

**FIRST SUPPLEMENT DATED 15 JANUARY 2024
TO THE BASE PROSPECTUS DATED 24 OCTOBER 2023**



Italgas S.p.A.

(Incorporated with limited liability in the Republic of Italy)

€6,500,000,000 Euro Medium Term Note Programme

This first supplement (the **First Supplement**) to the Base Prospectus dated 24 October 2023 (the **Base Prospectus**), constitutes a supplement prepared pursuant to Article 23(1) of Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**) and is prepared in connection with the €6,500,000,000 Euro Medium Term Note Programme (the **Programme**) established by Italgas S.p.A. (**Italgas** or the **Issuer**). Terms defined in the Base Prospectus (but not herein) shall have the same meaning when used in this First Supplement.

This First Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of the Issuer, the information contained in this First Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

With effect from the date of this First Supplement, the information set out in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented, as the case may be, in the manner described below.

PURPOSE OF THE FIRST SUPPLEMENT

The purpose of this First Supplement is to (a) update the "*Risk Factors*" section of the Base Prospectus; (b) update the "*Terms and Conditions of the Notes*" section of the Base Prospectus; (c) update the "*Description of the Issuer*" section of the Base Prospectus; (d) update the "*Glossary of Terms and Legislation Relating to the Issuer*" section of the Base Prospectus; (e) update the "*Regulatory and Legislative Framework*" section of the Base Prospectus; (f) update the "*Regulatory – Tariffs – Italy*" section of the Base Prospectus; (g) update the "*Regulatory – Tariffs – Greece*" section of the Base

Prospectus; (h) add the "*Regulatory – Water Tariffs – Italy*" section in the Base Prospectus; and (i) update the "*Taxation*" section of the Base Prospectus.

The amendments included in this First Supplement shall only apply to the final terms, the date of which falls on or after the approval of this First Supplement.

a) RISK FACTORS

- (i) At page 19 of the Base Prospectus, sub-section entitled "*Market and competition risks. Risks associated with the expiration and renewal of gas distribution concessions*", the fifth paragraph shall be deleted in its entirety and replaced as follows:

"As at the date of the First Supplement, only 40 invitations have been published for a total of 43 ATEMs (Cremona 2 and Cremona 3 were grouped together, as well as Trento1, Trento2 and Trento3), of which eight have been withdrawn, three others have been annulled by a judicial decision (Venezia 1, Alessandria 2 and Genova 2) and ten were suspended by the contracting authority. Submissions by operators for ten tenders: Torino 2, Belluno, Udine 2, Valle d'Aosta, Milano 1, Torino 1, Napoli 1, La Spezia, Rimini and Catanzaro-Crotone (Torino 2, Valle D'Aosta, Belluno, Torino 1 and La Spezia have been awarded to Italgas Reti S.p.A. (Italgas Reti)) and three pre-qualification requests (Perugia 2, Udine 1, Udine 3 for which admitted parties will submit their offer) have instead occurred. For another five invitations to tender, the bid submission dates, or rather the pre-qualification request dates, were postponed. Finally, the Region of Calabria has appointed commissioners ad acta, in order to start the tender proceedings in two ATEMs (Cosenza 1 and Reggio Calabria – Vibo Valentia)."

- (ii) At page 21 of the Base Prospectus, sub-section entitled "*Risks associated with the execution of Italgas' strategic plan*", the footnote included in the second paragraph shall be deleted in its entirety and replaced as follows:

"On 16 October 2023, the extraordinary shareholders' meeting of Italgas Acqua S.p.A. resolved to change its company name to Nepta."

- (iii) At page 25 of the Base Prospectus, sub-section entitled "*Risks associated with the plan for the replacement of traditional meters with smart meters and the increased levels of malfunctioning of smart meters*", the last paragraph beginning with "*Italgas Group continues*" shall be deleted in its entirety and replaced as follows:

"Italgas Group continues its strong commitment to work together with the "Italian measure instrument suppliers association" to stimulate the adoption of security requirements and mechanisms into intelligent devices such as smart meters, remote terminal units and valves to ensure adequate security and resilience levels against vulnerabilities and cyber attacks. Notwithstanding Italgas' efforts to design solid security requirements to prevent cyberattacks, the risk associated to cybersecurity incident cannot be completely eliminated."

- (iv) At page 26 of the Base Prospectus, sub-section entitled "*Risks relating to the Issuer's use of information technology to conduct its business*", at the end of the fourth paragraph, the last sentence beginning with "*Furthermore*" shall be deleted in its entirety and replaced as follows:

"Furthermore, Italgas has been implemented the early warning service, an innovative, inclusive and collaborative way of providing security awareness services to all Italgas Group's employees. The service includes the dynamic risk analysis of the territory and provide actionable information supporting safety & security on the national and international context."

- (v) At page 26 of the Base Prospectus, sub-section entitled "*Risks relating to the Issuer's use of information technology to conduct its business*", at the end of the sixth paragraph, the following sentence shall be added:

"Furthermore, Italgas Group has taken out an insurance policy to cover cyber risks and incidents."

- (vi) At page 31 of the Base Prospectus, sub-section entitled "*Risks associated with the energy efficiency certificates market*", the last two paragraphs shall be deleted in their entirety and replaced as follows:

"Moreover, with the publication of the Resolution no. 454/2023/R/efr ARERA has increased the intermediate tariff contribution per EEC (previously €200.00 per EEC), to reduce the financial exposition of the Distribution System Operators (DSOs) by 31 December 2023.

In particular, the resolution has set the intermediate tariff contribution, providing two different values:

- *a value equal to the overall unit contribution paid in the previous year of obligation, to be applied at most to a quantity of TEE equal to 50% of the objective of the current year only;*
- *a value equal to €240.00 per EEC, for the remaining amount.*

With the Resolution no. 3/2023 – DSME, ARERA has set the obligation of the Italgas Group (Italgas Reti + Toscana Energia + Umbria Distribuzione Gas S.p.A.) for the obligation year 2023, equal to:

- *for Italgas Reti, 345,378 EEC;*
- *for Toscana Energia, 49,277 EEC;*
- *for Umbria Distribuzione Gas S.p.A., 2,693 EEC."*

(vii) At page 32 of the Base Prospectus, sub-section entitled "*Risks associated with the reimbursement provided to the outgoing operator*", the paragraph beginning with "*It cannot be excluded*" shall be deleted in its entirety and replaced as follows:

"At the time of expiration of the service agreement, there could be a variation of the difference between the Reimbursement Value and the RAB value relating to the "Roma Capitale" concession compared to the one estimated as of 31 December 2022."

(viii) At page 35 of the Base Prospectus, sub-section entitled "*Risks associated with the rating of the Issuer*", the first paragraph shall be deleted in its entirety and replaced as follows:

*"As at the date of the First Supplement, the Issuer's long-term rating is "BBB+ - stable outlook" by Fitch Ratings Ireland Limited (**Fitch**) and "Baa2 - stable outlook" by Moody's France SAS (**Moody's**), endorsed by Moody's Investors Service Ltd (each a **Rating Agency** and together the **Rating Agencies**). On 21 November 2023, as a consequence of the outlook change to stable from negative on the Italian government's Baa3 debt rating carried out by Moody's on 17 November 2023, the rating agency revised Italgas' outlook to stable from negative."*

b) TERMS AND CONDITIONS OF THE NOTES

At page 104 of the Base Prospectus, condition 4.3 entitled "*Step Up Option*", definition "*Net Energy Consumption*", on the second line, the word "2021" shall be replaced with the word "latest available".

c) DESCRIPTION OF THE ISSUER

- (i) At page 141 of the Base Prospectus, sub-section entitled "Overview", the first footnote included in the fourth paragraph shall be deleted in its entirety and replaced as follows:

"On 16 October 2023, the extraordinary shareholders' meeting of Italgas Acqua S.p.A. resolved to change its company name to Nepta."

- (ii) At page 141 of the Base Prospectus, sub-section entitled "Overview", at the end of the fourth paragraph, the last sentence beginning with "Italgas Newco holds" shall be deleted in its entirety and replaced as follows:

"Italgas Newco holds 100% of Depa Infrastructure, which in turn holds the entire share capital of Public Gas Distribution Networks Single Member Company S.A. (DEDA)."

- (iii) At page 141 of the Base Prospectus, sub-section entitled "Overview", at the end of the footnote no. 15, the following sentence shall be added:

"On 25 July 2023 the Board of Directors of the merging entities (namely EDA Thess, EDA Attikis and DEDA) approved the Draft Merger Agreement, along with the Transformation Balance Sheets and Verification Reports dated 30/06/2023. On 19 September 2023 the sole shareholder's General Meetings of the merging entities approved the merger and on 20 September 2023 the legal representatives of the merging companies signed the Merger Notarial Deed. On 30 September 2023 the merger by way of absorption of EDA Thess and EDA Attikis by DEDA was registered officially in the Hellenic General Commercial Registry, in accordance with the applicable legislation. Therefore, as of 30 September 2023 DEDA is the universal successor to all the rights, obligations and in general all legal relationships of the Absorbed Entities, namely EDA Thess and EDA Attikis."

- (iv) At page 141 of the Base Prospectus, sub-section entitled "Overview", the fifth paragraph, including the footnote, shall be deleted in its entirety.

- (v) At page 143 of the Base Prospectus, sub-section entitled "Overview", at the end of the last paragraph, the last sentence beginning with "As at the date of this Base Prospectus" shall be deleted in its entirety.

- (vi) At page 143 of the Base Prospectus, sub-section entitled "Overview", after the last paragraph, the following paragraph shall be added:

"As at the date of the First Supplement the Issuer's long-term rating is "BBB+ - stable outlook" by Fitch and "Baa2 - stable outlook" by Moody's."

- (vii) At page 147 of the Base Prospectus, sub-section entitled "Group Structure", in the footnote included under the group structure chart, the first sentence beginning with "On 16 October 2023" shall be deleted in its entirety and replaced as follows:

"On 16 October 2023, the extraordinary shareholders' meeting of Italgas Acqua S.p.A. resolved to change its company name to Nepta."

- (viii) At page 151 of the Base Prospectus, sub-section entitled "Group Structure", the paragraph beginning with "On 1 September 2022" shall be deleted in its entirety and replaced as follows:

"On 1 September 2022, Italgas Newco executed the acquisition of 100% of the share capital of Depa Infrastructure. Depa Infrastructure at the time of completion of the transaction held 51% of the share capital of Thessaloniki – Thessalia Gas Distribution S.A. (EDA Thess), 100% of the share capital of Attiki Natural Gas Distribution Single Member Company S.A. (EDA Attikis) and 100% of the share capital of DEDA. The transaction was finalized following the fulfilment of the conditions precedent set forth in the Sales and Purchase Agreement and was financed by Italgas liquidity."

- (ix) At page 152 of the Base Prospectus, sub-section entitled "*Group Structure*", the paragraph beginning with "*On 16 October 2023*" shall be deleted in its entirety and replaced as follows:

"On 16 October 2023, the extraordinary shareholders' meeting of Italgas Acqua S.p.A. resolved to change its company name to Nepta."

- (x) At page 154 of the Base Prospectus, sub-section entitled "*Gas Distribution Concessions*", the paragraph beginning with "*The Reimbursement Value of the total portfolio*" shall be deleted in its entirety and replaced as follows:

"The Reimbursement Value of the total portfolio of the concessions of the Italgas Group, net of free assignments, is based on the method provided for by Article 5 of MD 226, as amended, and by the guidelines, making an exception for concessions that, based on the aforementioned regulation, provide for specific contractual stipulations regarding the calculation of the Reimbursement Value (Roma Capitale, City of Venice and other smaller municipalities)."

- (xi) At page 155 of the Base Prospectus, sub-section entitled "*Gas Distribution Concessions*", the paragraph beginning with "*It cannot be excluded that*" shall be deleted in its entirety and replaced as follows:

"At the time of expiration of the service agreement, there could be a variation of the difference between the Reimbursement Value and the RAB value relating to the "Roma Capitale" concession compared to the one estimated as of 31 December 2022."

- (xii) At page 157 of the Base Prospectus, at the end of sub-section entitled "*Employees*", after the table entitled "*Personnel in service by Company (number)*", the following paragraph shall be added:

"As of 1 August 2023, the transfer of the support functions (i.e. personnel belonging to Human Resources, Finance, Legal, Procurement etc. divisions) took place from the subsidiaries companies to Depa Infrastructure by maintaining the employment rights of such personnel. In September 2023, the merger by incorporation of EDA Thess and EDA Attikis in DEDA was completed. The transaction took effect for accounting and tax purposes and for civil purposes from 30 September 2023 and the relevant personnel has been transferred to the absorbing entity accordingly."

- (xiii) At page 161 of the Base Prospectus, sub-section entitled "*Cerro Maggiore/via Risorgimento Event*", at the end of the last paragraph, the last sentence beginning with "*The appeal hearing*" shall be deleted in its entirety and replaced as follows:

"The appeal hearing was scheduled to commence on 28 November 2023 and then delayed to 20 February 2024."

- (xiv) At page 162 of the Base Prospectus, sub-section entitled "*Ravanusa event*", fourth paragraph, the sentence beginning with "*The request for dismissal*" shall be deleted in its entirety and replaced as follows:

"The request for dismissal has been challenged by the victims and the G.I.P. scheduled a hearing on 17 October 2023 and additional hearings on 5 December 2023 and on 27 February 2024 for the oral arguments of the parties."

- (xv) At page 163 of the Base Prospectus, sub-section entitled "*Municipality of Venice / Italgas Reti: Venice Court*", the last sentence beginning with "*After that*" shall be deleted in its entirety and replaced as follows:

"After that, the judge admitted the technical consultancy (C.T.U.) and postponed the hearing to 25 January 2024."

- (xvi) At page 164 of the Base Prospectus, sub-section entitled "*Italgas Reti / Municipality of Rome: Rome Court*", the last sentence beginning with "*After the previously*" shall be deleted in its entirety and replaced as follows:

"After the previously mentioned hearing, the judge admitted the technical consultancy (C.T.U.) and the next hearing is scheduled for the 18 December 2024."

- (xvii) At page 165 of the Base Prospectus, at the end of sub-section entitled "*Italgas Reti / 2i Reti Gas / Municipality of Naples*", the following sentence shall be added:

"The Court raised some doubts about the jurisdiction of the civil court on this litigation so the Municipality of Naples filed a request for a judgment on the jurisdiction (regolamento preventivo di giurisdizione) before the Supreme Civil Court (Corte Suprema di Cassazione), with the aim of obtaining a judgment on whether the competence on such litigation rests on a civil court or on an administrative court. Meanwhile the judgement was suspended pending the Supreme Civil Court's decision."

- (xviii) At page 167 of the Base Prospectus, sub-section entitled "*Resolution no. 570/R/gas/2019*", at the end of the fourth paragraph, the last sentence beginning with "*ARERA appealed*" shall be deleted in its entirety and replaced as follows:

" ARERA appealed the judgment, and the Council of State (Consiglio di Stato), on 1 December 2023 published the final ruling, confirming TAR judgement regarding operative costs and upholding ARERA's appeal about BETA (one of the parameters needed for the calculation of the weighted average cost of capital (WACC)) and IRMA (importo recuperi mancati ammortamenti)."

- (xix) At page 168 of the Base Prospectus, sub-section entitled "*Resolution "269/2022/R/Gas"*", the last sentence beginning with "*The first hearing*" shall be deleted in its entirety and replaced as follows:

"Meanwhile, further additional reasons ("motivi aggiunti") have been filed on following ARERA's communications. The first hearing has not been scheduled yet."

- (xx) At page 168 of the Base Prospectus, sub-section entitled "*Proceeding A 540 of 27 May 2020*", the last sentence beginning with "*Italgas Reti sent*" shall be deleted in its entirety and replaced as follows:

"Italgas Reti sent to AGCM the reports on June 2021, December 2021, June 2022, December 2022, June 2023 and December 2023."

- (xxi) At page 192 of the Base Prospectus, sub-section entitled "*Gianfranco Amoroso (Chief Financial Officer)*", the last sentence beginning with "*Since July 2023*" shall be deleted in its entirety.

d) GLOSSARY OF TERMS AND LEGISLATION RELATING TO THE ISSUER

- (i) At page 198 of the Base Prospectus, the definition "*RAB*" shall be deleted in its entirety and replaced as follows:

"RAB means the value of net invested capital for regulatory purposes, calculated based on the rules defined by the ARERA in order to determine the benchmark revenues for the regulated businesses (ARERA Resolution 139/2023/R/GAS for the gas transportation business, ARERA Resolution 196/2023/R/gas for the gas regasification business, ARERA Resolution 419/19/R/GAS for the gas storage business, ARERA Resolutions 570/2019/R/GAS and 737/2022/R/GAS for the gas distribution business)."

e) REGULATORY AND LEGISLATIVE FRAMEWORK

- (i) At page 201 of the Base Prospectus, the sub-section entitled "*Expected evolution of the European legislative framework*" shall be deleted in its entirety and replaced as follows:

"The European Commission presented on 14 July 2021 a package of 13 legislative proposals under the name of "Fit for 55", aimed at favouring the reduction of CO2 emissions by 55% at 2030, compared to 1990 values. The Package includes among other things, the amendment of the Renewable Energy Directive - definitively approved in October 2023 and entered into force on the 20 November 2023 - and the Energy Efficiency Directive - approved in September 2023 and entered into force on 10 October 2023 - the revision of the Emission Trading Scheme and the Energy Taxation Directive and modifications to the deployment of alternative fuel infrastructures and to the Regulation setting emission performances on cars and vans. The enter into force of these remaining legislative proposals, as eventually amended by the Parliament and the Council, is expected within the first half of 2024.

The European Commission published, at the end of 2021 (15 December 2021), two legislative proposals on revising the Gas Directive and Gas Regulation. The proposals were prepared in the context of the European Green Deal ambition to decarbonise the EU gas sector and, more broadly, achieve climate neutrality by 2050. They were anticipated by a consultation process ended on 18 June. The feedback of such consultation has been fed into the Commission's preparations of the legislative draft. The proposals aim at paving the way for a cost-efficient decarbonisation of the existing gas sector, including how to enable and foster a market for renewable and low carbon hydrogen, allowing it to become a key component of the energy sector. They also address how to facilitate the injection, transmission, distribution and trading of renewable and low carbon gases in the existing gas grids, in the context of the wider energy system integration. In general, the uptake of renewable gas and hydrogen is expected to rely on the use of existing natural gas infrastructures, including gas distribution grids, which with limited retrofit investments – mainly on network digitalisation - are able to manage variable blends of natural gas, biomethane and hydrogen. On 8 December 2023, the European Institutions reached an agreement both on the final text of the Directive and the Regulation. Their formal approval will likely be finalized in February 2024.

Worth mentioning are the unbundling requirements contained in the Directive. Specifically, if part of a vertically integrated enterprise, both the gas DSO and the H2 DSO will be subject to the requirement of legal vertical unbundling. Thus, operators will have to ensure legal, organizational and decision-making independence in carrying out activities other than distribution. Additionally, H2 DSOs will have to comply with accounting unbundling rules.

On the other hand, the final text of the Regulation confirms the aggregation of Gas DSOs in the already existing EU DSO Entity, gathering electricity DSOs as well.

The European Commission published, at the end of 2021(15 December 2021), a legislative proposal for dealing with the reduction of methane emissions along the whole gas value chain, including the gas distribution activities. Again, the forthcoming legislation has been anticipated by a formal consultation process with the Commission's stakeholders. The results of this consultation and the conclusions of the European Commission generated a comprehensive and detailed proposal of Regulation. In this document, the general obligation to make every effort to reduce methane emissions goes hand in hand with the indication to the competent authorities to include all costs related to the implementation of the Regulation in the tariffs structure for regulated activities. The document also establishes that Member States must identify a competent authority to supervise the application of the Regulation and provides indications about specific Measure, Reporting and Verification (MRV) and Leaks Detection And Reduction (LDAR) procedures and obligations. Even if Italgas has already adopted the Best Available Technologies (BAT) for tackling methane emissions, as demonstrated by the "Gold Standard" awarded for the third year in a row in the context of UNEP's OGMP 2.0 voluntary initiative for reporting and reducing methane emissions, the organizational and economic implications of this piece of legislation are, at the date of this document, under assessment.

Discussions between the Commission, the Council, and the European Parliament (the “trialogue” co-legislation process) started in September 2023 and ended in mid-November 2023, leading to a final text that should be approved by the European Parliament in Q1 2024 and then be swiftly adopted by the Council as a non-discussion item. It is possible to expect its publication in the Official Journal of the EU approximately around May 2024.

The Regulation, which with regard to the distribution of natural gas excludes meters and portions of service lines between the distribution network and the meter located on the property of end customers, will then enter into force 20 days after its publication (June 2024).

Within 12 months of the entry into force of the regulation, the Commission will promulgate implementing acts specifying (i) the detection thresholds to be used in LDAR campaigns and (ii) the different inspection techniques to be followed depending on the technology used.

The European Commission published at the end of 2021 (15 December 2021) a legislative proposal for the revision of the Emission Performance of Building Directive. This document aims at increasing the level of efficiency and boosting the sustainability of the building sector, considered as one of the most relevant for achieving the envisaged GHG emissions reduction (zero-emission new buildings in 2030 and as of 2027 for public buildings). Relevant measures aim at fostering a higher insulation and favoring the use of more efficient technologies for H&C, both in the public and in the private sector, and to push in the renovation rate of the existing building stock. Strong expectations are for the use of electric heat-pumps fuelled by locally produced renewable electricity as a way to increase buildings heating efficiency, complemented by gas-fired district heating.

With the conclusion of the triilogue, the European institutions have reached agreement on the final text to be formalized with a vote in the plenary (February 2024).

The Directive distinguishes fossil gases from renewable gases, allowing the latter to be considered as renewable energy generated onsite for the purpose of zero emission buildings.

Moreover, to decarbonise the building sector, the phase out from fossil fuel boilers should be reached by 2040, halting subsidies for boilers running on fossil fuels. Nonetheless, the Commission will issue guidance documents to better qualify what a fossil fuel boiler is, as renewable gas heat pumps and hybrid systems will continue to be allowed.

Following the Ukrainian crisis and the related gas supply issues from Russia, in April 2022 the European Union launched the REPowerEU initiative, which aims to reduce gas consumption as a way to protect residential customers and most of the European industry from a potential shortage of natural gas and a surge in energy prices. REPowerEU foresees several measures, including the development of additional renewable gas - both biomethane and hydrogen - an increase in the substitution rate of gas boilers with electric heat pumps for space heating and a temporary increase in the electricity produced from power generation units fuelled with coal and fuels other than gas. Although these measures are aimed at addressing a contingent situation, they are likely to produce permanent results, both in terms of switching from natural gas to the production and use of renewable gas, and in terms of accelerating the replacement rate of traditional gas-fired space heating systems. Our understanding is that the need for alternative energy sources will further enhance the importance of local and decentralized production of renewable gas and hydrogen, which can only be economically injected and transported through existing gas distribution networks.”.

- (ii) At page 209 of the Base Prospectus, sub-section entitled “*Competition Law No. 118/2022 (Legge Concorrenza 2021)*”, in the second paragraph, the last sentence beginning with “*The increase from 30 to 60 days*” shall be deleted in its entirety and replaced as follows:

“A new deadline (maximum 60 days) for sending the information necessary to prepare the tender notice to the local authority, with the application of sanctions to incumbent in the event of failure, inaccurate or late provision of data within the deadline established.”.

f) REGULATORY - TARIFFS – ITALY

- (i) At page 211 of the Base Prospectus, in the table included after the fifth paragraph, the third row entitled "*Return on net invested capital recognised for regulatory purposes (real pre-tax WACC)*" shall be deleted in its entirety and replaced as follows:

"

<i>Return on net invested capital recognised for regulatory purposes (real pre-tax WACC)</i>	<i>Distribution and Metering</i> 6.3% (year 2020-2021) 5.6% (year 2022-2023) 6.5% (year 2024)
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- (ii) At page 212 of the Base Prospectus, in the table included after the fifth paragraph, the fifth row entitled "*Efficiency factor (X FACTOR)*" shall be deleted in its entirety and replaced as follows:

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<i>Efficiency factor (X FACTOR)</i>	<i>3.53% on distribution operating costs as established by Resolution 570/2019/R/gas and later amended in 3.39% with Resolution 409/2023/R/gas</i> <i>1.57% on commercialization operating costs</i> <i>0% on metering operating costs</i>
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- (iii) At page 215 of the Base Prospectus, sub-section entitled "*Recent developments in Gas Distribution Tariffs*", the paragraph beginning with "*With Resolution no. 736/2022/R/gas*" shall be deleted in its entirety.
- (iv) At page 216 of the Base Prospectus, at the end of sub-section entitled "*Recent developments in Gas Distribution Tariffs*", after the last paragraph, the following paragraphs shall be added:

"With Determination no. 1/2023 – DINE (Direzione Infrastrutture Energia), published on 11 October 2023, the ARERA defined the operating methods for recognising the residual costs of smart meters installed up until 2018, with a year of manufacture no later than 2016, and decommissioned before the end of their useful life for tariff purposes. The ARERA will launch a new acquisition of data regarding the decommissioning of smart meters, through an extraordinary session of the RAB GAS data collection, with the publication of the relative operating instructions.

With Resolution no. 556/2023/R/com, published on 28 November 2023, ARERA updated, for the year 2024, the values of the WACC parameters common to all the infrastructure services of the electricity and gas sectors and confirmed the values of the parameters specific to each service (β asset and gearing coefficients), in force for the year 2023. Based on the update of the parameters envisaged for the trigger mechanism, the conditions for the annual update of the WACC have occurred (change of 90 bps compared to the previous year). The resolution therefore determined the WACC for the natural gas distribution and metering service at 6.5% for 2024.

With Resolution no. 631/2023/R/gas, published on 29 December 2023, the ARERA has approved the mandatory tariffs for the distribution and metering services for 2024."

g) REGULATORY – TARIFFS – GREECE

- (i) At page 217 of the Base Prospectus, in the table included after the fourth paragraph, the third row entitled "*Return on net invested capital recognised for regulatory purposes (Nominal pre-tax WACC)*" shall be deleted in its entirety and replaced as follows:

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<i>Return on net invested capital recognised for regulatory purposes (Nominal pre-tax WACC)</i>	<i>Distribution and Metering</i> 7.45% (year 2020) 7.03% (year 2021-2022) 8.57% (year 2023) 8,38% (year 2024-2026)
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h) REGULATORY – WATER TARIFFS – ITALY

- (i) At page 218 of the Base Prospectus, after the "Regulatory – Tariffs – Greece" section of the Base Prospectus, the following section shall be added:

"Water service is regulated by ARERA since 2011, when the law decree no. 201/2011, converted in law no. 214/2011, defined it as the authority in charge to regulate water service, electricity and natural gas sectors. Water service regulation is a multi-level regulation because it is structured in a national regulation (ARERA) and a local one (the local authority is named EGA).

Tariffs have to be referred to a regulatory period, with a four-years duration until 2023 (third regulatory period) and with a six-years duration starting from 2024 (fourth regulatory period).

ARERA established a "specific regulatory scheme", to be adopted by local regulators (EGA) in order to approve the tariff proposal submitted by water service operators with formal update every two-years. This scheme includes the Infrastructure and Management Plan (IMP), the Financial and Economic Plan (FEP) and the Entrustment contract (Convenzione di Gestione). The proposals for the regulatory period are investigated and finally approved also by the national regulator.

Italian water service regulation is based on a full cost recovery principle and it combines different sets of methods, in particular:

- *limit on allowed amount of cost recovery expected in one year (revenue cap application);*
- *limit to annual price variation (price cap application);*
- *a rolling cap mechanism on endogenous costs that allows the firm to partially earn the gains coming from cost reductions;*
- *ex post reimbursement of "realized" investments and standardized parameters for the reimbursement of financial and fiscal costs of capital.*

During all the regulatory period, each water operator who presents a tariff proposal has to respect a cap for its revenues from water final users. This cap is called VRG (Vincolo ai Ricavi del Gestore) and it's composed of:

- *the sum of the cost of capital (CAPEX), made of depreciation costs for assets used only for water service, financial costs and tax charges;*
- *a component (FoNI) in support of new investments which are necessary to reach specific objectives;*
- *the sum of the operating costs (OPEX), such as materials, external services, personnel, taxes, environmental fees and other costs;*
- *the sum of the environmental and resource costs (ERC);*
- *a balance adjustment component (Rc) linked to regulated revenues of the operator for the year (a-2).*

As in electricity and natural gas sector, water service regulation defines a Regulatory Asset Base (RAB) for each operator too and a regulated WACC, based on the Capital Asset Pricing Model, does exist (it is also defined as the sum of financial costs and tax, based on national parameters defined by ARERA). The equity/debt ratio in WACC is set according to regulator guidance; at this time it's equivalent to 1.

Utility assets considered to define RAB and, in general, to calculate VRG components are those financed by the company, used to provide water and sanitation service only. The Asset Base is evaluated at historical costs, adjusted with inflation.

About OPEX, regulatory schemes allow more favorable tariff adjustment and incentives to operators which have a lower level of per capita OPEX respect to the national average value. Furthermore, endogenous costs follow a Rolling Cap mechanism that allows the firm to partially earn the gains coming from cost reductions.

Water Service Tariffs for the fourth regulatory period: general provisions

With Resolution no. 639/2023/R/idr, published on 28 December 2023, ARERA defined the tariff criteria for water service for the fifth regulatory period (1 January 2024 – 31 December 2029) divided into three infra-periods of two years each. In summary, the Resolution defines that:

- The duration of the fourth regulatory period is six-years. Updates of the tariff provisions are envisaged every two years, according to the methods and criteria to be defined with subsequent resolutions, and a possible infra-period revision of the tariff proposal, upon a reasoned request from the EGA or the water service operator, which may be presented at any time during the regulatory period in case of extraordinary circumstances;
- The formula for calculating the tariff multiplier ϑ (theta) considers the ratio between:
 - the VRG of each year of the regulatory period and
 - the scalar product between the tariffs applied to the year 2023 and the scale variables relating to the year (a-2). In each year, the ratio between the basic tariff multiplier and that relating to the previous year cannot assume a value higher than a cap defined by the national regulator for each regulatory scheme;
- The general structure of the VRG is confirmed as the sum of CAPEX, FoNI, OPEX, ERC, R_c;
- WACC calculated for the first two-year period 2024-2025 is set at 7.13%, including the 1% increase (time lag) recognized to cover the costs deriving from the time lag between the year of realization of the investments a-2 and the year of tariff recognition a;
- Operators have to allocate FoNI exclusively to new investments, in order to achieve the specific objectives identified in the investments program;
- Operating costs are endogenous or updatable;
 - endogenous operating costs: ARERA parametrically determines an efficient cost frontier that operators should reach;
 - Fund for the promotion of innovation in the Integrated Water Service: ARERA provides that for the years 2024-2025 it will be fed with the "efficiency recovery quota" generated by any resulting Δ Opex (by the failure of operators to achieve operational efficiency). This Fund will be used to pay rewards to operators with good performance in the reuse of purified wastewater and in the reduction of electricity produced in favor of self-production.
 - updatable costs: ARERA has revised the criteria for recognizing electricity costs in tariff, introducing a new mechanism aimed at encouraging self-consumption and taking into account the continuing volatility in supply markets.
- Operators could ask for tariff recognition about some categories of operating costs incurred to reach specific purposes (as defined by the same Authority);
- Operators have to consider the following monetary adjustments:
 - expected inflation rate used to calculate the limit on the tariff multiplier and the pre-tax result of operators: 2.7%;
 - inflation rate for updating operating costs, for 2023 and 2024: 4.5% and 8.8%;
 - fixed investment deflators (to be used for the calculation of the tariffs relating to the years 2023 and 2024): 1.034 and 1.028;
- The maximum arrears cost recognized in the tariff – calculated as the 24-month Unpaid Ratio¹ - corresponds to the application to the annual revenues of year a-2 (net of the equalization components invoiced), of the following percentages:
 - 2.4% for operators located in the northern regions of Italy;
 - 3.5% for operators located in the central regions of Italy;
 - 7.9% for operators located in the southern regions of Italy and islands."

¹The 24-months Unpaid Ratio represents the uncollected portion, measured after an average of 24 months after issuance, of revenue issued during a given year.

i) TAXATION

- (i) At page 225 of the Base Prospectus, sub-section entitled "*Wealth Tax on securities deposited abroad*", the first sentence beginning with "*According to Article*" shall be deleted in its entirety and replaced as follows:

"According to Article 19(18-23) of Law Decree No. 201 of 6 December 2011, converted by Law No. 214 of 22 December 2011, as subsequently amended, Italian resident individuals, non-commercial entities and partnerships and similar entities holding financial assets – including the Notes – outside of the Italian territory are required to report in their annual tax return and pay a wealth tax at the rate of 0.20 per cent (0.4 per cent., as of 2024, in case of financial assets held in States or territories with privileged tax regime identified by the Ministerial Decree of the Ministry of Economy and Finance of May 4, 1999). "

* * *

GENERAL INFORMATION

To the extent that there is any inconsistency between (a) any statement in this First Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this First Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

Copies of the Base Prospectus, this First Supplement and all documents incorporated by reference in the Base Prospectus can be obtained from the registered offices of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and are available on the website of the Luxembourg Stock Exchange at www.luxse.com and on the following dedicated section the Issuer's website from <https://www.italgas.it/investitori/debito-e-rating/programma-emptn/>.