>	<i>90</i>
<i>Past due from 31 to 180 days</i>	<i>202</i>	<i>69</i>
<i>Past due from 181 to 365 days</i>	<i>39</i>	<i>32</i>
<i>Past due over 365 days</i>	<i>91</i>	<i>93</i>
Invoices to be issued	2,284	2,300
Bad debts provision	(170)	(133)

Trade payables

<i>Millions of euro</i>	Balance at 12.31.2021	First-time consolidation	Changes during the period	Balance at 06.30.2022
Advances	8	-	(5)	3
Payables to suppliers	2,886	6	434	3,326
Total trade payables	2.894	6	429	3,329

"Trade payables" amounted to 3,329 million euro and compared to the closing of the previous year, represent an increase of 429 million euro, excluding the first-time consolidation effects of the period for 6 million euro. This change is mainly attributable to the rising dynamics of commodity market prices.

"**Other current assets/liabilities**" evidenced a net decrease of 234 million euro on 31 December 2021. This change is due to:

- net increase in receivables from Cassa per i Servizi Energetici e Ambientali for 97 million euro;
- net increase of 235 million euro in derivative assets, reflecting a change in fair value at the end of the period and in the quantities hedged;
- increase in receivables for security deposits for 16 million euro;
- increase in receivables for works to upgrade and improve energy efficiency in condominiums and third parties, for which tax benefits will be available under the building bonus scheme for 23 million euro;
- decrease of 102 million euro in payables due to early collection of electricity and gas futures contracts, which will take place in the following period;
- increase in deferred expenses of 61 million euro;
- decrease in payables to personnel for 13 million euro;
- net increase in current tax payables for 196 million euro;
- 112 million euro net increase in tax payables for VAT, excise duties and other indirect taxes;
- increase in other current liabilities for 5 million euro.

"**Assets/liabilities held for sale**" were nil as a result of the sale of the three buildings located in Milan (classified under this item at 31 December 2021 for a net value of 45 million euro) in February and the sale, on 1 April, of the assets related to ATEMs considered non-strategic for the Group concerning gas distribution (classified under this item at 31 December 2021 for a net value of 102 million euro);

Consolidated "**Capital Employed**" " at 30 June 2022 amounted to 9,082 million euro and was financed by Equity for 4,495 million euro and the Net Financial Position for 4,587 million euro.

"**Equity**" amounted to 4,495 million euro and shows a positive change for a total of 192 million euro. The positive change was partly due to the period result for 355 million euro (328 million euro pertaining to the Group and 27 million euro to minorities), offset by dividends declared for 302 million euro (of which 283 million euro already distributed by the parent company A2A S.p.A.). There was also a positive valuation of cash flow hedge derivatives for 115 million euro and IAS 19 reserves for 27 million euro and other reductions for 3 million euro.

Financial position

Net free cash flow	06.30.2022	06.30.2021
EBITDA	708	688
Changes in Net Working Capital	108	103
Changes in Other assets/liabilities	(290)	111
Utilization of provisions, net taxes and net financial charges	(66)	(77)
FFO	460	825
Investments	(463)	(413)
Property disposals	221	-
Dividends	(283)	(248)
Net free cash flow	(65)	164
Change in scope	(409)	(406)
Application of ESMA Directive		(31)
Change in Net Financial Position	(474)	(273)

Net Financial Position at 30 June 2022 amounted to 4,587 million euro (4,113 million euro as at 31 December 2021).

The gross debt amounted to 6,204 million euro, up by 1,105 million euro compared to 31 December 2021.

Cash and cash equivalents amounted to 1,571 million euro, up by 607 million euro.

The other net financial assets/liabilities showed a positive balance of 46 million euro with a net decrease of 23 million euro as compared with 31 December 2021.

The fixed rate and hedged portion of the gross debt amounted to 77%. The duration is 5.9 years.

During the period, net cash absorption amounted to 65 million euro, after capital expenditure of 463 million euro, dividends of 283 million euro and proceeds from the sale of real estate of 221 million euro, plus perimeter changes during the period of 409 million euro.

Regarding net cash flow absorption:

- Net Working Capital, calculated as the sum of trade receivables, trade payables and inventories, generated an improvement of 108 million euro in the Net Financial Position due to the increase of 435 million euro in trade receivables, partly offset by the increase in inventories for 228 million euro and, finally, the increase in trade receivables for 99 million euro.

The Group occasionally performs non-recourse credit assignments. As at 30 June 2022, there were no receivables transferred by the Group. The Group has no revolving factoring programs.

- the negative change of 290 million euro in Other assets/liabilities mainly refers to the reduction in payables related to advance receipts of electricity and gas futures contracts whose economic manifestation will occur in the following period, the increase in receivables for energy requalification and efficiency works at condominiums and third parties, for which they will benefit from tax benefits provided by building bonuses, the increase in receivables for tariff items related to the integrated water service, and the increase in the net fair value of commodity derivatives with a balancing entry in the income statement.
- payment of net financial charges, taxes and provisions absorbed cash for 66 million euro, while period capex, partly offset by the sale of real estate for 221 million euro, absorbed 463 million euro and dividend payment of 283 million euro.

Impacts of the Russia-Ukraine conflict

The ongoing conflict between Russia and Ukraine has exacerbated an energy market crisis that had already been ongoing since 2021, linked to the post-pandemic recovery and the severe shortage of raw materials, leading to a further increase in energy commodity prices and their volatility. In addition to the direct impacts on the production and sale of electricity and gas, such a price increase has led to a general increase in inflation with particular reference to the prices of oil derivatives and foodstuffs, as well as tensions on financial markets, on the solvency of certain counterparts and the security of the IT infrastructure to address a possible increase in cyber-attacks.

The average value of the PUN Base Load in H1 2022 in fact shows an increase of +271.6% compared to H1 2021, reaching € 249/MWh. The dynamic is mainly driven by a significant rise in gas costs exacerbated by the conflict. The PUN in January 2022 stood at €225/MWh, peaked at €308/MWh in March, dropped slightly in the following months, and then rose again in June to €271/MWh.

As far as gas prices are concerned, the upward trend of the average price of gas at the PSV continues, which, after peaking in March at €127/MWh, and a fall back in April and May, rose again in June to €103/MWh. Specifically, the average price of gas to the PSV for the first half of 2022 amounted to 98 €/MWh, up 348.4% compared to the first half of 2021.

In addition, recent government measures have introduced extraordinary contributions on the economic performance of energy companies (e.g. 'SostegniTer', 'Taglia Prezzi' Decree Law, "Aiuti" Decree Law) allocating them, in particular, to the financing of measures to protect national companies and households. This context is constantly evolving, with impacts on the A2A Group's margins as well, and further levies cannot be ruled out during 2022.

Economic Impacts in Business Units

The extraordinary increase in energy prices had a positive impact on the margins of the industrial and trading portfolios of the Generation BU, contributed to the increase in the margins of the Waste BU in relation to the sale of electricity and heat from waste-to-energy plants, and of the Smart Infrastructures BU in the Heat segment. On the other hand, volatility and rising prices contributed negatively to the Market BU's margins, both for gas and electricity segments, and to the Generation BU's gas portfolio. In addition to this, there are indirect impacts and, essentially, related to the potential reduction in GDP and the rise in inflation.

Risks and uncertainties related to commodities and scenario developments

The A2A Group, as part of its industrial activity of generating energy carriers and marketing them on a wholesale basis, is managing the growing volatility of the price of gas both by monitoring the limits of exposure to commodity risk and by optimising its buying and selling strategies. The Group pursues a prudent hedging policy and at 30 June the hedge ratio for the remaining six months was 81% for fixed-price production (Renewables and WtE) and 51% for CCGT thermoelectric production. It should also be noted that the Group, in its procurement activities, mainly operates on platforms.

Should the national supply situation become critical and an emergency be declared, which is the highest level of crisis foreseen, in line with national emergency procedures, network operators could determine the interruption of gas and energy supply to specific industrial entities with certain characteristics, addressing interruptible customers first. Extraordinary measures would also be triggered, ranging from the use of strategic storage to new temperature thresholds. Supply rationing would, however, have a strong impact on the system, on the one hand aggravating the already critical situation of rising energy prices and on the other hand risking the loss of the contribution of programmable thermoelectric generation needed to meet demand at times when other sources, such as renewables, are not sufficient to do so.

A2A has, however, equipped itself with gas storage space, which it is promptly filling (currently 435 Mm³, about 70% of the space) in order to hold forms of flexibility to reduce the impact of any stress on gas imports into Italy and guarantee winter supplies to users.

A2A's gas portfolio is currently balanced: gas volumes used by thermoelectric power plants that have not already been purchased in advance by hedging the spark spread are purchased daily on the market. The remaining part of the year is expected to require the purchase of approximately 1,423 Mm³ (with reference to both thermoelectric power plants and energy retail customers), with no assumption of a forced reduction in consumption.

Should there not be sufficient liquidity on the market to buy gas on a daily basis, recourse would have to be made to the balancing market operated by the GME and/or in some cases, failing to fully cover requirements, to the Unbalancing market.

The expected effects of this situation are mainly of a financial nature as they would lead to an increase in the guarantees to be provided to Snam and GME.

The stipulated contracts do not provide for a *force majeure* clause on the part of suppliers in the event of an interruption of Russian supplies, but the possibility that parties in difficulty, today considered reliable both financially and in terms of assets, might not make the planned deliveries is not excluded. In such an event, A2A would find itself buying more volumes every day on the balancing market, with the need to pay further attention to the financial resources required to meet the payments and the consequent request to increase the related guarantees.

The Group has initiated joint analyses with the electricity grid operator to define possible ways to maximise electricity production from fuels other than natural gas.

Impact on Net Working Capital

With reference to the solvency of certain counterparties, the increase in commodity prices determines - as noted in the first six months of 2022 - an increase in credit exposures to customers (even assuming constant volumes): prudently and consistently with this increase, the provision for bad debts was adjusted by 45 million euro. Credit risk is managed by means of a Credit Policy with the aim of managing counterparty risk by means of preliminary checks, requests for collateral, waivers, as well as managing payment terms, interest and repayment plans.

As at 30 June 2022, for example, A2A Energia showed an increase in corporate credit of 97% compared to the same month of 2021 strongly influenced by the increase in issued credit (+92% compared to June 2021).

This increased exposure generates a higher risk due to both the possible default of more energy-intensive counterparties and payment delays. It should be noted, however, that it is mainly overdue credit (59%) that is increasing, while the increase in overdue credit (41%) is more limited, which can also be attributed to the increase in instalment requests, which in terms of amount have reached values five times higher than in 2021 and seven times higher than in the pre-pandemic period.

At the end of the first half of 2022, 91% of the still open credit subject to instalment was related to contracts with active supplies.

Impacts on the Net Financial Position

The Net Financial Position felt the effects of the crisis in the energy markets: the increase in commodity prices combined with higher demand for instalment plans from customers led to a higher cash absorption. This growth was calmed by proactive management. To date, no significant deterioration related to the increase in credit delinquency has been reported.

In particular, at a Group level, of the overall change in the Net Financial Position of 474 million euro, about 269 million euro of cash absorption was deemed to be temporary as it was essentially due to: i) government measures for 130 million euro (instalment payments granted to customers of electricity and gas sales companies or district heating companies) and ii) the increase in the reference scenario for 139 million euro.

As regards possible tension on the financial markets, it should be noted that the Group's solid liquidity position, also supported by committed and uncommitted back-up lines (at 30 June 2022 equal to 2.1 billion euro), is allowing managing positions on the commodities market as well as any temporary increases in working capital due to price increases and instalment plans granted to customers. During the first half of the year, which was characterised by a complex and volatile market environment, A2A successfully issued two bonds for a total of 1.1 billion euro, thus anticipating the funding needs of the coming months. In addition, medium-term bilateral credit lines were signed, as well as a 410 million euro revolving credit line for back-up purposes, all confirming the Group's ability to access capital and banking markets.

Other Information

With reference to the generalised increase in inflation, the A2A Group is experiencing cost increases in the performance of operating activities (for example, the cost of asphalt in excavation activities rather than the generalised cost of transporting waste to destination plants, the cost of reagents in waste treatment processes) and difficulties in obtaining certain materials within the ordinary time frame. In order to cope with this situation, automatic price list adjustments are being made where possible, stocks of materials that are more difficult to obtain are being increased and the supplier portfolio is being expanded. In addition to these measures, the A2A Group, also in relation to the increased difficulties in finding materials, revised the timing of planned investments.

Exposure to cyber attacks

In relation to the high level of alertness for cyber attacks, the Group activated a channel with the top management of National Security to exchange information, accelerating the programme to secure endpoints with advanced malware protection tools; an analysis of the main hacker attack techniques was also conducted and an IT Security assessment was carried out to determine the degree of vulnerability of A2A's services; this activity, which was completed in March, led to the preparation of a detailed technical report and the identification of specific actions to strengthen IT security levels, which were taken up by Information Technology and A2A Smartcity.

Impacts on strategy

Finally, as far as future impacts are concerned, there are no significant changes with respect to the growth strategy outlined in the 2021-2030 Strategic Plan, although the Group is monitoring the profitability and cost-effectiveness of planned investments in light of recent changes in the scenario, confirming its commitment to maintaining its current rating.

Business outlook

After the health emergency of 2020 and 2021, both the geopolitical tensions following the Russia-Ukraine conflict and the recent news about the reduction of gas flows from Russia and the exceptionally low hydraulicity are affecting the macroeconomic environment, leading to significant effects on the energy scenario. The escalation and prolongation of hostilities have accentuated the volatility of commodity prices, especially energy prices, leading to strong inflationary pressures with repercussions on household and corporate spending. Finally, government actions aimed at containing prices for end consumers or offering financial support have impacted on companies operating in the electricity and gas sales sector.

The financial results in the first half of the year showed good resilience of the Group: growing EBITDA thanks to strong business diversification and solid financial structure, despite generalised tensions.

The Group confirms the expectations set out in past announcements (presentation of the 2021-2030 Strategic Plan on 27 January 2022 and presentation of the quarterly results on 12 May 2022): EBITDA is expected in a range between 1.40 and 1.45 billion euro, and Group Net Profit, net of non-recurring items is expected between 330 and 370 million euro.

A2A constantly monitors the evolution of events, the macroeconomic context and the related impacts on margins and cash flows and, as it has done in other crisis situations (for example in the case of the recent COVID-19 pandemic), identifies possible mitigation actions aimed at greater protection of the economic and financial situation. In this sense, to date approximately 81% of fixed-price production (Renewables and WTE), and 51% of thermoelectric production (CCGT) have been covered for the next six months of the year, thus reducing the possible negative effects of a fall in prices.

The Group can also rely on a solid liquidity position to cope with further volatility in the commodities market in addition to temporary and reabsorbable increases in working capital due to price growth and instalment plans granted to customers.

Alternative performance indicators

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

- **EBITDA (Gross Operating Margin):** an alternative indicator of operating *performance*, calculated as the sum of "Net operating income" plus "Depreciation, amortisation, provisions and impairment".
- **Ordinary EBITDA:** an alternative indicator of operating performance, calculated as the gross operating margin described above net of items, both positive and negative, arising from transactions or operations that have characteristics of non-repeatability in future years (e.g. adjustments relating to past years; costs for extraordinary mobility plans, etc.);
- **"Ordinary" Net Result (Ordinary Net Profit)** is an alternative measure of performance, calculated by excluding from the Group's net result the items deriving from non-recurring transactions (net of related items) and the write-down of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects);
- **Net financial position** is an indicator of one's financial structure. This indicator is determined as the result of current and non-current financial payables, the non-current portion of trade payables and other non-interest-bearing payables that have a significant implicit financing component (payables due over 12 months); net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments);
- **Capex:** alternative indicator of performance used by the A2A Group as a financial target within the scope of intra-Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.
- **M&A:** alternative indicator of performance used by the A2A Group to represent the overall impact at capital level of growth operations by external line.

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

The A2A Group's financial schedules, extracted from the Half Year Report at 30 June 2022, which is subject to audit, are attached.

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CONSOLIDATED BALANCE SHEET	06.30.2022	12.31.2021
(millions of euro)		
ASSETS		
<u>NON-CURRENT ASSETS</u>		
Tangible assets	5,769	5,588
Intangible assets	3,265	3,125
Shareholdings carried according to equity method	272	33
Other non-current financial assets	71	64
Deferred tax assets	381	424
Other non-current assets	72	25
TOTAL NON-CURRENT ASSETS	9,830	9,259
<u>CURRENT ASSETS</u>		
Inventories	432	204
Trade receivables	3,390	3,291
Other current assets	7,987	4,051
Current financial assets	12	9
Current tax assets	29	68
Cash and cash equivalents	1,571	964
TOTAL CURRENT ASSETS	13,421	8,587
NON-CURRENT ASSETS HELD FOR SALE	-	162
TOTAL ASSETS	23,251	18,008
EQUITY AND LIABILITIES		
<u>EQUITY</u>		
Share capital	1,629	1,629
Reserves	1,990	1,627
Result of the year	-	504
Result of the period	328	-
Equity pertaining to the Group	3,947	3,760
Minority interests	548	543
Total equity	4,495	4,303
<u>LIABILITIES</u>		
<u>NON-CURRENT LIABILITIES</u>		
Non-current financial liabilities	5,730	4,322
Employee benefits	240	294
Provisions for risks, charges and liabilities for landfills	703	797
Other non-current liabilities	140	129
Total non-current liabilities	6,813	5,542
<u>CURRENT LIABILITIES</u>		
Trade payables	3,329	2,894
Other current liabilities	7,993	4,487
Current financial liabilities	443	746
Tax liabilities	178	21
Total current liabilities	11,943	8,148
Total liabilities	18,756	13,690
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	15
TOTAL EQUITY AND LIABILITIES	23,251	18,008

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2022 06.30.2022	01.01.2021 06.30.2021 Restated (*)
Revenues		
Revenues from the sale of goods and services	9,691	3,948
Other operating income	97	105
Total Revenues	9,788	4,053
Operating expenses		
Expenses for raw materials and services	8,543	2,843
Other operating expenses	156	144
Total Operating expenses	8,699	2,987
Labour costs	381	378
Gross operating income - EBITDA	708	688
Depreciation, amortization, provisions and write-downs	373	332
Net operating income - EBIT	335	356
Result from non-recurring transactions	157	(1)
Financial balance		
Financial income	16	10
Financial expenses	48	39
Affiliates	2	3
Result from disposal of other shareholdings	-	-
Total financial balance	(30)	(26)
Result before taxes	462	329
Income taxes	143	(41)
Result after taxes from operating activities	319	370
Net result from discontinued operations	36	-
Net result	355	370
Minorities	(27)	(30)
Group result of the period	328	340
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	06.30.2022	06.30.2021
Net result of the period (A)	355	370
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	40	5
Tax effect of other actuarial gains/(losses)	(13)	(1)
Total actuarial gains/(losses) net of the tax effect (B)	27	4
Effective part of gains/(losses) on cash flow hedge	166	91
Tax effect of other gains/(losses)	(51)	(27)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	115	64
Total comprehensive result (A)+(B)+(C)+(D)	497	438
Total comprehensive result attributable to:		
Shareholders of the parent company	470	408
Minority interests	(27)	(30)

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

(*) The values as at 30 June 2021 have been restated to make them consistent with the values as at 30 June 2022 by reclassifying under the item "Net result from discontinued operations" revenues, operating costs and depreciation related to gas distribution assets and under the item "Result from non-recurring transactions" depreciation related to buildings subject to sale.

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	06.30.2022	06.30.2021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	964	1,012
<u>Operating activities</u>		
Net Result	355	370
Net income taxes	143	(41)
Net financial interests	32	29
Capital gains/expenses	(191)	-
Tangible assets depreciation	242	226
Intangible assets amortization	109	97
Fixed assets write-downs/disposals	2	2
Net provisions	22	12
Result from affiliates	(2)	(3)
Net financial interests paid	(34)	(51)
Net taxes paid	(12)	(14)
Dividends paid	(295)	(258)
Change in trade receivables	(134)	222
Change in trade payable	429	(111)
Change in inventories	(228)	(15)
Other changes in net working capital	(250)	43
Cash flow from operating activities	188	508
<u>Investment activities</u>		
Investments in tangible assets	(304)	(258)
Investments in intangible assets and goodwill	(159)	(155)
Investments in shareholdings and securities (*)	(465)	(136)
Cash and cash equivalents from first consolidations asset	74	27
Disposal of fixed assets and shareholdings	349	5
Purchase of Treasury shares	-	(109)
Cash flow from investment activities	(505)	(626)
FREE CASH FLOW	(317)	(118)
<u>Financing activities</u>		
Changes in financial assets		
Proceeds from loans	(2)	-
Other changes	(3)	3
Total changes in financial assets (*)	(5)	3
Changes in financial liabilities		
Borrowings/bonds issued	1,844	140
Repayment of borrowings/bond	(890)	(738)
Lease payments	(8)	-
Other changes	(17)	25
Total changes in financial liabilities (*)	929	(573)
Cash flow from financing activities	924	(570)
CHANGE IN CASH AND CASH EQUIVALENTS	607	(688)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,571	324

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

Statement of changes in Group equity
(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2020	1,629	(54)	(6)	1,604	364	3,537	579	4,116
<i>Changes of the first half of 2021</i>								
2020 result allocation				364	(364)	(248)		(258)
Distribution of dividends				(248)		(109)	(10)	(109)
Purchase of treasury shares		(109)						4
IAS 19 reserves (*)				4		64		64
Cash flow hedge reserves (*)			64			(3)	(5)	(8)
Other changes				(3)		340	30	370
Group and minorities result of the period					340			
Net equity at June 30, 2021	1,629	(163)	58	1,721	340	3,585	594	4,179
<i>Changes from 1st June 2021 to 31st December 2021</i>								
Distribution of dividends							(5)	(5)
IAS 19 reserves (*)				(31)		(31)		(31)
Cash flow hedge reserves (*)			(30)			(30)		(30)
Other changes		163		(91)		72	(62)	10
Group and minorities result of the period					164	164	16	180
Net equity at December 31, 2021	1,629	-	28	1,599	504	3,760	543	4,303
<i>Changes of the first half of 2022</i>								
2021 result allocation				504	(504)	(283)		(302)
Distribution of dividends				(283)		27	(19)	27
IAS 19 reserves (*)				27		115		115
Cash flow hedge reserves (*)			115				(3)	(3)
Other changes						328	27	355
Group and minorities result of the period					328			
Net equity at June 30, 2022	1,629	-	143	1,847	328	3,947	548	4,495

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