

ITALGAS: CONSOLIDATED RESULTS AS AT 31 MARCH 2024 APPROVED

Milan, 14 May 2024 - The Italgas' Board of Directors, which met yesterday chaired by Benedetta Navarra, has approved the consolidated results as of 31 March 2024 (unaudited).

Highlights¹

- Total revenues: € 431.3 million (-10.1% as a result of the reduction in energy efficiency activities connected with Superbonus)
- Gas distribution regulated revenues: € 403.5 million (+11.2%)
- EBITDA: € 325.7 million (+9.6%)
- EBIT: € 192.7 million (+11.7%)
- Net profit attributable to the Group: € 117.6 million (+13.5%)
- Technical investments: € 160.9 million
- Cash flow from operating activities: € 342.2 million
- Net financial debt (excluding the effects pursuant to IFRS 16): € 6,452.1 million
- Net financial debt: € 6,546.3 million
- Scope 1 and 2 emissions: 23.7 10³ tCO₂ eq (-4.0%)
- Net energy consumption: 147.9 TJ (-14.2%)

The results achieved in the first three months of 2024, with net profit attributable to the Group of € 117.6 million (+13.5%) confirm the growth path marked out in the 2023-2029 Strategic Plan and offset the contraction of the component deriving from the Group's ESCo activities.

Total revenues came to € 431.3 million as a result of the increase in **gas distribution regulated revenues** (+11.2% compared with the same period of 2023), which offset the decline in **other revenues**, which dropped by € 89.3 million, mainly due to the reduction in revenues relating to energy efficiency activities, due in particular to the fading of the so called "Superbonus" boost. In this scenario, Geoside is now focused on increasing the pipeline of industrial efficiency projects and on integrating the offer for the residential sector.

¹ The consolidated balance sheet and income statement of the Italgas Group at 31 March 2024 reflects the effects of the first consolidation, starting 30 January 2024, of Acqua Campania and subsidiaries; instead, the data relating to Scope 1 and 2 emissions and net energy consumption does not include Acqua Campania.

In Italy, the repurposing and the digital transformation of the gas network continues, the main enabler of the ecological transition, whilst in Greece, development of the distribution grid proceeds; the procedure for the integration of the recently acquired water companies into the Group has begun.

During the first quarter of 2024, technical investments were made for an amount of € 160.9 million and 175 km of gas distribution pipelines were laid (of which 104 operating and 98 in Greece). In addition, February 2024 also saw around 900 km of pipelines enter the consolidation area in relation to the Belluno ATEM. Investments, which reflect a different monthly progression from 2023, are expected to accelerate during the year.

EBITDA for the first three months of 2024 came to € 325.7 million, up +9.6% compared to 31 March 2023, also following the improvement in the regulated gas distribution WACC in Italy. Net profit attributable to the Group totalled € 117.6 million, a +13.5% increase compared to 31 March 2023.

Cash flow from operating activities amounted to € 342.2 million, up € 235.0 million compared with the previous year, as the temporary phenomena that had impacted the first quarter of 2023 have now been reabsorbed. The cash flow from operations made it possible to fully finance net investments generating a free cash flow before M&A transactions of € 140.8 million.

The Group's commitment towards the continuous improvement of its environmental performance progresses, with a 4.0% reduction in Scope 1 and 2 emissions compared with the previous quarter, driven by the decline in net energy consumption (-14.2%).

Paolo Gallo, CEO of Italgas, commented:

“The results achieved in this first quarter allow Italgas to start the 2024 committed to the solidity.

The economic-financial indicators have recorded excellent growth, in many cases in double digits.

The most important results include EBITDA, which increased by 9.6%, rising to € 325.7 million and Group Net Profit, which approached € 120 million, up 13.5% compared to the first quarter of last year. More than € 160 million have been invested to give a further boost to the development and digital transformation of the networks and systems in both Italy and Greece, in support of the ecological transition to net zero.

With the commitment of all Italgas’ people and the entire chain of suppliers, we continue to to constantly improve the technologies that will allow us to accelerate the decarbonisation of consumption and energy savings in support of the sustainable development of the territories and the growth in value of the Group”.

Italgas Group structure as at 31 March 2024

As part of the Group's development in the water industry, on 30 January 2024, Italgas Reti completed its acquisition from Vianini Lavori S.p.A. of 47.8% of Acqua Campania S.p.A.². In addition, on 24 April 2024, Italgas Reti completed purchase of an additional 47.9% stake in Acqua Campania, held by the Veolia Group, thereby ending up with a total of 96.23%.

Economic and financial highlights

Reclassified income statement

(€ million)	First quarter		Abs. change	% Change
	2023	2024		
Gas distribution regulated revenues	362.8	403.5	40.7	11.2
<i>of which distribution revenues</i>	343.5	383.8	40.3	11.7
<i>of which Other distribution revenues</i>	19.3	19.7	0.4	2.1
Other revenues	117.1	27.8	(89.3)	(76.3)
Total revenues (*)	479.9	431.3	(48.6)	(10.1)
Operating costs (*)	(182.7)	(105.6)	77.1	(42.2)
EBITDA	297.2	325.7	28.5	9.6
Amortisation, depreciation and impairment	(124.7)	(133.0)	(8.3)	6.7
EBIT	172.5	192.7	20.2	11.7
Net financial expense	(19.9)	(26.0)	(6.1)	30.7
Net income from equity investments	0.4	3.8	3.4	-
<i>of which gas distribution</i>	0.4	0.1	(0.3)	(75.0)
<i>of which integrated water service</i>	-	3.7	3.7	-
Gross profit	153.0	170.5	17.5	11.4
Income taxes	(41.1)	(45.2)	(4.1)	10.0
Net profit	111.9	125.3	13.4	12.0
Net profit attributable to the Group	103.6	117.6	14.0	13.5
Net profit attributable to minority shareholders	8.3	7.7	(0.6)	(7.2)

(*) Unlike the legal statement, the reclassified income statement requires the listing of Total revenues and Operating costs net of the impact of IFRIC 12 "Service concession agreements" (€ 146.8 and € 156.2 million respectively in the first quarter of 2024 and 2023), connection contributions (€ 4.7 million in both quarters of reference), reimbursements from third parties and other residual items (€ 4.3 million and € 5.3 million in the first quarter of 2024 and 2023, respectively).

Gas distribution regulated revenues increased by € 40.7 million compared with the same period of 2023, mainly due to the higher distribution revenues (€ +40.3 million) resulting from the increase in the WACC (€ +18.8 million), in the RAB and in the deflator (€ +16.0 million) and remunerated operating costs (€ +4.3 million).

Other revenues (€ 27.8 million) decreased by € 89.3 million compared to the corresponding period of 2023, mainly due to the reduction in energy efficiency activities (€ -96.4 million) partially offset by higher revenues in the water segment following the consolidation of Acqua Campania (€ +11.9 million).

It therefore follows those total revenues came to € 431.3 million.

² Taking into account the Company's governance, the consolidated balance sheet and income statement of the Italgas Group at 31 March 2024 reflects the effects of the first consolidation, starting 30 January 2024, of Acqua Campania and subsidiaries.

Operating costs as at 31 March 2024 came to € 105.6 million, down by € 77.1 million compared to the same period in 2023, mainly due to the decrease in energy efficiency activities (€ -76.5 million). The first consolidation of Acqua Campania entailed higher costs in the amount of approximately € +6.0 million.

Adjusted **EBITDA** as at 31 March 2024 amounted to € 325.7 million, an increase of € 28.5 million (+9.6%) compared to the corresponding 2023 period (€ 297.2 million). This change derives from the growth of gas distribution (€ +43.2 million) and the reduction resulting from EScO activities (€ -20.1 million). The first consolidation of Acqua Campania recorded EBITDA of € +5.8 million.

Amortisation, depreciation and impairment at 31 March 2024 came to € 133.0 million, up € 8.3 million (+6.7%) compared with the same period of 2023, mainly due to the investments made and the change in the scope of consolidation following the acquisition of Acqua Campania (€ +4.4 million).

EBIT as at 31 March 2024 amounted to € 192.7 million, an increase of € 20.2 million compared to 31 March 2023 (+11.7%).

Net financial expense at 31 March 2024 amounted to € 26.0 million, up by € 6.1 million on the same period of the previous year, mainly due to the bond issues in June 2023 and February 2024 and partly offset by higher income from cash and equivalents.

The **net income from equity investments** as at 31 March 2024 amounted to € 3.8 million and refers to the contribution of affiliated companies valued using the equity method; in particular, the water companies contributed € 3.7 million (Acqualatina for € 1.6 million and Siciliacque for € 2.1 million).

Net profit as at 31 March 2024 amounted to € 125.3 million (+12.0%). **Net profit attributable to the Group** as at 31 March 2024 amounted to € 117.6 million, increased by 13.5% compared to 31 March 2023 (€ 103.6 million).

Reclassified Statement of Financial Position

The Italgas' Reclassified Statement of Financial Position as at 31 March 2024, compared with that as at 31 December 2023, is summarised below:

(€ million)	31.12.2023	31.03.2024	Abs. change
Fixed capital (*)	8,421.4	8,611.1	189.7
Property, plant and equipment	386.0	400.4	14.4
Intangible assets	8,250.3	8,324.2	73.9
Equity Investments	153.0	154.3	1.3
Financial receivables and securities instrumental to operations	2.6	43.9	41.3
Net payables for investments	(370.5)	(311.7)	58.8
Net working capital	872.3	722.8	(149.5)
Provisions for employee benefits	(65.3)	(63.9)	1.4
Assets held for sale and directly related liabilities	6.6	7.3	0.7
NET INVESTED CAPITAL	9,235.0	9,277.3	42.3
Shareholders' equity	2,600.7	2,731.0	130.3
- attributable to the Italgas Group	2,280.0	2,396.8	116.8
- attributable to third party shareholders	320.7	334.2	13.5
Net financial debt	6,634.3	6,546.3	(88.0)
FUNDING	9,235.0	9,277.3	42.3

(*) Net of the effects deriving from the application of IFRS 15.

Below is an analysis of the change in **Property, plant and equipment** and **Intangible assets**:

(€ million)	Property, plant and equipment	IFRIC 12 assets	Intangible assets	Total
Balance at 31 December 2023	386.0	7,914.3	336.0	8,636.3
Investments	7.1	147.2	6.6	160.9
- of which IFRS 16	3.6	-	-	3.6
Amortisation, depreciation and impairment	(16.3)	(106.7)	(10.0)	(133.0)
- of which D&A pursuant to IFRS 16	(11.6)	-	-	(11.6)
Awarding of the ATEM tenders	-	47.3	-	47.3
Change in the scope of consolidation	24.1	-	8.9	33.0
Contributions	-	(15.6)	-	(15.6)
Other changes	(0.5)	(4.0)	0.2	(4.3)
Balance at 31 March 2024	400.4	7,982.5	341.7	8,724.6

Equity Investments (€ 154.3 million) increased by € 1.3 million³.

Financial receivables and securities instrumental to operations (€ 43.9 million) increased by € 41.3 million as a result of the contribution made by Acqua Campania in connection with the collections made on behalf of the Campania Region, which are offset in other liabilities due to such Region.

³ As permitted by IFRS 3, the booking of business combinations connected with (i) the water business unit of Veolia, which took place in the second half of 2023 and (ii) Acqua Campania, which took place on 30 January 2024, was carried out on a provisional basis whilst awaiting definition of the final prices and definitive fair value measurement of the assets and liabilities acquired.

Net working capital at 31 March 2024 is broken down as follows:

(€ million)	31.12.2023	31.03.2024	Abs. change
Trade receivables	694.3	826.8	132.5
Inventories	79.1	82.2	3.1
Tax receivables	319.6	346.7	27.1
Other assets	434.5	567.9	133.4
Trade payables	(278.3)	(251.6)	26.7
Provisions for risks and charges	(109.9)	(108.9)	1.0
Deferred tax liabilities	(47.8)	(40.5)	7.3
Tax payables	(30.2)	(89.7)	(59.5)
Other liabilities	(189.0)	(610.1)	(421.1)
	872.3	722.8	(149.5)

Compared with 31 December 2023, net working capital has declined by e 149.5 million, mainly due to the seasonal nature of gas distribution billing (€ -60.0 million) and the inclusion of Acqua Campania in the consolidation scope (€ -74.0 million).

Net financial debt

(€ million)	31.12.2023	31.03.2024	Abs. change
Financial and bond debt	6,920.3	7,196.8	276.5
Short-term financial debt (*)	1,000.3	616.6	(383.7)
Long-term financial debt	5,840.9	6,486.0	645.1
Finance lease payables - IFRS 16	79.1	94.2	15.1
Funding derivative contracts Cash flow Hedge	(31.8)	(30.7)	1.1
Short-term contracts	(18.1)	(18.9)	(0.8)
Long-term contracts	(13.7)	(11.8)	1.9
Financial receivables and cash and cash equivalents	(254.2)	(619.8)	(365.6)
Cash and cash equivalents	(250.0)	(610.4)	(360.4)
Financial receivables	(4.2)	(9.4)	(5.2)
Net financial debt	6,634.3	6,546.3	(88.0)
Finance lease payables - IFRS 16	79.1	94.2	15.1
Net financial debt (excluding the effects pursuant to IFRS 16)	6,555.2	6,452.1	(103.1)

(*) These include the short-term portions of long-term financial debt.

Gross financial and bond debt as at 31 March 2024 totalled € 7,196.8 million (€ 6,920.3 million as at 31 December 2023) and refer to: bonds (€ 5,241.7 million), loan agreements with the European Investment Bank (EIB) (€ 894.0 million), payables to banks (€ 966.9 million) and financial liabilities pursuant to IFRS 16 (€ 94.2 million).

As at 31 March 2024, the breakdown of gross financial debt by type of interest rate, inclusive of liabilities for leases pursuant to IFRS 16 was as follows:

(€ million)	31.12.2023	%	31.03.2024	%
Fixed rate	6,361.7	91.9%	6,630.3	92.1%
Floating rate	558.6	8.1%	566.5	7.9%
Gross financial debt	6,920.3	100.0%	7,196.8	100.0%

The increase in fixed-rate liabilities is mainly due to the February bond issue (€ 650.0 million), partly offset by the redemption of the bond that had matured in March (€ 381.3 million). This helps explain the increase in cash and cash equivalents, up € 360.4 million during the quarter.

Some of these contracts provide, inter alia, for the following: (i) negative pledge undertakings, pursuant to which Italgas and the subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) *pari passu* and change of control clauses; (iii) limitations on some extraordinary transactions that the company and its subsidiaries may carry out.

As at 31 March 2024, there were no loan agreements containing financial covenants, with the exception of an EIB loan with a nominal value of € 90 million signed by Toscana Energia. As at 31 March 2024, these commitments were respected.

Reclassified Statement of Cash Flows

The reclassified statement of cash flows provided is the summary of the legally required cash flow statement. The reclassified statement of cash flows makes it possible to reconcile the change in cash and cash equivalents at the start and end of the period with the change in net financial debt at the start and end of the period. The measure which allows for the reconciliation between the two statements is the free cash flow⁴, i.e. the cash surplus or deficit remaining after the financing of investments.

(€ million)	First quarter	
	2023	2024
Net profit	111.9	125.3
<i>Correction:</i>		
- Amortisation and depreciation and other non-monetary components	123.5	130.0
- Net capital losses (capital gains) on asset sales and eliminations	1.9	1.2
- Interest and income taxes	61.1	71.3
Change in working capital due to operating activities	(172.5)	40.9
Dividends, interest and income taxes collected (paid)	(18.7)	(26.5)
Cash flow from operating activities	107.2	342.2
Technical investments	(161.7)	(143.7)
Other changes related to investments activities	(25.9)	(57.7)
Divestments and other changes	0.1	-
Free cash flow before M&A transactions	(80.3)	140.8
Companies included in the scope of consolidation	-	19.7
Net acquisition of business units, plant and financial assets	-	(44.9)
Free cash flow	(80.3)	115.7
Change in short- and long-term financial debt and financial receivables	(24.3)	255.8
Reimbursements of financial liabilities for leased assets	(8.0)	(11.1)
Net cash flow for the year	(112.6)	360.4

⁴ The free cash flow alternatively represents: (i) the change in cash for the period, after the addition/subtraction of cash flows relating to financial payables/receivables (usage/repayment of financial receivables/payables) and equity (payment of dividends/capital contributions); (ii) the change in net financial debt for the period, after the addition/subtraction of flows of debt relating to equity (payment of dividends/capital contributions).

(€ million)	First quarter	
	2023	2024
Free cash flow before M&A transactions	(80.3)	140.8
Change due to acquisitions of equity investments, business units and assets	-	(25.1)
Increase in finance lease payables	(8.7)	(26.2)
Other changes (Difference between interest accounted for, and paid fair value of derivatives)	(0.4)	(1.5)
Change in net financial debt	(89.4)	88.0

Cash flow from operating activities amounted to € 342.2 million, up € 235.0 million compared with the previous year, as the temporary phenomena that had impacted the first quarter of 2023 have now been reabsorbed. The cash flow from operations made it possible to fully finance net investments, totalling € 201.4 million, generating a free cash flow before M&A transactions of € 140.8 million.

Key operating figures

Investments

In the first quarter of 2024, technical investments were made for € 160.9 million (31 March 2023: € 175.1 million), of which € 3.6 million relating to investments accounted for in accordance with IFRS 16.

(€ million)	First quarter		Abs. change	% Change
	2023	2024		
Gas distribution	101.4	107.0	5.6	5.5
Network development and maintenance	89.9	84.5	(5.4)	(6.0)
New networks	11.5	22.5	11.0	95.7
Gas digitisation	57.7	42.5	(15.2)	(26.3)
Other assets	32.7	17.5	(15.2)	(46.5)
Metering	21.6	21.9	0.3	1.4
Processes	3.4	3.1	(0.3)	(8.8)
Other investments	16.0	11.4	(4.6)	(29.0)
- of which Real Estate	1.0	2.0	1.0	-
- of which ICT	4.7	3.5	(1.2)	(25.5)
- of which due to the effect of IFRS 16	8.8	3.6	(5.2)	(59.1)
	175.1	160.9	(14.2)	(8.1)

Gas distribution investments (€ 107.0 million) increased by 5.5% compared with the same period of 2023 and were driven by investments in new networks for an amount of € 22.5 million (in Sardinia and Greece).

Gas digitisation investments (€ 42.5 million) decreased by 26.3% compared with the same period of 2023 due to the significant progress made in digitising the network.

Summary of the key operating figures

Key operating figures for gas distribution Italgas Group and affiliates (Italy and Greece)	First quarter		Abs. change	% Change
	2023	2024		
Active meters (millions)	7.961	8.020	0.059	0.7
Municipalities with gas distribution concessions (no.)	2,045	2,099	54	2.6
Municipalities with gas distribution concessions in operation (no.)	1,952	2,006	54	2.8
Distribution network (kilometres)	81,401	83,161	1,760	2.2
Gas distributed (million cubic metres)	3,408	3,415	7	0.2

Key operating figures for the water segment Italgas Group and affiliates	First quarter		Abs. change	% Change
	2023	2024		
Customers served directly and indirectly (millions)	0.03	6.2	6.2	-
Managed water distribution network (kilometres)	295	8,987	8,692	-

Business segment operating performance

Consistent with the manner in which *management* reviews the Group's operating results and in compliance with the provisions of the international accounting standard IFRS 8 "Operating segments", the Italgas Group has identified the following operating segments: "Gas distribution", "Energy efficiency", "Water service" and "Corporate"⁵. In particular, the growth of the Energy Efficiency sector, due to the fact that it exceeded the materiality thresholds provided for by IFRS 8, made it necessary to highlight the corresponding values as an operating sector subject to separate reporting.

More precisely, the "Gas Distribution" sector is associated with gas distribution and metering activities carried out by Group companies both in Italy and in Greece.

The "Energy Efficiency" sector refers to activities carried out in the energy sector. Italgas offers and implements energy efficiency measures for its customers in the residential and industrial sectors.

The "Water service" sector consists of all public services of the collection, adduction and distribution of water for civil use, drains and the purification of waste water.

"Corporate" includes the services performed for third parties by the Parent Company Italgas.

The following is provided for the main sectors identified and the reference indicators.

⁵ With regard to the services provided to third parties by the Parent Company Italgas, taking into account the residual nature of the values and deletions, no evidence is provided in this document.

Gas distribution sector

The following table summarises the main items of the financial statements:

(€ million)	First quarter	
	2023	2024
Total revenues (regulated and unregulated)	369.4	405.3
EBITDA	276.6	319.8
EBIT	152.9	192.3
EBITDA margin (%)	76%	79%
EBIT margin (%)	42%	47%

Energy efficiency sector

The following table summarises the main items of the financial statements:

(€ million)	First quarter	
	2023	2024
Total revenues	108.2	11.8
EBITDA	20.4	0.4
EBIT	19.6	(0.5)
EBITDA margin (%)	19%	3%
EBIT margin (%)	18%	(5%)

Water Service Sector

The table below summarises the main items of the financial statements and, with a view to providing a more general overview of the business, includes a column relating to the first quarter of 2024*, showing the data of the operative companies Acqualatina and Siciliacque as *pro rata* consolidation (First quarter 2024* *pro rata*)⁶.

(€ million)	First quarter	
	2024	2024* <i>pro rata</i>
Total revenues (regulated and unregulated)	14.2	41.1
EBITDA	5.6	13.5
EBIT	1.0	5.9
Net profit	3.7	3.7
Group's net profit	3.4	3.4
EBITDA margin (%)	39%	33%
EBIT margin (%)	7%	14%

* Non IAS/IFRS-compliance figures

Alternative performance indicators

This press release uses alternative performance indicators, including EBITDA (gross operating margin, calculated by subtracting from net profit income taxes, net income from equity investments, net financial expense, amortisation, depreciation and impairment), EBIT (operating income, calculated by subtracting from net profit income taxes, net income from

⁶ In addition to Acqualatina and Siciliacque, the fully consolidated companies (Nepta, Acqua, Idrolatina, Idrosicilia and Acqua Campania from the date of acquisition) are included. On the other hand, in the reclassified income statement table, the result of Acqualatina and Siciliacque is included in net income from equity investments.

equity investments and net financial expense) and net financial debt (calculated as the sum of short- and long-term financial debt, net of cash and cash equivalents, cash flow hedges and current financial assets).

The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IAS – IFRS.

Strategic Plan and Sustainable Value Creation Plan: the integration that really allows us to be “builders of the future”

The rapidly changing geopolitical context has confirmed the key role for the gas distribution network, provided that it is smart, digital and flexible enough to accommodate renewable gases such as biomethane and hydrogen.

The 2023-2029 Strategic Plan envisages a series of investments aimed at fostering the extension and digital transformation of the gas infrastructure in Italy and Greece, the boost to the circular economy – in particular to the biomethane sector – and the diversification of the business portfolio.

The ESG criteria adopted are an integral part of the development strategy, in line with the Sustainable Value Creation Plan, integrated with the Strategic Plan⁷, which guides all sustainability topics linked to the business.

Climate change targets apply to the entire Group, with the aim of reducing CO₂ emissions and energy consumption, ahead of the EU's 2030 targets.

More specifically, the Group has set itself the target of reducing climate-changing emissions (Scope 1 and Scope 2 market-based) by 34% and 42% by 2028 and 2030 respectively, and net energy consumption by 27% and 33% compared to 2020⁸ levels on the basis of specific initiatives (energy efficiency upgrades, timely inspection, leak location and repair, smart maintenance to reduce fugitive emissions). The Scope 3 (supply chain) greenhouse gas emission target is expected to be reduced by 30% in 2028 and 33% in 2030 compared to 2020 (assuming the same baseline and scope defined for the previous targets), through increased engagement with its suppliers. Finally, in line with the time frame set out in the Green Deal, the Group aims to reach the “Net Zero Carbon” target of 2050 for Scope 1, Scope 2 (market-based) and Scope 3 (supply chain) emissions, also thanks to the initiatives being implemented for the distribution of green gases and carbon removal carbon removal activities from 2030 onwards.

⁷ https://www.italgas.it/wp-content/uploads/sites/2/2023/06/15-06-2023-Strategic-Plan-2023-29-Italgas_v12.pdf

⁸Total energy consumption minus total self-produced and self-consumed electricity. Scope of consolidation as per the Group structure as at 31 March 2023. Any changes as a result of M&A and ATEM tenders, where relevant, will be taken into account in the revision of targets.

Energy consumption

The energy source used the most in the Group's activities is natural gas, in both civil and industrial uses, and for vehicles.

Below are the net energy consumptions recorded for the first three months of 2023 and 2024: for both periods, the Enaon Group was taken into consideration (the data does not include Acqua Campania, which was consolidated during the reference period).

Net energy consumption (TJ) ⁹	First quarter		Abs. change	% Change
	2023	2024		
Fuel energy consumption for industrial use	112.5	101.5	(11.0)	(9.8)
Fuel energy consumption for civil use	9.9	8.3	(1.6)	(16.2)
Fuel energy consumption for vehicles ¹⁰	34.8	29.3	(5.5)	(15.8)
Net electricity consumption for industrial use ¹¹	5.7	0.7	(5.0)	(87.7)
Net electricity consumption for civil use	9.3	8.0	(1.3)	(14.0)
Thermal energy consumption for civil use	0.1	0.1	-	-
	172.3	147.9	(24.4)	(14.2)

The first three months of 2024 were characterised by a decrease in net consumption of energy, which totalled 147.9 TJ (-14.2%) compared to the same period of 2023.

Fuel energy consumption for industrial use recorded a decrease for the first three months of 2024 (-9.8%, from 112.5 TJ to 101.5 TJ). This result was achieved thanks to the continuation of the efficiency-boosting measures implemented on the Group's plant fleet, such as the replacement of natural gas preheating boilers and the installation of optimised gas preheating sections, and the digitisation of monitoring and control processes, which allowed for more efficient operations. The specific consumption of the pre-heating process (cubic metres of natural gas consumed for pre-heating per thousand cubic metres of gas injected into the network) recorded a decrease for the Group¹², from a value of 1.15 to 1.08, despite the effect of additional gas consumption due to the operation of plants equipped with turbo-expanders and cogeneration, the same plants that resulted in a simultaneous production for self-consumption of 12.1 TJ of electricity in the first three months of 2024.

As regards energy consumption by fuel for civil use, for the first three months of 2024 a reduction of 16.2% was recorded compared with the same period of the previous year (from 9.9 TJ to 8.3 TJ), also in respect of a 14.0% reduction in electricity consumption (from 9.3 TJ

⁹ This refers to total energy consumption, from which any self-produced and self-consumed electricity consumption is subtracted.

¹⁰ For cars assigned for both personal and business use, only consumption and emissions relating to business travel were considered.

¹¹ For the first quarter of 2024, 12.1 TJ of electricity produced by plants equipped with turbo-expanders and co-generation plant were subtracted, as compared with 6.6 TJ subtracted during the first quarter of 2023.

¹² Referring to Toscana Energia and Italgas Reti (which account for 99% of the gas injected by the Group). If plants equipped with turbo-expanders and co-generation were to be excluded, specific consumption would fall from 1.08, for the first three months of 2023 - recalculated with the same perimeter adopted for 2024 - to 0.90, for the first three months of 2024.

to 8.0 TJ). The reduction in total energy consumption for civil use is linked to the constant optimisation and renewal of the real estate assets, as well as their “smart” management on the basis of the digitised, continuous monitoring of the main parameters of the offices and their consumption (with a consequent improvement in energy performance).

The Group’s industrial electricity consumption has reduced by 87.7% (from 5.7 TJ to 0.7 TJ) as a result of the self-consumption of electricity produced in the citygates equipped with turbo-expanders coupled with the cogeneration plants 12.1 TJ in 2024 (6.6 TJ self-produced and consumed in the first three months of 2023) and the action taken to improve plant efficiency in managing water distribution, in respect of the increased electricity consumption linked to the digitisation of the gas distribution network.

Finally, energy consumption from automotive fuel decreased by 15.8% (from 34.8 TJ to 29.3 TJ). The reduction achieved is mainly due to the optimisation of the car fleet and the progressive digitisation of business processes (online quotation service and the full adoption of Work-on-Site for monitoring construction sites, as well as the progressive use of DANA), which overall lead to a significant reduction in the number of field trips by operational staff.

The variations described above, with regard to the consumption of gas for civil and industrial use and those relating to automotive fuels, are found in similar variations in the relative greenhouse gas emissions shown in the table in the following paragraph; finally, emissions from the consumption of electricity for civil and industrial use remain extremely low, as a result of the reduction in consumption and the supply of electricity from certified renewable sources for almost all volumes in Italy.

Greenhouse gas emissions

The Italgas Group’s main greenhouse gas emission contribution is from fugitive emissions of natural gas from distribution networks, distributed gas preheating processes in the decompression systems and the use of cars in the corporate fleet.

Below are the Scope 1 and 2 CO₂eq emissions for the first six months of 2024, which also take into account the contribution of the Enaon Group (the data does not include Acqua Campania, which was consolidated during the reference period).

Scope 1 and Scope 2 ¹³ (thousand tCO ₂ eq)	First quarter ¹⁴			
	2023	2024	Abs. change	% Change
Fugitive gas emissions (Scope 1)	15.7	16.1 ¹⁵	0.4	2.5

¹³ Scope 2 market-based.

¹⁴ The 2023 and 2024 emission values for gas, electricity and heat consumption were calculated using the ISPRA 2023 Emission Factors – Table of national standard parameters: standard parameters – fuels/materials.

¹⁵The latest Global Warming Potential of methane of 29.8 was used for fugitive emissions (source: Sixth Assessment Report from the IPCC AR6).

Emissions from gas consumption for industrial use (Scope 1)	6.4	5.8	(0.6)	(9.4)
Emissions from gas consumption for civil use (Scope 1)	0.6	0.4	(0.2)	(33.3)
Emissions from fuel consumption for vehicles (Scope 1) ¹⁶	1.7	1.3	(0.4)	(23.5)
Emissions from electricity consumption for industrial use (Scope 2)	-	-	-	-
Emissions from electricity consumption for civil use (Scope 2)	0.3	0.1	(0.2)	(66.7)
Emissions from thermal energy for civil use (Scope 2)	-	-	-	-
	24.7	23.7	(1.0)	(4.0)

The 4.0% reduction seen in total emissions during the first three months of 2024 compared with the same period of 2023 is mainly linked to the reduction in gas consumption emissions for industrial and civil use (respectively -9.4% and -33.3%) and vehicle fuel (-23.5%), in respect of – on the other hand – a slight increase in fugitive emissions during the first three months of 2024 compared with the first three months of 2023 (+2.5% following the change during the first quarter of 2024 of the GWP considered for methane, without which the change would have been -3.6%¹⁵).

The change in fugitive emissions is also tied to the increase in the scope investigated following the greater number of km of network investigated in the zones that had recorded the greatest leakage in 2023 (+16.2% from 26,585 to 30,902 km). In Italy, significant efforts to reduce fugitive emissions led to an increase in the network investigated to 27,993 km in 2024 (+8.5% compared to 25,789 km recorded in 2023). Looking more specifically at the KPIs characteristic of the process, in the first three months of 2024 there was a 18.3% decrease in the ratio of leaked gas to kilometres of network investigated for the Italian scope, the value of which fell from 35.0 Sm³/km in the first three months of 2023 to 28.6 Sm³/km in the same period of 2024. As concerns the Greek perimeter, 2,909 km of network were investigated (+265.5% compared with the first three months of 2023, 796 km) and the parameter of emissions per km inspected was 37.8 Sm³/km (-25.1% compared with the first three months of 2023, 50.5 Sm³/km).

The Group is applying a model for predictive maintenance of networks that, by combining the physical characteristics of the networks (e.g. age, material and pressure) with the outcome of the processing of data obtained in the field via the intensive leak detection programme, will identify the areas potentially at risk of leakage and the related probability of emissions, with a view to predictive management and maintenance.

¹⁶ For cars assigned for both personal and mixed use, only consumption and emissions relating to business travel were considered.

Main events of 2024

Extraordinary transactions and area tenders

- On 30 January 2024 Italgas, through its subsidiary Italgas Reti, acquired 47.8% of the shares of Acqua Campania S.p.A. held by Vianini Lavori S.p.A..
- Following the award of the tender in 2020 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks of the Belluno ATEM to Italgas Reti was made official on 1 February 2024. The concession has a duration of 12 years and provides for the implementation of an important investment programme totalling approximately € 135 million.

Rating and optimization of the debt structure

- On 1 February 2024, as part of its EMTN Programme renewed by resolution of the Board of Directors on 29 September 2023, Italgas successfully completed the launch of a bond issue maturing on 8 February 2029, with a fixed rate and for a total amount of € 650 million, an annual coupon of 3.125%.
- On 8 March 2024, Italgas signed a € 600 million Sustainability Linked loan agreement with a pool of Italian and international banks with a maximum maturity of five years. This is a Revolving Credit Facility that will provide the Group with a new source of financing to support future needs.

Capital transactions

On 12 March 2024, in execution of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors resolved on the free allocation of a total of 497,089 new ordinary shares of the Company to the beneficiaries of said Plan (first cycle of the Plan) and executed the first tranche of the capital increase resolved on by the aforesaid Shareholders' Meeting, for a nominal amount of € 616,390, taken from retained earnings reserves.

Other events

- On 6 February 2024, Italgas was confirmed for the second consecutive year by CDP (Carbon Disclosure Project) in the "Climate A list" which groups together the best players globally in terms of transparency and performance in combating climate change.

- On 7 February 2024, Italgas was included for the fifth consecutive year in the S&P Global Sustainability Yearbook, S&P Global's annual publication that collects best practices, experiences and success stories of the world's leading companies on sustainability issues. Italgas also confirmed its leadership with inclusion in the “Top 1% S&P Global ESG Score”, category, based on the results of the Corporate Sustainability Assessment (CSA) 2023.

Legal and Regulatory Framework

- On 30 January 2024, the Authority published Resolution no. 26/2024/R/idr with which it initiated a procedure aimed at defining and introducing the incentive mechanism to favour water resilience, provided for in the updating of the regulation of technical quality as per Resolution no. 637/2023/R/idr, with a view to mitigating, also through the development of large strategic works, the effects of climate change.
- On 6 February 2024, the Authority published Resolution no. 37/2024/R/idr and Resolution no. 39/2024/R/idr concerning, respectively, the commencement of proceedings for the quantitative assessments, for the two-year period 2022-2023, provided for by the incentive mechanism for the contractual and technical quality of the water service.
- On 1 February 2024, Regulatory Decision no. E-14/2024 of the Greek Regulatory Authority for Energy, Waste and Water, (RAEWW) was published in the Official Journal, which formalised, within the distribution tariff document, the WACC of 8.38% to be applied to DSOs in Greece for the period 2024-2026.

Significant events after year end

Extraordinary transactions

- On 24 April 2024, Italgas Reti completed purchase of the 47.9% share of the company Acqua Campania held by the Veolia Group, becoming the manager of the Western Campania aqueduct granted by concession of the Campania Region for a total user basin of around 4 million inhabitants. This transaction has resulted in the Italgas Group holding a total of 96.23% of Acqua Campania.

Legal and Regulatory Framework

- On 9 April 2024, by Resolution no. 134/2024/R/gas, the Authority redetermined the tariffs for the gas metering and distribution services for the years running from 2017 to 2022 so as to take into account the acceptance of the requests to redetermine tariffs and apply rectifications submitted by the distribution companies, limited to the part share relating to the coverage of operating costs recognised for the distribution service in order to allow for the correction of the calculation error noted by the Regional Administrative Court when examining the appeals lodged against Resolution no. 570/2019/R/gas, implemented by Resolution no. 409/2023/R/gas.
- With Resolution no. 146/2024/R/gas, the Authority determined the final reference tariffs for gas distribution and metering services for 2023, calculated on the basis of the actual balance sheet figures for 2022.
- By judgement given on 22 April 2024, the Court of Appeal of Venice, in respect of the dispute with Cavallino Treporti Council, although declaring it was not competent to rule, it did confirm the judgement of the Court in the part where it declared that the Council only owned the assets of block A starting 1 January 2013. The Court of Appeal also rejected the petition made by Cavallino Treporti Council to have the amounts paid by way of fees for occupying public areas and spaces returned.
- On 8 May 2024, the Authority published Resolution No. 173/2024/R/GAS with which, on an extraordinary basis, it updated the rate of change of the deflator for the year 2024, bringing it to 5.3% from the previous 3.8%. The Resolution recognises the effects of the review of the "ISTAT" data used to determine the change in the gross fixed investment deflator for gas distribution and metering services. The Italgas Group is currently analysing the Resolution and defining the positive impact on revenues to be recognised for the year 2024.

Capital transactions

- Italgas' Shareholders' Meeting held on 6 May 2024 approved the 2024-2025 Co-investment Plan and the proposed free share capital increase, in one or more tranches, for the purposes of the aforesaid 2024-2025 Co-investment Plan for a nominal maximum amount 3,720,000 by means of the issuance of up to 3,000,000 new ordinary shares. These shares are to be assigned, in accordance with Article 2349 of the Italian Civil Code, for a corresponding maximum amount taken from retained earning reserves, to the beneficiaries of the Plan only; in other words, only to employees of the Company and/or of the companies in the Group.

Business Outlook

Italgas, in line with the provisions of the 2023-2029 Strategic Plan, will continue to pursue its objectives aimed at strengthening, developing and digitally transforming its gas distribution assets in Italy and Greece, establishing itself as a leading player in the water distribution and energy efficiency sectors.

The Group will maintain a leading role in achieving the European Union's climate objectives, further advancing the decarbonisation of the sector through the development of renewable gas and improving the flexibility and resilience of the entire energy system. At the same time, the Group will ensure energy security and cost competitiveness for the benefit of businesses and households.

Italian Legislative Decree no. 25 of 15 February 2016, effective from 18 March 2016, which implemented European Directive 2013/50/EU of 22 October 2013 (new Transparency Directive), eliminated the obligation to publish the Interim Report on Operations, previously provided for by Art. 154-ter, subsection 5 of the Consolidated Law on Finance (CLF).

In accordance with the development of the reference regulatory framework and taking into account the needs of stakeholders, Italgas has chosen to voluntarily publish periodic financial information in addition to the Annual and Half-Year Financial Report.

This decision reflects the business policy of regular and transparent disclosure of the Group's financial performance to the market and investors.

The economic and financial information was drafted in compliance with the valuation and measurement criteria established by International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure pursuant to Art. 6 of (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002.

Given their size, amounts of the relevant items are expressed in millions of euros to the first decimal place.

Conference call

At 11.00 a.m. CET today, a conference call will be held to present the results of 31 March 2024 to financial analysts and investors. The presentation may be viewed, through audio webcasting, on the Company's website (www.italgas.it). In conjunction with the conference call, the supporting material for the presentation will also be provided in the "Investor Relations/Presentations" section of the website.

The officer responsible for the preparation of financial reports, Gianfranco Amoroso, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this report corresponds to the documented results, books and accounting records.

Disclaimer

This press release contains forward-looking statements, specifically in the "Business Outlook" section, relating to: investment plans, financial structure evolution, future operating performance and project execution. The forward-looking statements, by their nature, involve risks and uncertainties as they depend on the occurrence of future events and developments. The actual results could therefore differ from those announced in relation to various factors, including: actual operating performance, general macro-economic conditions, geopolitical factors such as international tensions and socio-political instability, the impact of energy and environmental regulations, the successful development and application of new technologies, changes in stakeholder expectations and other changes in business conditions, action by competitors.